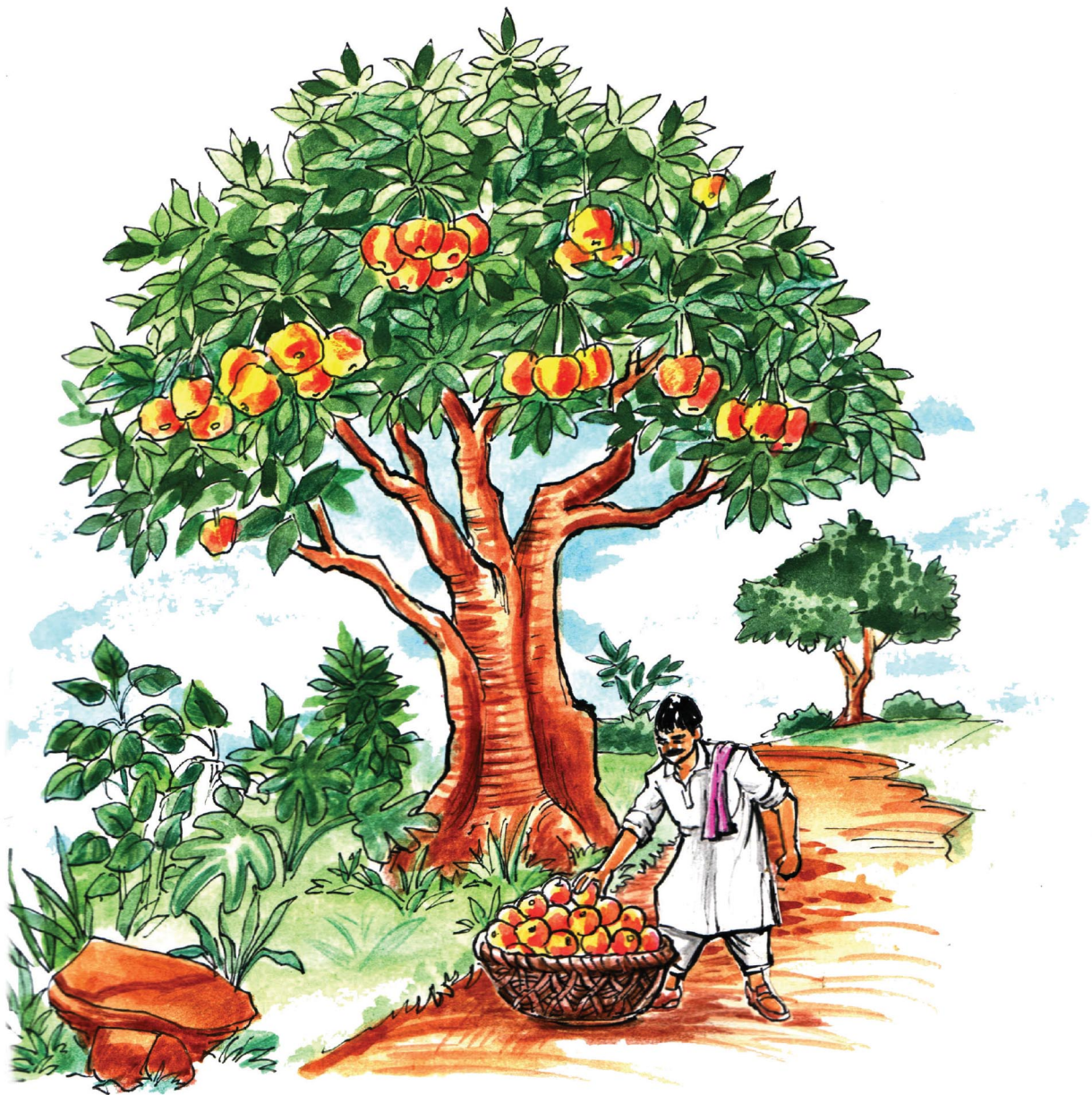


Quarterly Report
March 31, 2016
(Unaudited)



Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited

**PAKISTAN INTERNATIONAL ELEMENT
ISLAMIC ASSET ALLOCATION FUND**

CONTENTS

Fund's Information	218
Report of the Directors of the Management Company	219
Condensed Interim Statement of Assets and Liabilities	221
Condensed Interim Income Statement (Un-audited)	222
Condensed Interim Statement of Comprehensive Income (Unaudited)	223
Condensed Interim Distribution Statement (Un-audited)	224
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	225
Condensed Interim Cash Flow Statement (Un-audited)	226
Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	227

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha	Chairman
	Mr. Nasim Beg	Vice Chairman
	Mr. Muhammad Saqib Saleem	Chief Executive Officer
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
Company Secretary & Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited United Bank Limited Dubai Islamic Bank Limited Meezan Bank Limited Standard Chartered Bank (Pakistan) Limited Deutsche Bank AG	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box. 15541, Karachi, Sindh-75530, Pakistan	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 + Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER YEAR ENDED MARCH 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan International Element Islamic Asset Allocation Fund's accounts review for the nine months ended March 31st, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut lead by weaker global demand, increase inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill.

Inflation continued to remain on the lower side supported by a dip in transportation charges, with its trickledown effect on food inflation. However, it is pertinent to note that the inflation has started to increase largely induced by withering of low base effect evident from 3QFY16 average of 3.76%, against 1HFY16 average of 2.06%. As the outlook of crude oil prices remains bearish, the inflation is expected to average below 3% for the year.

External account continued to show stability triggered by narrower current account and stable financial flows. Petroleum Group Imports during the 8MFY16 reduced by approximately \$3.5 billion (down 40%) compared to 8mFY15. However, the savings in oil weren't visible in the current account position as it reduced by meager 4.5%. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity vs competitors pushed exports down by 9.9% in 8MFY16. On the other hand, import bill worsened due to higher import of machinery for power and infrastructure while significantly lower cotton production also had to be filled with imports. Remittances remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Overall Balance of payment account however remained in surplus of near USD 1.04 billion due to improved multilateral flows.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 20.5 billion along with strict vigilance of SBP kept the rupee relatively stable.

M2 growth gained traction with FY16TD growth of 5.27%. Net Domestic Assets, supported by continual net government borrowing, increased by PKR 472 billion whereas Net Foreign Assets contributed PKR 114 billion.

State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuk (near Rs. 300 Billion) and potential rollover risk on upcoming maturity of PIBs worth PKR 1.4 trillion.

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index retreated 3.7% during 9MFY16 as it could not bear the brunt of the rout in commodities and exodus of foreign investors from global equities. However, there was a marginal recovery posted by the index during 3QFY16, posting a gain of 1.0%. Foreigners selling remained unabated, dumping USD 99 million worth of equities during the third quarter, which took the net selling for 9MFY16 to USD 340 million. The selling during the period was primarily absorbed by NBFCs (USD 107.7 million), Companies (USD 98.0 million), and Individuals (USD 85.3 million), buying a cumulative USD 291 million worth of equities.

Cement sector outshined during the quarter, posting a gain of 12.5% on the back of robust local demand and ever increasing margins. Furthermore, excitement over the potential growth from CPEC lead activities kept the sector in limelight. FrieslandCampina International intention to acquire Engro Foods was the highlighting point of the quarter, which led to improved investor sentiments in the local bourse. As a result, Engro Foods rallied by 23%, while its parent company (Engro Corporation) gained 13% after the news. However, barring Engro Corporation performance, fertilizer sector remained in doldrums, losing 13% of its market capitalization during the quarter. Concerns on the pricing power of the fertilizer sector emerged after international prices went below the local prices for the first time. Commercial banks also heavily underperformed, losing 7.6% during the period, after concerns emerged on further monetary easing along with slow advances growth, as the central bank asserted on borrowing from foreign sources for CPEC related projects.

The trend of the general market is expected to remain buoyant, as news flow on up-gradation of Pakistani market from Frontier to Emerging status is expected to bring fresh flows to the local market. The KSE-100 index trades at a forward P/E ratio of 9.8x against regional P/E ratio of 14.6x (33% discount) and provides a dividend yield of 6.1%. Possible re-entry into the emerging market index remains a key catalyst and can result in re-rating of the index.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER YEAR ENDED MARCH 31, 2016

FUND PERFORMANCE

During the period under review, the fund delivered a return of -4.89% as against its benchmark return of 1.42%.

On the equities front, the overall allocation was 70.2% at the end of the period under review. Top three holdings included Hub Power Company Limited at 7.1% of total assets, Engro Corporation Limited at 4.1% and Cherat Cement at 3.6%.

On the fixed income side, there was no exposure towards Sukuk as it stood at 0.0% of the portfolio at the end of the period under review.

The Net Assets of the Fund as at March 31, 2016 stood at Rs. 754 million as compared to Rs. 804 million as at June 30, 2015 registering a decrease of 6.22%.

The Net Asset Value (NAV) per unit as at March 31, 2016 was Rs. 57.95 as compared to opening NAV of Rs. 60.93 per unit as at June 30, 2015 registering a decrease of Rs. 2.98 per unit.

FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with Iran having ample ability to pump more crude, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 3% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.5%-5.0% thus a stable monetary policy environment with potential for slight easing subject to stability in external flows looks likely.

Fiscal deficit is expected to remain within target and economic growth seems achievable with enough room for the government to bring required structural changes in the economy.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year.

Although, remittances have shown resilience but potential threat is present if any trouble of gulf economies is passed on to labor markets. Similarly, the incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
April 18, 2016

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) AS AT MARCH 31, 2016

		(Unaudited) March 31, 2016	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		216,082	242,427
Investments	5.	543,495	564,586
Receivable against sale of investments		4,720	18,540
Dividend and profit receivable		6,496	2,260
Advances and deposits		3,195	3,235
Total Assets		773,988	831,048
LIABILITIES			
Payable to Management Company		1,715	2,208
Payable to Central Depository Company of Pakistan Limited - Trustee		144	135
Payable to Securities and Exchange Commission of Pakistan - annual fee		588	484
Accrued expenses and other liabilities	6.	17,815	24,620
Total Liabilities		20,262	27,447
NET ASSETS		753,726	803,601
Unit holders' fund (as per statement attached)		753,726	803,601
Contingencies and commitments	7		
NUMBER OF UNITS IN ISSUE			
		13,006,335	13,189,009
NET ASSETS VALUE PER UNIT			
		57.95	60.93

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

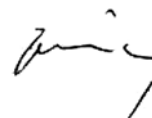
		Nine months ended March 31,		Quarter ended March 31,	
		2016	2015	2016	2015
Note		(Rupees in '000)			
INCOME					
		(29,155)	74,149	(29,306)	42,027
		21,036	16,838	6,972	6,854
		404	3,080	107	687
		365	-	365	-
		9,541	2,883	3,194	1,042
	5.1	(666)	17,400	1,881	(15,305)
	5.2	3,214	(77)	1,071	78
		4,739	114,273	(15,716)	35,383
EXPENSES					
		12,117	6,596	3,621	2,492
		3,917	2,188	1,165	829
	8	300	-	210	-
		1,369	676	507	255
	9	41	-	(80)	-
		588	321	176	121
		1,068	1,753	394	596
		180	192	53	51
		268	187	118	60
		303	-	220	-
		468	387	143	122
		566	-	-	-
		267	302	48	100
		21,452	12,602	6,575	4,626
		(16,713)	101,671	(22,291)	30,757
		1,235	4,953	3,883	5,910
		(1,310)	1,129	(3,669)	404
		-	2,155	-	744
		(16,788)	105,598	(22,077)	36,327
	10	-	-	-	-
		(16,788)	105,598	(22,077)	36,327
	11				

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

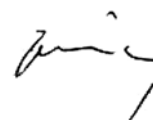
	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(16,788)	105,598	(22,077)	36,327
Other comprehensive income:				
Items to be reclassified to income statement in subsequent periods:				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'available-for-sale'	(3,724)	(9,440)	19,604	(11,247)
Less: Net unrealised (appreciation) / diminution in value of investment at the beginning	(25,807)	-	-	-
Further impairment loss on re-measurement of investments classified as 'available-for-sale'	566	-	-	-
Total comprehensive (loss) / income for the period	(45,753)	96,158	(2,473)	25,080

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Undistributed income brought forward	114,309	(5,662)	74,555	65,833
Total comprehensive (loss) / income for the period	(45,753)	96,158	(2,473)	25,080
Net element of income and capital gains included in prices of units issued less those in units redeemed	5,015	1,982	1,489	1,565
Undistributed income carried forward	<u>73,571</u>	<u>92,478</u>	<u>73,571</u>	<u>92,478</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**


	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	(Rupees in '000)			
Net assets at the beginning of the period	803,601	411,020	745,659	455,098
Issue of 6,656,864 units (2015: 4,810,882 units) and 1,076,802 units (2015: 2,031,141 units) for the Nine months and quarter ended respectively	396,862	274,246	64,951	127,926
Redemption of 6,839,538 units (2015: 4,811,722 units) and 895,666 units (2015: 1,483,634 units) for Nine months and quarter ended respectively	(401,059)	(266,263)	(54,197)	(92,711)
	(4,197)	7,982	10,754	35,214
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and realised capital (gains) / losses - transferred to the income statement from realised / unrealised capital (gain) / loss from other income	(1,235) 1,310	(4,953) (1,129)	(3,883) 3,669	(5,910) (404)
- amount representing (income) / loss that forms part of unit holders' fund - transferred to Distribution Statement	(5,015)	(1,982)	(1,489)	(1,565)
	(4,940)	(8,064)	(1,703)	(7,879)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution Statement	5,015	1,982	1,489	1,565
Net income for the period (excluding net unrealised appreciation / (diminution) on revaluation of investments classified as 'held-for-trading' and capital gain / (loss) on sale of investments)	13,033	14,049	5,348	9,605
Capital (loss) / gain on sale of investments	(29,155)	74,149	(29,306)	42,027
Unrealised (diminution) / appreciation on revaluation of investments classified as 'held-for-trading' - net	(666)	17,400	1,881	(15,305)
	(16,788)	105,598	(22,077)	36,327
Unrealised (diminution) / appreciation on revaluation of investments classified as 'available-for-sale' - net	(28,965)	(9,440)	19,604	(11,247)
Net assets at the end of the period	753,726	509,078	753,726	509,078
Net assets value per unit as at beginning of the period	60.93	49.30	58.14	58.43
Net assets value per unit as at end of the period	57.95	61.07	57.95	61.07

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

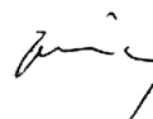
	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) / income for the period before taxation	(16,788)	105,598	(22,077)	36,327
Adjustments for non-cash and other items:				
Unrealised diminution / (appreciation) on revaluation of investments classified as 'held-for-trading' - net	666	(17,400)	(1,881)	15,305
Provision for Workers' Welfare Fund	-	2,155	-	744
Impairment loss on 'available-for-sale' investment	566	-	-	-
Net element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed:				
from realised / unrealised capital gain	(1,235)	(4,953)	(3,883)	(5,910)
from other income	1,310	(1,129)	3,669	(404)
Reversal of (provision) against debt securities	(3,214)	-	(1,071)	-
	(18,695)	84,271	(25,243)	46,062
(Increase) / decrease in assets				
Receivable against sale of investments	13,820	7,445	(2,321)	6,861
Investments - net	(5,892)	(30,184)	44,729	53,451
Dividend and profit receivable	(4,236)	(6,575)	(4,286)	(4,837)
Advance against investment	-	4,824	-	-
Advance against IPO subscription of debt security	-	-	-	-
Advances and deposits	40	(21)	51	22
	3,732	(24,511)	38,173	55,497
(Decrease) / increase in liabilities				
Payable against purchase of investments	-	5,171	-	(19,953)
Payable to Management Company	(493)	210	(162)	222
Payable to Central Depository Company of Pakistan	9	16	(8)	5
Payable to Securities and Exchange Commission of Pakistan - annual fee	104	62	176	121
Accrued expenses and other liabilities	(6,805)	2,741	1,040	1,365
	(7,185)	8,200	1,046	(18,240)
Net cash (used in) / generated from operating activities	(22,148)	67,960	13,976	83,319
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	396,862	274,246	64,951	127,926
Payment on redemption of units	(401,059)	(266,263)	(54,197)	(92,711)
Net cash (used in) / generated from financing activities	(4,197)	7,982	10,754	35,214
Net (decrease) / increase in cash and cash equivalents	(26,345)	75,942	24,730	118,534
Cash and cash equivalents at beginning of the period	242,427	128,167	191,353	85,575
Cash and cash equivalents at end of the period	216,082	204,109	216,082	204,109

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan International Element Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 14, 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003).

Pursuant to the merger of MCB-Asset Management Company and Arif Habib Investments Limited, the name of the Management Company (Arif Habib Investments Limited being the surviving entity) has been changed from Arif Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited.

The registered office of the Management Company is currently situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.

The Fund is an open-ended mutual fund, listed on the Pakistan Stock Exchange Limited (Formerly listed on Karachi, Lahore and Islamabad Stock Exchanges (Guarantee) Limited). The Fund has been categorised as "Shariah compliant Asset Allocation" scheme by the Board of Directors of the Asset Management Company pursuant to Circular No. 7 of 2009 dated March 06, 2009 issued by the SECP.

Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager rating of 'AM2+' dated April 07, 2015 to the Management Company and fund performance ranking of 4-star short term and 3-star long term to the Fund dated August 13, 2015.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 The condensed interim financial statements for the nine month ended March 31, 2015, have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP prevail.

2.1.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.

2.1.3 These are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the half year ended December 31, 2015.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2015.

5. INVESTMENTS

		(Unaudited) March 31, 2016	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
'At fair value through profit or loss' - held-for-trading	5.1	7,763	52,662
- Equity securities - quoted		-	-
 'Available-for-sale'			
- Equity securities - quoted	5.3	535,732	511,924
		<u>543,495</u>	<u>564,586</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

5.1 Quoted Equity Securities - 'at fair value through profit or loss' - held-for-trading

Name of the investee company	Number of shares				Balance as at March 31, 2016			Market value		Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at July 01, 2015	Purchases / Right issue (R) during the period	Bonus issue during the period	Sales during the period	As at March 31, 2016	Carrying Value	Market value	(Diminution) / Appreciation	As a percentage of total investments	
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Fertilizer										
Engro Corporation Limited	3,000	-	-	-	3,000	890	948	58	0.17	0.13
						890	948	58		0.02
Automobile Parts & Accessories										
Thal Limited*	25,300	-	-	-	25,300	7,221	6,445	(776)	1.19	0.86
						7,221	6,445	(776)		0.03
Automobile Assembler										
Pak Suzuki Motor Company Limited	22,900	-	-	22,900	-	-	-	-	-	-
						-	-	-		
Personal goods										
Bata Pakistan Limited	3,620	-	-	3,620	-	-	-	-	-	-
						-	-	-		
Construction and materials (cement)										
Maple Leaf Cement Factory Limited	229,000	-	-	225,000	4,000	314	370	56	0.07	0.05
						314	370	56		0.00
Electronic and electrical goods										
Pakistan Cables Limited	18,400	-	-	18,400	-	-	-	-	-	-
						-	-	-		
Total as at March 31, 2016						8,425	7,763	(662)		
Total as at June 30, 2015						35,494	52,662	17,168		

* These have a face value of Rs.5 per share

5.2 Sukuk Certificates - unlisted - 'at fair value through profit or loss - held-for-trading'

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
		----- (Rupees in '000) -----	
Opening carrying amount	5.2.1	6,429	6,429
Less: Principal redemption during the period		(3,215)	-
Closing carrying amount		3,214	6,429
Provision for impairment:			
- Opening		6,429	6,352
-(Reversal) / change for the period		(3,215)	77
		3,214	6,429
		-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

5.2.1

Name of the investee company	Number of certificates			Balance as at March 31, 2016			Market value as percentage of total investment	Market value as percentage of net assets	Outstanding principle value as a percentage of issued debt capital	
	Profit rate %	As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016	Cost				Market value (Rupees in '000)
Certificates have a face value of Rs.5,000 each unless stated otherwise										
Pak Elektron Limited (September 28, 2007) (refer note 5.2.2)	13.70%	3,000	-	-	3,000	3,214	-	-	-	
Total as at March 31, 2016						3,214	-			
Total as at June 30, 2015						6,429	-			

5.2.2 Owing to continuous default on repayment of coupon by the issuer, the Fund had classified the said investment as non performing debt securities. The Fund had recognised full provision against outstanding principal in accordance with provisioning circular issued by the Securities and Exchange Commission of Pakistan (SECP) and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of mark up there against.

5.3 Quoted equity securities - 'available-for-sale'

Shares of listed companies - Fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of the investee company	Number of shares				Balance as at March 31, 2016			Market value	Paid up value of shares held as a percentage of total paid up capital of the investee company
	Purchases / Right Issue(R) during the period	Bonus issue during the period	Sales during the period	As at March 31, 2016	Cost	Market value (Rupees in '000)	(Diminution) / Appreciation	As a percentage of total investments	As a percentage of net assets
Construction and materials (cement)									
Attock Cement (Pakistan) Limited	1,820	-	1,820	-	-	-	-	-	-
Cherat Cement Company Limited	-	255,000	-	255,000	22,710	27,517	4,807	5.06	3.65
Fauji Cement Company Limited	1,000,000	200,000	-	20,000	715	839	124	0.15	0.11
Kohat Cement Limited	-	58,600	-	58,600	14,610	15,238	628	2.80	2.02
Lucky Cement Limited	40,000	25,000	-	40,000	19,359	21,524	2,165	3.96	2.86
Maple Leaf Cement Factory Limited	175,000	325,000	-	197,000	13,336	18,165	4,829	3.34	2.41
					70,730	83,283	12,553		
Automobile assembler									
Indus Motor Company Limited	27,000	-	27,000	-	-	-	-	-	-
Millat Tractors Limited	35,000	10,000	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	8,000	-	8,000	-	-	-	-	-	-
					-	-	-		
Automobile, parts and accessories									
Agriauto Industries Limited	-	52,800	-	52,800	10,389	9,580	(809)	1.76	1.27
Thal Limited *	-	25,000	-	25,000	15,538	14,518	(1,020)	2.67	1.93
					25,927	24,098	(1,829)		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

Name of the investee company	Number of shares				Balance as at March 31, 2016				Market value		Paid up value of shares held as a percentage of total paid up capital of the investee company
	As at July 01, 2015	Purchases / Right Issue(R) during the period	Bonus issue during the period	Sales during the period	As at March 31, 2016	Cost	Market value (Rupees in '000)	(Diminution) / Appreciation	As a percentage of total investments	As a percentage of net assets	
Cable and electrical goods											
Pak Elektron Limited	252,500	293,750	-	502,500	43,750	2,628	2,645	17	0.49	0.35	0.00
Pak Elektron Limited(R)	-	18,750	-	18,750	-	-	-	-	-	-	-
						2,628	2,645	17			
Chemicals											
Archroma Pakistan Limited	-	16,000	-	-	16,000	7,285	6,912	(373)	1.27	0.92	0.05
I.C.I. Pakistan Limited	44,600	17,000	-	-	61,600	26,029	26,485	456	4.87	3.51	0.00
Linde Pakistan Limited	55,000	-	-	-	55,000	11,182	5,617	(5,565)	1.03	0.75	0.00
						44,496	39,014	(5,482)			
Engineering											
Anreli Steels Limited	-	306,494	-	6,494	300,000	15,457	15,651	194	2.88	2.08	0.00
						15,457	15,651	194			
Commercial Banks											
Meezan Bank Limited	-	243,000	-	-	243,000	10,042	10,206	164	1.88	1.35	0.00
						10,042	10,206	164			
Fertilizer											
Engro Fertilizers Limited	-	805,000	-	555,000	250,000	17,993	17,373	(620)	3.20	2.30	0.02
Engro Corporation Limited	110,000	136,500	-	148,000	98,500	30,255	31,096	841	5.72	4.13	0.02
Fauji Fertilizer Bin Qasim Limited	-	152,000	-	152,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	261,900	25,400	-	287,300	-	-	-	-	-	-	-
						48,248	48,469	221			
Food and personal care products											
Engro Foods Limited	-	150,000	-	149,300	700	114	111	(3)	0.02	0.01	0.00
Al-Shaheer Corporation	-	103,500	-	-	103,500	5,562	5,532	(30)	1.02	0.73	0.08
						5,676	5,643	(33)			
Glass and ceramics											
Ghani Glass Limited	250,000	84,000	-	167,500	166,500	6,378	15,821	9,443	2.91	2.10	0.08
Ghani Glass Limited (R)	-	84,000	-	84,000	-	-	-	-	-	-	-
Tariq Glass Industries Limited	470,000	-	-	-	470,000	27,743	26,555	(1,188)	4.89	3.52	0.64
						34,121	42,376	8,255			
Miscellaneous											
Shifa International Hospitals Limited	-	65,911	-	24,000.00	41,911	11,549	11,106	(443)	2.04	1.47	0.08
Shifa International Hospitals Limited (R)	-	1,911	-	1,911.00	-	-	-	-	-	-	-
						11,549	11,106	(443)			
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	-	34,250	-	-	34,250	20,957	24,060	3,103	4.43	3.19	0.03
Pakistan Oilfields Limited	133,700	102,500	-	193,200	43,000	11,150	11,094	(56)	2.04	1.47	0.02
Pakistan Petroleum Limited ***	265,490	60,000	-	140,490	185,000	29,013	23,702	(5,311)	4.36	3.14	0.01
						61,120	58,856	(2,264)			
Oil and Gas Marketing companies											
Attock Petroleum Limited	4,750	55,000	-	4,750	55,000	27,853	23,696	(4,157)	4.36	3.14	0.07
Hr-Tech Lubricants Limited	-	89,500	-	-	89,500	5,242	5,104	(138)	0.94	0.68	0.08
Pakistan State Oil Company Limited	65,000	-	-	65,000	-	-	-	-	-	-	-
						33,095	28,800	(4,295)			
Paper and board											
Packages Limited	52,450	32,000	-	52,450	32,000	18,154	16,704	(1,450)	3.07	2.22	0.04
						18,154	16,704	(1,450)			
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	-	14,250	-	-	14,250	9,096	9,436	340	1.74	1.25	0.01
Ferozsons Laboratories Limited	12,300	-	-	12,300	-	-	-	-	-	-	-
Ibl Healthcare Limited	30,000	-	9,600	-	39,600	4,386	5,195	809	0.96	0.69	0.09
Ibl Healthcare Limited(R)	-	3,000	-	3,000	-	-	-	-	-	-	-
Searle Company Limited	-	20,100	2,010	-	22,110	8,765	9,717	952	1.79	1.29	0.02
						22,247	24,348	2,101			

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

Name of the investee company	Number of shares				Balance as at March 31, 2016			Market value		Paid up value of shares held as a percentage of total paid up capital of the investee company	
	As at July 01, 2015	Purchases / Right Issue(R) during the period	Bonus issue during the period	Sales during the period	As at March 31, 2016	Cost	Market value	(Diminution) / Appreciation	As a percentage of total investments		As a percentage of net assets
								----- (Rupees in '000) -----			
Power generation and distribution											
Hub Power Company Limited	25,744	500,000	-	-	525,744	54,921	54,961	40	10.11	7.29	0.05
K-Electric Limited **	190,892	2,000,000	-	-	2,190,892	18,016	15,555	(2,461)	2.86	2.06	0.01
Lalpur Power Limited - related party	615,000	250,000	-	-	865,000	28,869	21,590	(7,279)	3.97	2.86	0.23
Pakgen Power Limited - related party	722,500	-	-	-	722,500	21,112	19,493	(1,619)	3.59	2.59	0.19
						122,918	111,599	(11,319)			
Textile Composite											
Nishat Mills Limited	135,000	-	-	-	135,000	13,051	12,934	(117)	2.38	1.72	0.04
						13,051	12,934	(117)			
Total as at March 31, 2016						539,459	535,732	(3,727)			
Total as at June 30, 2015						486,117	511,924	25,807			

* These have a face value of Rs.5 per share

** These have a face value of Rs.3.5 per share

*** These include shares with market value of Rs.15.23 million (June 30, 2015: Rs.Nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5.4 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with clause (ii) of the investment criteria laid down for 'Shariah Compliant Islamic Scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (Credit rating of A- and above). However, as at March 31, 2016, the Fund is non-compliant with the above mentioned requirement in respect of the following investment:

Name of non-compliant investment	Name of company	Investment / issuer rating	Value of investment		Percentage of gross assets %
			Value of investment before provision	Provision held, if any (Rupees in '000)	
Pak Elektron Limited - Sukuk Investment in debt securities	Pak Elektron Limited	-	3,214	3,214	-

5.4.1 At the time of purchase, the above security was in compliance of the circular (i.e. investment grade) and was subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupons due on respective dates.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

		(Unaudited) March 31, 2016	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	6.1	9,641	9,641
Federal Exercise Duty and related taxes payable on management fee	6.2	5,183	2,960
Federal Excise Duty and related taxes payable on sales load		950	483
Charity / donation payable		652	385
Auditors' remuneration		280	363
Zakat payable		289	289
Withholding tax payable		48	9,581
Brokerage payable		470	602
Other payables		302	316
		17,815	24,620

6.1 Provision for Workers' Welfare Fund

There is no change in the status of the petition pending with the Honourable Sindh High Court (SHC) as reported in note 11.2 to the annual financial statements of the Fund for the year ended June 30, 2015.

The Fund maintained a provision for WWF as on March 31, 2016 amounting to Rs.9.641 million (June 30, 2015: Rs.9.641 million). Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.74 (June 30, 2015: Re.0.73) per unit.

6.2 Federal excise duty on Remuneration of Management Company

There is no change in the status of petition pending with SHC as reported in note 11.1 to the annual financial statements of the Fund for the year ended June 30, 2015.

The Fund maintained a provision for FED as on March 31, 2016 amounting to Rs.5.183 million (June 30, 2015: Rs.2.960 million). Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Re.0.40 per unit as at March 31, 2016 (June 30, 2015: Re.0.22 per unit)

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2016.

8. EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY AND RELATED SALES TAX

The SECP via SRO 1160 dated November 25, 2015 amended clause 60 of NBFC Regulations, 2008. The said clause entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

9. SINDH SALES TAX ON REMUNERATION OF TRUSTEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 14% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill, 2010 amended upto 2015.

10. TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial statement.

11. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Transactions during the period:				
MCB Arif Habib Savings and Investments Limited - Management Company				
Remuneration of management company including indirect taxes	16,034	8,784	4,786	3,321
Expenses allocated by Management Company and related sales tax	300	-	210	-
Shariah advisory fee	303	-	220	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	1,410	676	427	255
CDC Settlement charges	33	64	(15)	25
Group / Associated Companies				
MCB Bank Limited				
Bank charges	19	-	4	-
Arif Habib Limited *				
Brokerage expense	62	185	44	65
Next Capital Limited *				
Brokerage expense	108	65	51	31
Pakgen Power Limited				
Dividend income	723	-	-	-
Lalpir Power Limited				
Dividend income	865	-	-	-
Nishat Mills Limited				
Dividend income	-	400	-	-
D.G Khan Cement Company Limited				
Dividend income	-	525	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Adamjee Life Assurance Company Limited (Amaanat Fund)				
Issue of Nil units (2015: 86,221 units) for the nine months and Nil units (2015: Nil) for the quarter ended	-	5,000	-	-
Redemption of Nil bonus units (2015: 92,244 units) and Nil units (2015: 41,681 units) for the nine months and quarter ended	-	5,000	-	2,500

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Directors and Executives of the Management Company				
Issue of 36,649 units (2015: 116,783 units) and 142 units (2015: 37,780) for the nine months and quarter ended	2,222	6,630	8	2,414
Redemption of 34,830 units (2015: 112,958 units) and Nil units (2015: 42,672) for the nine months and quarter ended	2,120	6,905	-	4,533
Mandate under Discretionary Portfolio Services				
Issue of Nil units (2015: 596,701 units) for the nine months and Nil units (2015: 21,546 units) for the quarter ended respectively	-	31,912	-	1,389
Redemption of Nil units (2015: 471,951 units) for the nine months and Nil units (2015: 100,598 units) for the quarter ended respectively	-	25,389	-	6,389

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	----- (Rupees in '000) -----	
Amounts outstanding as at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	1,237	1,322
Sindh sales tax payable on management remuneration	173	198
Expense allocated by Management Company	122	-
Sales load payable including related taxes	183	588
Legal and professional charges	-	100
Shariah advisory fee payable	73	-
	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration and related sales tax payable	144	135
Security deposit	200	200
Group / Associated Companies		
MCB Bank Limited		
Balance with bank	11,707	32,018
Arif Habib Limited *		
Brokerage payable	18	18
Next Capital Limited *		
Brokerage payable	51	35
Lalpir Power Limited		
865,000 shares held (June 30, 2015: 615,000 shares)	21,590	18,758
Pakgen Power Limited		
722,500 shares held (June 30, 2015: 722,500 shares)	19,493	21,682
Nishat Mills Limited		
135,000 shares held (June 30, 2015: 135,000 shares)	12,934	-
Mandate under Discretionary Portfolio Services		
Units held 345,939 units (June 30, 2015: Nil units)	20,047	-
Security Papers Limited		
Units held Nil units (June 30, 2015: 2,492,836 units)	-	151,889
D.G Khan Cement Company Limited - Employees Provident Fund Trust		
Units held 99,135 units (June 30, 2015: 99,135 units)	5,745	6,040
Directors and Executives of the Management Company		
Units held 40,638 units (June 30, 2015: 37,148 units)	2,362	2,263

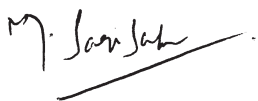
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 18, 2016 by the Board of Directors of the Management Company.

15. GENERAL

Certain prior year's / period's figures have been reclassified for the purpose of comparison. However, there were no material reclassifications to report.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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