

Half Year Report
December 31, 2015
(Unaudited)



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Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

COMPANY INFORMATION

Board of Directors	Mian Mohammad Mansha	Chairman
	Mr. Nasim Beg	Executive Vice Chairman
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmed	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
Acting Chief Executive Officer / Company Secretary	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Share Registrar	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21)111-111-500 Fax: (92-21)34326034 Web: www.cdc-pakistan.com	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited NIB Bank Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountants (a member firm of PwC network) State Life Building 1-C I.I. Chundrigar Road, Karachi	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi	
	Bawaney & Partners 3rd & 4th Floor, 68 C. Lane 13 Bukhari Commercial Area Phase VI D.H.A., Karachi.	
Registered Office	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi. Postal Code: 74900	
Rating	Asset Manager: "AM2+" (PACRA) Entity Ratings: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2015

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) is pleased to present the Half Yearly Report on the affairs of MCBAH for the period ended December 31, 2015.

Company's Performance Review

The Company recorded a gross income of Rs. 385.62 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 223.30 million, the company earned a profit before tax of Rs. 162.34 million. The net profit after tax for the period amounts to Rs. 113.74 million, as compared to net profit of Rs. 135.39 million for the corresponding period ended December 31, 2014. With the increasing trend of funds under management and higher returns, the company is expected to deliver better results going forward.

MARKET & ECONOMIC REVIEW

Economy & Money Market Review

Overall economic score card continued to gather stability with the significant drop in Int'l Crude Oil Prices. Inflation continued to soften despite a small portion of recent decline in oil prices is passed through as other commodity prices and overall food sector also contributed to the overall slowdown. Recent drop in crude oil has deferred the earlier anticipated uptick in inflation as the full year FY16 average inflation is now expected to remain below 3%. External account continued to remain stable where Petroleum Group Imports during the 1HFY16 are lower by approx 39% compared to 1HFY15. However, sizeable increase in imports of food and machinery groups and a significant decline in exports (down 14.5% in 1HFY15 YoY) shaved off approximately the two third of the benefit of drop oil prices. Suffering from weak global demand and relative in-competitiveness the decline was most visible in the other manufacturing sector followed by food and textile sectors. Overall Balance of payment account reported a surplus of near USD 1.5 billion supported by a narrower current account and inflows in financial account. Overall positive external account impact and strong foreign exchange reserves balance of near USD 20.76 Billion alongwith strict vigilance of SBP kept the rupee relatively stable.

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2015

M2 growth returned to positive territory on FY16 to date basis (25-Dec) which reflects the seasonal adjustment where Net Domestic Assets continually supported by a net government borrowing of about PKR 95 billion with a contribution from Net Financial Asset of PKR 168 billion. Money markets remained optimistic about further cut in discount rate and its sustainability in later half of the year. Yield Curve has thus recently witnessed a slight increase in slope with longer dated bonds remaining relatively less responsive to the expected change in policy rate.

Equities Market Review

The local equity market measured by KSE-100 Index retreated 4.6% during 1H FY15 as it could not bear the brunt of the rout in commodities and global equities. Even a cut in discount rate could not trigger a boost in investor's confidence, as continuous foreign selling forced the local investors to remain cautious. Foreigners sold US\$ 240 million of equities during the period which were primarily absorbed by Companies (US\$ 64.7 million), NBFCs (US\$ 63.4 million) and Individuals (US\$ 52.0 million).

Oil & Gas and Commercial Banks, with a major weight in the index, remained laggards during the period. The market cap of Oil & Gas sector plunged by 26% during the period after the collapse of crude oil, with regional benchmark Arab Light, falling by 49%. Similarly, Commercial banks lost 5% during the period after the central bank reduced the discount rate by 50 bps while the outlook for inflation continues to remain benign.

On the flip side, Pharmaceuticals and Construction & Material remained top performers. Pharmaceuticals gained 20% during the period, after Drug Regulatory Authority of Pakistan ("DRAP") approved the pricing formula for the sector. Alongside, bumper results posted by the pharmaceutical companies boosted investor's sentiment in the sector. Construction and Materials sector also managed to garner investor attention as local dispatches witnessed double digit growth. Moreover, the outlook for infrastructure plays remains robust as flows from China Pakistan Economic Corridor ("CPEC") materialize. The weak performance of commodity prices has hit the major sectors at the bourse as the effect is not limited to Oil. Spillover of weak inflation on banks may continue to keep the sector performance in check.

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2015

MARKET & ECONOMY - FUTURE OUTLOOK

Crude Oil Prices have created space on fiscal account with lower subsidies and debt servicing burden however major reforms for resolution of circular debt are yet missing which in turn is leaving the chronic issue unresolved. On the other hand, the weak economic outlook of GCC region and Saudi Arabia opens up a potential risk to flow of remittances which contribute more than 60% to the total. Weak exports and potentially weak remittances can be a significant threat to overall stable economic environment and more importantly the exchange rate. Despite real positive interest rates and weak inflationary outlook, we think the emerging risks to current account shall weigh on any considerations for significant monetary easing.

The short term macro stability is expected to provide favorable environment for economic activities to pick up. The average Consumer Price Index is expected to remain around 3% for the year with the second half of fiscal year inflation expected to average around 4%. We expect the inflation to gradually pick up but it is expected to remain well anchored next year assuming oil prices remain at lower levels.

Budgeted target for economic growth appear achievable while fiscal deficit may marginally exceed due to challenges in revenue collection despite significant reduction in subsidies.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth with \$46 billion program expected to spur activity in the construction and power space which would have its trickle down affects. However, the current account is expected to worsen with import bill increasing in the short term along with the Foreign Direct Investment inflows. Profit repatriation in the long term would also be a concern for the balance of payments position.

Pakistan being in an economic expansionary cycle amid better positioning due to lower oil prices (oil centric import bill), lower/stable interest rate environment along with growth trigger in the form China Pakistan Economic Corridor would fare better compared to other Emerging Market economies. The \$46 billion program is expected to favour the construction and allied industrial sectors. Banking sector is also expected to be beneficiary of strong advances growth in a stable interest rate environment. The index heavy sectors are expected to gain lime light in second half of the calendar year with the bottoming out of crude oil prices and interest rate easing cycle. However, the volatility in global markets lead by slow down in Chinese economy and redemption pressures on emerging market funds would keep the short term market performance in check. But we reiterate our stance of no fundamental weakness in the market with the market premium over the risk free rate increasingly attractive due to recent underperformance.

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2015

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at around PKR 453 billion at the end of the 2QFY16. Size of Equity, Balanced, Asset Allocation, Fund of Funds (Islamic/Conventional) and Fixed Income funds increased, while assets under management of money market funds decreased in 1HFY16.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 48.95 per cent, followed by Income funds 35.65 per cent and Money Market funds 14.19 per cent.

MUTUAL FUND INDUSTRY OUTLOOK

The mismatch between macro environment and equity market performance would enhance attractiveness towards equity funds for an investor with 2 to 3 years investment horizon. The asset allocation and balanced funds are also expected to gain limelight. On the fixed income side, money market funds are expected to remain stable because of lower absolute returns. With only a little room for a sustainable cut in interest rates, opportunities for capital gain in fixed income securities would remain muted while more focus shall remain on yield differential pickup across the yield curve. With lower interest rates, investors are keen to explore avenues to enhance returns and are increasing becoming open to professional investment advisory services which though extremely competitive yet offers potential to support bottom line growth.

For and Behalf of the Board



Muhammad Saqib Saleem
Acting Chief Executive Officer
Karachi: February 04, 2016



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **MCB - Arif Habib Savings and Investments Limited** as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year ended December 31, 2015. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 11, 2016

Karachi

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Azis Avenue, Canal Bank, Gulberg V, P.O. Box 29, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

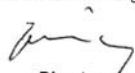
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

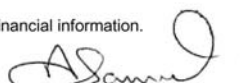
	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets	4	322,112,306	369,833,385
Long-term investments	5	422,830,662	433,477,071
Long-term loans and receivables		1,373,161	3,108,010
Long-term deposits		2,757,660	1,384,984
		749,073,789	807,803,450
Current assets			
Receivable from related parties	6	458,973,399	357,749,760
Loans and advances	7	20,120,685	2,280,786
Deposits, prepayments and other receivables	8	21,753,549	24,347,871
Accrued mark-up		5,233,007	7,980,335
Short-term investments	9	670,489,063	753,589,772
Taxation - net	10	58,192,818	49,667,230
Cash and bank balances		13,059,759	15,912,374
		1,247,822,280	1,211,528,128
Asset classified as 'held for sale'	4.1.3	65,631,170	-
		1,313,453,450	1,211,528,128
Total assets		<u>2,062,527,239</u>	<u>2,019,331,578</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (June 30, 2015: 72,000,000) ordinary shares of Rs 10 each		720,000,000	720,000,000
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		757,531,243	773,857,836
Total equity		1,477,531,243	1,493,857,836
Surplus on revaluation of property - net of deferred taxation		10,892,992	11,181,023
		1,488,424,235	1,505,038,859
LIABILITIES			
Non-current liabilities			
Deferred taxation		55,295,837	53,850,439
Current liabilities			
Trade and other payables	11	518,807,167	460,442,280
Total liabilities		574,103,004	514,292,719
Total equity and liabilities		<u>2,062,527,239</u>	<u>2,019,331,578</u>
CONTINGENCIES AND COMMITMENTS			

CONTINGENCIES AND COMMITMENTS

16

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.


Director


Director

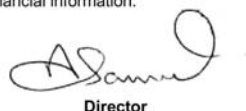
As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

Note	Half year ended		Quarter ended		
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	
	-----Rupees-----		-----Rupees-----		
Revenue					
Management fee / investment advisory fee	12	353,477,651	292,070,654	185,176,638	150,533,231
Processing and other related income		1,683,187	3,838,036	1,133,412	3,613,217
Profit on bank deposits		957,515	1,329,439	453,206	525,343
Income from government securities		14,534,415	16,986,618	4,579,125	10,037,139
Capital gain on sale of investments - net		10,466,054	23,309,804	7,324,850	21,792,655
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	9.1	4,501,977	29,597,359	4,327,776	18,336,558
		385,620,799	367,131,910	202,995,007	204,838,143
Expenses					
Administrative expenses	13	(145,545,156)	(126,616,579)	(75,494,897)	(65,414,541)
Selling and distribution expenses		(74,264,067)	(42,237,698)	(37,169,727)	(22,970,113)
Financial charges		(180,323)	(5,551,072)	(25,760)	(3,983,258)
Other expenses		(3,313,029)	(3,951,000)	(1,806,128)	(2,401,000)
		(223,302,575)	(178,356,349)	(114,496,512)	(94,768,912)
		162,318,224	188,775,561	88,498,495	110,069,231
Other income		20,174	896,391	1,749	659,916
Profit for the period before taxation		162,338,398	189,671,952	88,500,244	110,729,147
Taxation					
- Current period		(45,395,811)	(48,515,117)	(23,446,815)	(27,530,901)
- Prior period		(1,753,966)	420,543	(1,753,966)	3,194
- Deferred		(1,445,398)	(6,185,528)	1,596,199	(457,474)
		(48,595,175)	(54,280,102)	(23,604,582)	(27,985,181)
Profit for the period after taxation		113,743,223	135,391,850	64,895,662	82,743,966
Earnings per share - basic and diluted		1.58	1.88	0.90	1.15

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----		-----Rupees-----	
Profit for the period after taxation	113,743,223	135,391,850	64,895,662	82,743,966
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net unrealised appreciation on re-measurement of available for sale' investments	(4,357,847)	44,457,694	12,293,633	33,835,528
Total comprehensive income for the period	<u>109,385,376</u>	<u>179,849,544</u>	<u>77,189,295</u>	<u>116,579,494</u>

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Director


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CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended	
	December 31, 2015	December 31, 2014
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	162,338,398	189,671,952
Adjustments for non-cash and other items:		
Depreciation	4,849,188	6,926,440
Amortisation	1,695,077	2,543,216
Financial charges	180,323	5,551,072
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(4,501,977)	(29,597,359)
Capital gain on sale of investments - net	(10,466,054)	(23,309,804)
Loss on disposal of fixed assets	-	5,144
	(8,243,443)	(37,881,291)
Operating cash flows before working capital changes	154,094,955	151,790,661
Movement in working capital		
(Increase) / decrease in current assets		
Loans and advances	(17,839,899)	(146,099)
Deposits, prepayments and other receivables	2,594,322	(86,836)
Accrued mark-up	2,747,328	(462,369)
Receivable from related parties	(100,922,102)	(106,178,663)
	(113,420,351)	(106,873,967)
Increase / (decrease) in current liabilities		
Trade and other payables	56,463,520	107,394,355
Net cash generated from operations	97,138,124	152,311,049
Taxes paid	(55,675,365)	(33,963,492)
Financial charges paid	(180,323)	(1,836,198)
Dividend paid	(124,098,633)	(107,443,894)
	(179,954,321)	(143,243,584)
Net cash (used) in / generated from operating activities	(82,816,197)	9,067,465
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(24,755,893)	(825,613)
Long-term loans and receivables	1,734,849	2,380,005
Long-term deposits	(1,372,676)	289,700
Net proceeds from disposal of fixed assets	-	18,500
Net proceeds against redemption of investments	(267,102,698)	(10,551,352)
Net cash used in investing activities	(291,496,418)	(8,688,760)
Net increase in cash and cash equivalents	(374,312,615)	378,705
Cash and cash equivalents at the beginning of the period	387,372,374	10,554,360
Cash and cash equivalents at the end of the period	13,059,759	10,933,065

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.


Director


Director

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Rupees						
	Capital			Reserves		Revenue	Total
	Issued, subscribed and paid-up capital	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	Unrealised appreciation on re-measurement of 'available for sale' financial assets	
Balance as at July 1, 2014	720,000,000	396,000,000	(60,000,000)	336,000,000	150,182,231	135,913,599	1,342,095,830
Profit after taxation for the half year ended December 31, 2014	-	-	-	-	135,391,850	-	135,391,850
Other comprehensive income for the half year ended December 31, 2014	-	-	-	-	-	44,457,694	44,457,694
Transferred from surplus on revaluation of property - net of deferred taxation	-	-	-	-	297,711	-	297,711
Final dividend for the year ended June 30, 2014 at Rs 1.50 per share	-	-	-	-	(108,000,000)	-	(108,000,000)
	-	-	-	-	27,689,561	44,457,694	72,147,255
Balance as at December 31, 2014	720,000,000	396,000,000	(60,000,000)	336,000,000	177,871,792	180,371,293	1,414,243,085
Profit after taxation for the half year ended June 30, 2015	-	-	-	-	143,471,500	-	143,471,500
Other comprehensive income for the half year ended June 30, 2015	-	-	-	-	-	43,871,809	43,871,809
Transferred from surplus on revaluation of property - net of deferred taxation	-	-	-	-	271,442	-	271,442
Interim dividend for the year ended June 30, 2015 at Rs 1.50 per share	-	-	-	-	(108,000,000)	-	(108,000,000)
	-	-	-	-	35,742,942	43,871,809	79,614,751
Balance as at June 30, 2015	720,000,000	396,000,000	(60,000,000)	336,000,000	213,614,734	224,243,102	1,493,857,836
Profit after taxation for the half year ended December 31, 2015	-	-	-	-	113,743,223	-	113,743,223
Other comprehensive income for the half year ended December 31, 2015	-	-	-	-	-	(4,357,847)	(4,357,847)
Transferred from surplus on revaluation of property - net of deferred taxation	-	-	-	-	288,031	-	288,031
Final dividend for the year ended June 30, 2015 at Rs 1.75 per share	-	-	-	-	(126,000,000)	-	(126,000,000)
	-	-	-	-	(11,968,746)	(4,357,847)	(16,326,593)
Balance as at December 31, 2015	720,000,000	396,000,000	(60,000,000)	336,000,000	201,645,988	219,885,255	1,477,531,243

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the Companies Ordinance, 1984. During 2008, the Company was listed on the Karachi Stock Exchange (now merged into Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of the Company was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from May 23, 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 The registered office of the Company is situated at 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4 The Company has been assigned an Asset Manager rating of AM2+ by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on April 07, 2015. Currently, the Company is managing the following funds under management:

Note	Net assets value as at	
	December 31,	June 30,
	2015	2015
	----- Rupees in million -----	
Open-end Collective Investment Scheme (CISs)		
Pakistan Income Fund	1,265	1,131
Pakistan Sarmaya Mehfooz Fund	683	741
MCB Pakistan Stock Market Fund	7,312	6,075
MCB Pakistan Sovereign Fund	8,332	3,193
Pakistan International Element Islamic Asset Allocation Fund	746	804
Pakistan Capital Market Fund	805	682
Pakistan Cash Management Fund	1,118	1,442
Pakistan Income Enhancement Fund	2,774	969
MCB Pakistan Islamic Stock Fund	1.5 781	666
MCB Islamic Income Fund	1,064	1,261
MCB Pakistan Asset Allocation Fund	3,383	2,640
MCB DCF Income Fund	12,911	11,273
MCB Cash Management Optimizer	7,029	12,533
MCB Pakistan Frequent Payout Fund	1.6 476	-
Pension Funds		
Pakistan Pension Fund	957	873
Pakistan Islamic Pension Fund	460	439
Discretionary portfolio	18,004	13,814

The Company is also managing investments under discretionary portfolio management agreements, the details of which are given below:

Number of clients	53	40
Total portfolio at cost (Rs in millions)	16,848	12,553
Total portfolio at market value (Rs in millions)	17,048	13,062
Fee earned (Rs in millions)	13	29

- 1.5 During the half year ended December 31, 2015, the name of the "Pakistan Strategic Allocation Fund" was changed to "MCB Pakistan Islamic Stock Fund".
- 1.6 MCB Pakistan Frequent Payout Fund (MCBPFPF) was launched during the half year ended December 31, 2015. MCBPFPF is an open-ended asset allocation scheme with an objective to provide investors regular monthly payments by investing fund's assets in debt and equity instruments.
- 1.7 In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained insurance coverage against any loss that may be incurred as a result of employees' fraud or gross negligence from Jubilee General Insurance Company Limited. The Insurance Company has a credit rating of AA+ by the Pakistan Credit Rating Agency Limited (PACRA).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- a) This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- b) The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2015.
- c) This condensed interim financial information is unaudited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.
- d) As more fully explained in note 3.4.1 the SECP has directed that the requirements of IFRS 10 'Consolidated Financial Statements' are not applicable in case of investments by companies in mutual funds established under Trust structure.

2.2 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention except that investments have been marked to market and are carried at their respective fair values and building has been stated at revalued amount.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupee which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

- 3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Company for the year ended June 30, 2015. Certain standards, interpretations and amendments to published approved accounting standards are effective in the current period which have been disclosed in note 3.4.

- 3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2015.

- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company for the year ended June 30, 2015.

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

- 3.4.1 IFRS 10 'Consolidated Financial Statements' - effective for annual periods beginning on or after January 1, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance on control. However, the SECP vide S.R.O. 56 (I) / 2016 has directed that the requirements of IFRS 10 are not applicable in case of investments made by companies in mutual funds established under Trust structure. Accordingly the requirements of this standard are not applicable on investments made by the Company in mutual funds managed by it.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

3.4.2 IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2015. The standard establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. As a result the Company has included additional disclosures in this regard in note 18 to the condensed interim financial information. Notwithstanding the above, the change had no significant impacts on the measurements of the Company assets and liabilities.

3.4.3 There are certain other amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2015. None of those amendments have a significant effect on this condensed interim financial information.

	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
----- Rupees -----			
4 FIXED ASSETS			
Property and equipment	4.1	23,952,824	86,981,586
Intangible assets	4.2	281,122,736	282,851,799
Capital work in progress	4.4	17,036,746	-
		<u>322,112,306</u>	<u>369,833,385</u>

4.1 Property and equipment

Following is a statement of property and equipment:

----- Un-audited -----						
Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles
----- Rupees -----						
As at July 1, 2015						
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)
Net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>
Half year ended December 31, 2015						
Opening net book value	6,952,097	67,314,021	4,484,667	6,366,124	1,864,677	-
Additions during the period	1,117,667	-	3,338,595	3,117,038	-	-
Disposals / transfers - note 4.1.3	-	-	-	-	-	-
Cost / revaluation	-	(84,494,665)	-	-	-	-
Accumulated depreciation	-	18,863,495	-	-	-	-
	-	(65,631,170)	-	-	-	-
Depreciation for the period - note 4.3	(979,945)	(1,682,851)	(1,198,308)	(837,288)	(272,500)	-
Closing net book value	<u>7,089,819</u>	<u>-</u>	<u>6,624,954</u>	<u>8,645,874</u>	<u>1,592,177</u>	<u>-</u>
As at December 31, 2015						
Cost / revaluation	31,796,806	-	16,917,603	19,021,105	2,725,000	7,662,267
Accumulated depreciation	(24,706,987)	-	(10,292,649)	(10,375,231)	(1,132,823)	(7,662,267)
Net book value	<u>7,089,819</u>	<u>-</u>	<u>6,624,954</u>	<u>8,645,874</u>	<u>1,592,177</u>	<u>-</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>5%</u>	<u>20%</u>	<u>10%</u>	<u>20%</u>	<u>25%</u>
----- Audited -----						
Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles
----- Rupees -----						
As at July 1, 2014						
Cost / revaluation	29,871,094	84,494,665	13,064,852	15,602,037	2,725,000	7,662,267
Accumulated depreciation	(21,125,175)	(13,637,343)	(7,258,661)	(8,253,478)	(315,323)	(5,886,171)
Net book value	<u>8,745,919</u>	<u>70,857,322</u>	<u>5,806,191</u>	<u>7,348,559</u>	<u>2,409,677</u>	<u>1,776,096</u>
Year ended June 30, 2015						
Opening net book value	8,745,919	70,857,322	5,806,191	7,348,559	2,409,677	1,776,096
Additions during the year	2,459,355	-	734,780	329,574	-	-
Disposals / transfers	(1,651,310)	-	(220,624)	(27,544)	-	-
Cost	-	-	(220,624)	(27,544)	-	-
Accumulated depreciation	1,546,612	-	193,734	8,952	-	-
	(104,698)	-	(26,890)	(18,592)	-	-
Depreciation for the year	(4,148,479)	(3,543,301)	(2,029,414)	(1,293,417)	(545,000)	(1,776,096)
Closing net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>
As at June 30, 2015						
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)
Net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>5%</u>	<u>20%</u>	<u>10%</u>	<u>20%</u>	<u>25%</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

4.1.1 The office premises of the Company was originally revalued by an independent professional valuer on November 20, 2007. The revaluation was carried out by M/s Pee Dee and Associates on the basis of professional assessment of present market values and resulted in a surplus of Rs 1.623 million. The Company revalued its office premises using the same independent professional valuer as on October 1, 2010. The said revaluation was based on market values prevailing at that time and resulted in a further surplus of Rs 15.260 million. The office premises of the Company was again revalued on December 31, 2013 by an independent / professional valuer Sardar Enterprises on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs. 3.695 million.

Had there been no revaluation, the carrying amount of the said office premises as at December 31, 2015 would have been Rs. 49.351 million (June 30, 2015: Rs. 50.617 million).

4.1.2 Included in cost of property and equipment are fully depreciated items which are still in use aggregating to Rs 47.622 million (June 30, 2015: Rs 22.434 million).

4.1.3 During the period the Company has agreed to dispose off its existing office premises (including equipment, fixtures and fittings) situated at 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi to Bank Al-Habib Limited (BAHL) through an agreement, dated September 14, 2015 at an agreed price of Rs 90 million. The sale is subject to certain terms and conditions which will be fulfilled shortly. The Company has received Rs 4.5 million as advance payment from BAHL and the remaining amount will be settled once the sale is finalised.

In accordance with the requirements of IFRS 5 'Non-Current Assets held for sale and Discontinued Operations' property having net book value of Rs 65.631 million has been shown separately in the balance sheet as 'Asset classified as held for sale'.

The equipment, fixtures and fittings which form part of the disposal have not been identified and agreed with BAHL. Therefore these assets are currently shown as part of operating fixed assets and will be classified as assets 'held for sale' when they are identified and agreed between the parties.

4.2 Intangible assets

Following is a statement of intangible assets:

Particulars	-----Un-audited-----			Total
	Computer software	Goodwill	Management rights	
	-----Rupees-----			
As at July 1, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	8,724,866	82,126,933	192,000,000	282,851,799
Half year ended December 31, 2015 (Unaudited)				
Opening net book value	8,724,866	82,126,933	192,000,000	282,851,799
Additions during the period	145,847	-	-	145,847
Disposals / transfers	-	-	-	-
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the period - note 4.3	(1,874,910)	-	-	(1,874,910)
Closing net book value	6,995,803	82,126,933	192,000,000	281,122,736
As at December 31, 2015				
Cost	27,773,869	82,126,933	192,000,000	301,900,802
Accumulated amortisation	(20,778,066)	-	-	(20,778,066)
Net book value	6,995,803	82,126,933	192,000,000	281,122,736
Amortisation rates (% per annum)	25%			
	-----Audited-----			
	Computer software	Goodwill	Management rights	Total
	-----Rupees-----			
As at July 1, 2014				
Cost	27,486,381	82,126,933	192,000,000	301,613,314
Accumulated amortisation	(13,810,739)	-	-	(13,810,739)
Net book value	13,675,642	82,126,933	192,000,000	287,802,575
Year ended June 30, 2015				
Opening net book value	13,675,642	82,126,933	192,000,000	287,802,575
Additions during the year	141,641	-	-	141,641
Disposals / transfers	-	-	-	-
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the year	(5,092,417)	-	-	(5,092,417)
Closing net book value	8,724,866	82,126,933	192,000,000	282,851,799
As at June 30, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	8,724,866	82,126,933	192,000,000	282,851,799
Amortisation rates (% per annum)	25%			

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

4.3 Depreciation and amortisation is allocated as follows:

	Note	(Unaudited) December 31, 2015		(Unaudited) December 31, 2014	
		Depreciation	Amortisation	Depreciation	Amortisation
		Rupees			
Charged to profit and loss	13	4,849,188	1,695,077	6,926,440	2,543,216
Charged to Collective investment Schemes under management	13.1	121,704	179,833	-	-
		<u>4,970,892</u>	<u>1,874,910</u>	<u>6,926,440</u>	<u>2,543,216</u>

4.4 This represents cost of certain capital expenditure being incurred on newly rented premises.

	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
		Rupees	
5 LONG-TERM INVESTMENTS			
Investments in units of mutual funds - related parties			
Available-for-sale investments	5.1	<u>422,830,662</u>	<u>433,477,071</u>

5.1 Available-for-sale

Name of the investee fund	As at July 01, 2015	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at December 31, 2015	As at December 31, 2015			As at June 30, 2015		
						Un-audited			Audited		
						Cost	Market value	Unrealised appreciation on re-measurement of investments	Cost	Market value	Unrealised appreciation on re-measurement of investments
						Number of units					
						Rupees					
Pakistan Pension Fund	852,196	-	-	46,891	805,305	102,112,651	208,650,788	106,538,137	108,396,061	214,253,990	105,857,929
Pakistan Islamic Pension Fund	905,160	-	-	29,031	876,129	108,787,629	214,179,874	105,392,245	112,534,000	219,223,081	106,689,081
						<u>210,900,280</u>	<u>422,830,662</u>	<u>211,930,382</u>	<u>220,930,061</u>	<u>433,477,071</u>	<u>212,547,010</u>

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Rupees	

6 RECEIVABLE FROM RELATED PARTIES

Unsecured - considered good

Pakistan Income Fund	9,815,740	7,922,105
MCB Pakistan Stock Market Fund	60,835,131	44,790,097
MCB Pakistan Sovereign Fund	36,628,175	24,883,820
Pakistan Capital Market Fund	6,723,680	4,530,037
MCB Pakistan Islamic Stock Fund	6,439,354	4,741,647
Pakistan International Element Islamic Asset Allocation Fund	7,217,515	5,662,717
Pakistan Pension Fund	16,732,669	5,004,530
Pakistan Islamic Pension Fund	8,350,521	2,682,782
Pakistan Cash Management Fund	11,968,940	11,687,857
Pakistan Income Enhancement Fund	24,233,729	10,971,674
MCB Islamic Income Fund	12,143,183	11,504,043
Pakistan Sarmaya Mehfooz Fund	4,435,545	8,420,263
MCB Pakistan Asset allocation Fund	43,630,387	32,128,969
MCB Cash Management Optimizer	55,796,147	49,646,430
MCB DCF Income Fund	135,076,142	126,127,195
MCB Pakistan Frequent Payout Fund	11,241,978	-
	<u>6.1</u>	<u>451,268,836</u>
Receivable from MCB Bank Limited in lieu of branch sharing expenses	206,162	206,162
Advisory fee receivable on account of discretionary portfolio management of Adamjee Life Assurance Company Limited	7,498,401	6,839,432
	<u>458,973,399</u>	<u>357,749,760</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

- 6.1 The above amounts represent receivable on account of management fee, sales tax on management fee, federal excise duty, sales load, conversion cost and other expenses paid on behalf of the related parties. This includes Federal Excise Duty amounting to Rs 331.30 million (June 30, 2015: Rs 253.94 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 11.2 to the condensed interim financial information.

Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	
7 LOANS AND ADVANCES		
Considered good - Unsecured		
Current portion of long-term loans to employees	486,247	409,915
Advances to employees	412,464	91,385
Advances to suppliers and contractors	19,221,974	1,779,486
	<u>20,120,685</u>	<u>2,280,786</u>
8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Deposits	679,698	304,698
Prepayments		
Registration fee	318,519	742,028
Insurance	897,469	1,997,286
Others	3,894,699	1,473,044
	<u>5,110,687</u>	<u>4,212,358</u>
Other receivables		
Advisory fee receivable on account of Discretionary Portfolio management	15,949,790	19,767,541
Others	13,374	63,274
	<u>15,963,164</u>	<u>19,830,815</u>
	<u>21,753,549</u>	<u>24,347,871</u>
9 SHORT-TERM INVESTMENTS		
At fair value through profit or loss - related parties	9.1 369,683,589	38,025,601
Available-for-sale investments	9.2 300,805,474	715,564,171
	<u>670,489,063</u>	<u>753,589,772</u>

9.1 At fair value through profit or loss

Name of the Investee Fund	As at July 01, 2015	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at December 31, 2015	As at December 31, 2015			As at June 30, 2015		
						Un-audited			Audited		
						Carrying value	Market value	Unrealised appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
						----- Rupees -----					
MCB Cash Management Optimizer	379,880	2,052,204	-	2,331,191	100,893	10,356,314	10,402,260	45,946	38,000,000	38,025,601	25,601
MCB Pakistan Asset Allocation Fund	-	1,516,906	-	549,625	967,281	75,341,565	74,477,161	(864,404)	-	-	-
MCB Pakistan Sovereign Fund	-	9,733,233	-	4,579,339	5,153,894	279,483,733	284,804,168	5,320,435	-	-	-
						<u>365,181,612</u>	<u>369,683,589</u>	<u>4,501,977</u>	<u>38,000,000</u>	<u>38,025,601</u>	<u>25,601</u>

Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	
9.2 Available-for-sale investments		
Investment in units of mutual funds - related parties	9.3 100,021,877	82,250,918
Investments in Government Securities		
Pakistan Investment Bonds	9.4 104,423,997	162,005,253
Market Treasury Bills	9.5 96,359,600	471,308,000
	<u>300,805,474</u>	<u>715,564,171</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

9.3 Investment in units of mutual funds

Name of the Investee Fund	As at July 01, 2015	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at December 31, 2015	As at December 31, 2015			As at June 30, 2015		
						----- Un-audited -----			----- Audited -----		
						Carrying value	Market value	Unrealised appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
						Number of units					
MCB Pakistan Stock Market Fund	988,236	256,591	-	-	1,244,827	93,211,651	100,021,877	6,810,226	73,231,442	82,250,918	9,019,476
						93,211,651	100,021,877	6,810,226	73,231,442	82,250,918	9,019,476

9.4 Pakistan Investment Bonds

Particulars	Face Value				As at December 31, 2015			As at June 30, 2015		
	As at July 01, 2015	Purchased during the period	Disposed during the period	As at December 31, 2015	Un-audited			Audited		
					Carrying Value	Market value	Unrealised appreciation on re-measurement of investments	Carrying Value	Market value	Unrealised appreciation on re-measurement of investments
Rupees										
GOP - PIB - 19 July 2012 to 19 July 2022	50,000,000	-	50,000,000	-	-	-	-	55,786,400	55,898,400	112,000
GOP - PIB - 18 July 2013 to 18 July 2016	101,800,000	-	-	101,800,000	103,475,324	104,423,997	948,673	103,475,324	106,106,853	2,631,529
					103,475,324	104,423,997	948,673	103,475,324	106,106,853	2,631,529

9.4.1 These Pakistan Investment Bonds have a cost of Rs.103,468,234 (30 June 2015: 159,248,884) and a coupon rate of 11.25% (30 June 2015: 12%) per annum.

9.5 Treasury Bills

Particulars	Face Value				As at December 31, 2015			As at June 30, 2015		
					Un-audited			Audited		
	As at July 01, 2015	Purchased during the period	Disposed during the period	As at December 31, 2015	Carrying Value	Market value	Unrealised appreciation/(de)preciation) on re-measurement of investments	Carrying Value	Market value	Unrealised appreciation/(de)preciation) on re-measurement of investments
GOP M. T-Bills - 3 months - 28-May-15 - 20-Aug-15	375,000,000	-	375,000,000	-	-	-	-	371,522,332	371,460,000	(62,332)
GOP M. T-Bills - 6 months - 08-Jan-15 - 09-Jul-15	100,000,000	-	100,000,000	-	-	-	-	99,852,581	99,848,000	(4,581)
GOP M. T-Bills - 12 months - 06-Aug-15 - 04-Aug-16	-	100,000,000	-	100,000,000	96,163,626	96,359,600	195,974	-	-	-
					96,163,626	96,359,600	195,974	471,374,913	471,308,000	(66,913)

9.5.1 Market treasury bills carry effective interest rate 6.38% (June 30, 2015 : 6.94% to 6.96%).

9.6 The above investments include Pakistan Investment Bonds having face value of Rs 66.8 million and Treasury Bills having face value of Rs 100 million which have been pledged in favour of MCB Bank Limited against a running finance facility provided by the bank. Further, as discussed in detail in note 16.1.2, Pakistan Investment Bonds having face value of Rs 35 million have been pledged with the Central Depository Company of Pakistan Limited in its capacity as Trustee of Pakistan Sarmaya Mahfooz Fund.

10 TAXATION - NET

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010 and 2011. The income tax returns upto the tax year 2015 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

Note		(Unaudited) December 31, 2015	(Audited) June 30, 2015
		-----Rupees-----	
11	TRADE AND OTHER PAYABLES		
	Accrued expenses	11.1 110,961,427	115,202,564
	Withholding tax payable	636,059	549,648
	Indirect taxes and duties payable	11.2 341,425,802	262,903,048
	Payable to facilitators/distributors	61,349,594	79,330,469
	Unclaimed dividend	4,007,209	2,105,842
	Others	427,076	350,709
		<u>518,807,167</u>	<u>460,442,280</u>

11.1 Worker's welfare fund

The Company is liable to contribute to Worker's Welfare Fund (WWF) in accordance with the amendments introduced in Finance Act, 2008. The Company has filed a constitutional petition (CP No.1391/2014) dated March 20, 2014 with the Honorable High Court of Sindh to challenge the applicability of Worker's Welfare Fund on the management Company. The Honorable High Court of Sindh has passed the restraining order for not taking any coercive action to the extent of WWF. The matter is still subjudice to the Court. However, the Company as a matter of abundant caution has decided to retain the provision for WWF amounting to Rs 25.79 million as at December 31, 2015 (June 30, 2015: Rs 22.47 million).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

11.2 Federal excise duty payable on remuneration of the management company

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on September 4, 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Funds have stopped making payments for FED to their respective management companies. However, full provision in respect of FED effective June 13, 2013 is being made in the financial statements of the respective funds.

12	MANAGEMENT FEE / INVESTMENT ADVISORY FEE	Note	Un-audited			
			Half year ended		Quarter ended	
			December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
			-----Rupees-----		-----Rupees-----	
From Collective Investment Schemes - related parties						
	MCB Cash Management Optimizer	40,430,969	84,778,958	18,964,589	43,694,333	
	MCB Pakistan Asset Allocation Fund	42,548,840	11,381,359	22,296,002	6,049,249	
	MCB DCF Income Fund	129,089,765	120,193,496	66,931,940	61,455,282	
	MCB Islamic Income Fund	5,234,619	10,295,457	2,354,829	4,952,782	
	MCB Pakistan Sovereign Fund	49,095,614	28,048,294	29,347,815	16,739,101	
	Pakistan Capital Market Fund	10,632,777	5,215,501	5,454,117	2,743,391	
	Pakistan Cash Management Fund	6,240,905	20,263,940	2,850,900	8,979,611	
	Pakistan Income Enhancement Fund	23,632,901	15,323,671	13,382,227	6,840,452	
	Pakistan Income Fund	12,221,491	10,249,537	6,337,829	5,151,579	
	Pakistan International Element Islamic Asset Allocation Fund	11,232,233	5,431,835	5,649,928	2,745,767	
	MCB Pakistan Stock Market Fund	91,223,343	52,637,790	47,323,646	27,696,045	
	MCB Pakistan Islamic Stock Fund	10,017,964	4,940,007	5,078,382	2,460,913	
	Pakistan Sarmaya Mahfooz Fund	4,717,953	246,524	2,306,311	246,524	
	MCB Pakistan Frequent Payout Fund	691,068	-	691,068	-	
		437,010,442	369,006,369	228,969,583	189,755,030	
Pension schemes - related parties						
	Pakistan Pension Fund	9,294,101	6,394,726	4,739,697	3,299,762	
	Pakistan Islamic Pension Fund	4,536,198	3,405,088	2,286,187	1,762,913	
		13,830,299	9,799,814	7,025,884	5,062,675	
	12.1	450,840,741	378,806,183	235,995,467	194,817,705	
	Investment advisory fee from discretionary portfolio management	12.2	16,598,105	10,816,069	8,882,119	5,993,626
			467,438,846	389,622,253	244,877,586	200,811,331
	Less: Indirect taxes and duties on management fee					
	Sindh sales tax		(57,404,771)	(50,820,294)	(30,072,686)	(26,192,783)
	Federal excise duty		(56,556,424)	(46,731,305)	(29,628,262)	(24,085,317)
			353,477,651	292,070,654	185,176,638	150,533,231

- 12.1 Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged can not exceed 2% of the average annual net assets in case of Equity, Balanced, Asset Allocation Schemes and Capital Protected (dynamic asset allocation-direct exposure), 1.5% of average annual net assets in case of Income, Aggregate income, Index, Fund of Funds and Commodity Schemes (cash settled) and 1% of average annual net assets in case of Money Market, Commodity Schemes (deliverables) and Capital protected schemes, that has been verified by the trustee. In accordance with Rule 11 of the Voluntary Pension System Rules, 2005 the management fee from the pension funds is charged at the rate of 1.5% of the average of values of the net assets of the pension fund calculated during the period for determining the prices of the units of the sub-funds.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

- 12.2** The Company is managing investments under discretionary portfolio management agreement. Investment advisory fee from the discretionary portfolios is calculated on a daily / monthly basis by charging specified rates to the net asset value of the portfolios as stated in the respective agreements with the clients. The details of this portfolio are given in note 1.4 of these condensed interim financial information.

	Un-audited			
	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----		-----Rupees-----	
13 ADMINISTRATIVE EXPENSES				
Salaries, allowances and other benefits	90,285,462	84,282,208	46,008,566	44,589,697
Legal and professional charges	8,399,655	5,711,270	5,037,245	2,431,529
Travelling and conveyance charges	1,625,540	1,312,383	946,580	717,167
Repairs, maintenance and rent	21,283,848	11,167,845	12,159,898	5,333,378
Office supplies	264,244	311,843	176,221	227,611
Auditors' remuneration	900,000	1,100,000	400,000	900,000
Directors' meeting fee	425,000	450,000	200,000	125,000
Insurance	715,645	899,513	329,152	609,992
Depreciation	4,849,188	6,926,440	2,451,469	3,446,528
Amortisation	1,695,077	2,543,216	760,661	1,271,509
Stamp duty and taxes	32,000	19,529	32,000	1,829
Registrar fee	321,279	388,805	171,810	187,174
Printing and stationery	2,169,302	2,154,549	1,064,240	909,602
Utilities	4,951,311	2,517,840	1,388,340	1,248,584
Telephone expenses	1,818,053	1,810,240	839,923	721,032
Entertainment expenses	950,239	1,007,945	334,099	657,451
Books, periodicals and subscription	4,748,479	3,667,140	3,153,709	1,728,705
Miscellaneous expenses	110,834	381,813	40,984	307,753
	<u>145,545,156</u>	<u>126,652,579</u>	<u>75,494,897</u>	<u>65,414,541</u>

- 13.1** In the current period, the SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC Regulations. As a result of these amendments, the management company shall charge fees and expenses pertaining to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CISs) upto a maximum of 0.1% of average annual net assets of the scheme. Accordingly, effective from November 27, 2015, expenses amounting to Rs 4,752,876 have been charged by the Company to the respective CISs under its management.

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	-----Rupees-----	
14 NET UNREALISED APPRECIATION ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'		
Long-term Investments:		
Market value of investments	422,830,662	433,477,071
Less: carrying value of investments	(210,900,280)	(220,930,061)
	211,930,382	212,547,010
Less: net unrealised appreciation in fair value of investments at the beginning of the period	(212,547,010)	(135,992,233)
Add: amount realised on redemption	-	-
	(616,628)	76,554,777
Short-term Investments:		
Market value of investments	300,805,474	715,564,171
Less: carrying value of investments	(292,850,601)	(703,868,079)
	7,954,873	11,696,092
Less: net unrealised appreciation in fair value of investments at the beginning of the period	(11,696,092)	(78,634)
Add: amount realised on redemption	-	-
	(3,741,219)	11,617,458
	<u>(4,357,847)</u>	<u>88,172,235</u>

15 RUNNING FINANCE

The running finance facility amounting to Rs 500 million obtained from MCB Bank Limited, a related party. The facility carried mark-up at one month KIBOR+0.5% payable on quarterly basis (June 30, 2015 : KIBOR+0.5%). The facility was secured against pledge over government securities. The facility will expire on May 31, 2016.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

16 CONTINGENCIES AND COMMITMENTS

- 16.1** The Punjab Revenue Authority issued a Show Cause Notice No. PRA/AM.70/14/18 dated June 20, 2014 to MCB- Arif Habib Savings and Investment Limited requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a petition on July 8, 2014 in the SHC challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated July 10, 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax is already made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.
- 16.2** The Company has launched a capital protected fund namely "Pakistan Sarmaya Mehfooz Fund" on December 19, 2014. In accordance with the terms of the agreement, the Company has guaranteed the Gap Risk through a Guarantee Agreement signed between Trustee of the Fund and the Company. According to the agreement, the Company is liable to provide Gap Risk coverage of the initial fund size (adjusted for redemptions, if any, during the life of the Fund, and inclusive of any front-end load) upto a maximum of 5% of the total subscription amount. In compliance with the above mentioned requirement, the Company has pledged Pakistan Investment Bonds with a face value of Rs 35 million and having maturity of July 18, 2016 with the Trustee as at December 31, 2015.
- 16.3** The income tax affairs of the Company for the tax year 2009 were selected for the audit under section 177 of the Income Tax Ordinance, 2001 by the Commissioner Inland Revenue vide intimation letter No.CIR/Z-3/LTU/T.Y 2009/392 dated November 08, 2013. The Taxation Officer passed an order under section 122(1)(5) of the Income Tax Ordinance, 2001 dated June 29, 2015 and made certain additions in the profit & loss account. The Company has filed an appeal before the CIR Appeals against the above order. The management and the tax advisors of the Company are confident that good grounds exist to contest these disallowance at the appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. No provision has been made in this condensed interim financial information. The potential tax liability in this respect amounts to Rs 7.72 million (June 30, 2015: Rs 7.72 million).
- 16.4** The Additional Commissioner Inland Revenue (ACIR) issued a notice to the Company under section 122(5A) of the Income Tax Ordinance, 2001 vide letter No.Addl.CIR/AR-A/Z-III/LTU/2014-15 dated November 14, 2014 relating to tax year 2013. The ACIR was of the view that the deemed assessment order for tax year 2013 was erroneous and is prejudicial to the interest of revenue. The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated August 28, 2015 and made certain additions / disallowances in the profit & loss account, and created a demand of Rs 39.38 million. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals against the above order and has also filed a constitution petition of stay of demand as well as legal issue. The Company has paid Rs13.5 million under protest to the taxation authorities. The management and the tax advisor of the Company are confident that the good grounds exist to contest the additions / disallowances made by the ACIR at the appellate forums and these additions are not maintainable. No provision has been made in this condensed interim financial information against the above order. The potential tax liability in this respect amounts to Rs 39.38 million.

17 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as at the period end. Therefore, all subsidiaries and associated undertakings of MCB are related parties of the Company. Other related parties comprise of Arif Habib Corporation Limited with a holding percentage of 30%, companies having common directorship, collective investment schemes and voluntary pension schemes managed by the Company, directors, key management personnel and their close family members and retirement benefit plan. The transactions with related parties are in the normal course of business and are carried out at contracted rates and terms. Details of such transaction are as follows:

	Half year ended	
	December 31, 2015	December 31, 2014
Transactions with related parties during the period	Rupees	
MCB BANK LIMITED		
Profit on bank deposits	804,465	1,232,738
Dividend paid	64,674,344	55,435,152
Branch sharing expenses	1,863,960	1,560,000
Reimbursement of expenses	5,500,000	6,000,000
Commission on distribution of units	33,432,650	17,438,809
Financial charges	40,525	5,345,408

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended	
	December 31, 2015	December 31, 2014
	----- Rupees -----	
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Investment advisory fee	9,188,264	6,044,068
ADAMJEE INSURANCE COMPANY LIMITED		
Amount paid against insurance	1,067,694	838,830
Dividend paid	1,518,720	5,094,510
SUMMIT BANK LIMITED		
Profit on bank deposits	83,628	96,701
Payment against compensation on outright sale	-	136,354
MCB FINANCIAL SERVICES LIMITED		
Reimbursement of expenses	704,034	916,512
Trustee fee	1,200,000	867,465
MCB DCF INCOME FUND		
Management Fee	97,617,790	120,193,496
Share of sales load	27,843	116,187
Investment in units	-	7,000,000
Redemption of units	-	182,000,000
Reimbursement of expenses	1,277,051	-
MCB PAKISTAN ASSET ALLOCATION FUND		
Management fee	32,175,469	11,381,359
Share of sales load	110,974	33,250
Investment in units	118,151,955	-
Redemption of units	43,000,000	-
Reimbursement of expenses	328,947	-
MCB CASH MANAGEMENT OPTIMIZER		
Management fee	30,573,933	84,778,958
Investment in units	207,740,000	177,987,698
Redemption of units	235,907,459	178,273,411
Reimbursement of expenses	731,589	-
MCB ISLAMIC INCOME FUND		
Management Fee	3,958,423	10,295,457
Share of sales load	12,276	9,541
Shariah fee paid on behalf of the fund	107,058	-
Reimbursement of expenses	107,805	-
MCB PAKISTAN STOCK MARKET FUND		
Management fee	68,983,169	52,637,790
Share of sales load	418,486	180,579
Investment in units	19,980,209	36,995,807
Redemption of units	-	7,000,000
Amount received against conversion cost	1,135,912	1,135,912
Reimbursement of expenses	685,842	-
PAKISTAN INCOME FUND		
Management fee	9,241,902	10,249,537
Share of sales load	5,164	9,672
Reimbursement of expenses	121,578	-
MCB PAKISTAN SOVEREIGN FUND		
Management fee	37,126,145	28,048,294
Share of sales load	5,332	1,044
Investment in units	527,000,000	271,287,037
Redemption of units	249,276,715	109,600,000
Reimbursement of expenses	913,432	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended	
	December 31, 2015	December 31, 2014
	----- Rupees -----	
PAKISTAN CAPITAL MARKET FUND		
Management fee	8,040,515	5,215,501
Share of sales load	75,378	13,943
Reimbursement of expenses	78,666	-
MCB PAKISTAN ISLAMIC STOCK FUND		
Management fee	7,575,593	4,940,007
Share of sales load	24,612	5,486
Amount received against conversion cost	1,520,031	1,520,031
Reimbursement of expenses	71,866	-
Shariah fee paid on behalf of the fund	68,295	-
PAKISTAN PENSION FUND		
Management fee	7,028,207	6,394,726
Share of sales load	70,441	84,019
Redemption of units	10,000,000	-
Contribution made to Pension fund on behalf of the employees	1,947,992	-
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Management fee	8,493,824	5,431,835
Share of sales load	58,814	16,412
Reimbursement of expenses	78,806	-
Shariah fee paid on behalf of the fund	82,543	-
PAKISTAN ISLAMIC PENSION FUND		
Management fee	3,430,277	3,405,088
Share of sales load	24,407	59,098
Redemption of units	5,000,000	-
Contribution made to Pension fund on behalf of the employees	2,153,102	-
PAKISTAN SARMAYA MAHFOOZ FUND		
Management fee	3,567,720	246,524
Share of sales load	-	3,283,666
Payment made on behalf of the fund	-	2,735,000
Formation Cost	-	4,313,850
Reimbursement of expenses	65,792	-
PAKISTAN CASH MANAGEMENT FUND		
Management fee	4,719,378	20,263,940
Bank charges on behalf of the fund	106,094	56,778
PAKISTAN INCOME ENHANCEMENT FUND		
Management fee	17,871,220	10,061,459
Share of sales load	23,357	25,139
Reimbursement of expenses	253,097	-
MCB PAKISTAN FREQUENT PAYOUT FUND		
Management fee	522,586	-
Share of sales load	826,103	-
Payment made on behalf of fund	2,660,000	-
Formation Cost	733,077	-
Reimbursement of expenses	38,405	-
ARIF HABIB CORPORATION LIMITED		
Dividend paid	37,912,292	32,496,250
ARIF HABIB LIMITED		
Dividend paid	-	5,258,216
KEY MANAGEMENT PERSONNEL		
Remuneration and other benefits	11,139,885	11,978,948

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended	
	December 31, 2015	December 31, 2014
	Rupees	
EXECUTIVE DIRECTOR		
Remuneration and other benefits	9,772,829	8,029,406
	(Unaudited) December 31, 2015	(Audited) June 30, 2015
Amount outstanding as at period end	Rupees	
MCB BANK LIMITED		
Bank balance	7,025,802	12,610,032
Receivable as share of expense	206,162	206,162
Other payable	10,526,426	15,329,829
Commission payable	27,260,945	43,670,412
Mark-up receivable	-	118,641
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Advisory fee receivable	7,498,401	6,839,432
MCB FINANCIAL SERVICES LIMITED		
Payable against monthly reimbursement	-	150,000
Payable against trustee fee	200,000	200,000
SUMMIT BANK LIMITED		
Bank balance	3,118,111	3,177,246
Mark-up receivable	6,205	12,883
MCB DCF INCOME FUND		
Remuneration receivable	104,379,253	85,283,263
Sales load receivable	29,241,051	40,743,932
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses including SST thereon	1,455,838	-
MCB PAKISTAN ASSET ALLOCATION FUND		
Remuneration receivable	20,100,539	12,521,169
Sales load receivable	23,154,849	19,507,800
Closing balance of investment in units	74,477,161	-
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses including SST thereon	374,999	-
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration receivable	54,962,136	49,524,722
Sales load receivable	-	21,708
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	10,402,260	38,025,601
Receivable against reimbursement of expenses including SST thereon	834,011	-
MCB ISLAMIC INCOME FUND		
Remuneration receivable	8,801,030	8,182,100
Sales load receivable	3,112,198	3,221,943
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses including SST thereon	122,897	-
Receivable against shariah fee	107,058	-
MCB PAKISTAN STOCK MARKET FUND		
Remuneration receivable	55,357,794	40,558,798
Sales load receivable	4,137,490	3,381,885
Other receivable	13,048	8,988
Conversion cost receivable	544,939	1,680,851
Closing balance of investment in units	100,021,877	82,250,918
Receivable against reimbursement of expenses including SST thereon	781,860	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	----- Rupees -----	
PAKISTAN INCOME FUND		
Remuneration receivable	9,418,442	7,546,726
Sales load receivable	258,699	270,282
Receivable against lawyer fee for stay order	-	100,000
Other receivable	-	5,090
Receivable against reimbursement of expenses including SST thereon	138,599	-
MCB PAKISTAN SOVEREIGN FUND		
Remuneration receivable	30,370,047	20,633,825
Sales load receivable	5,216,815	4,149,995
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	284,804,168	-
Receivable against reimbursement of expenses including SST thereon	1,041,313	-
PAKISTAN CAPITAL MARKET FUND		
Remuneration receivable	6,159,334	4,229,404
Sales load receivable	429,826	200,633
Receivable against lawyer fee for stay order	-	100,000
Other receivable	44,841	-
Receivable against reimbursement of expenses including SST thereon	89,679	-
MCB PAKISTAN ISLAMIC STOCK FUND		
Remuneration receivable	5,544,508	3,449,290
Sales load receivable	181,890	150,975
Receivable against lawyer fee for stay order	-	100,000
Conversion cost receivable	562,732	2,082,764
Receivable against reimbursement of expenses including SST thereon	81,927	-
Receivable against shariah fee	68,295	-
PAKISTAN PENSION FUND		
Remuneration receivable	5,994,906	4,618,717
Sales load receivable	737,763	285,813
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	208,650,788	214,253,990
Short-term receivable	10,000,000	-
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration receivable	6,062,728	4,480,481
Sales load receivable	982,405	1,082,236
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses including SST thereon	89,839	-
Receivable against shariah fee	82,543	-
PAKISTAN ISLAMIC PENSION FUND		
Remuneration receivable	3,057,912	2,297,687
Sales load receivable	292,609	285,095
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	214,179,875	219,223,081
Short-term receivable	5,000,000	-
PAKISTAN SARMAYA MAHFOOZ FUND		
Remuneration receivable	2,011,640	1,439,611
Back-end load receivable	46,748	305,168
Sales load receivable	2,302,154	2,261,634
Receivable against lawyer fee for stay order	-	100,000
Formation Cost	-	4,313,850
Receivable against reimbursement of expenses including SST thereon	75,003	-
PAKISTAN CASH MANAGEMENT FUND		
Remuneration receivable	11,968,940	11,662,842
Other payable	106,094	106,971
Other receivable	-	25,015

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Rupees	
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration receivable	14,860,801	9,533,074
Sales load receivable	9,080,867	1,325,040
Receivable against lawyer fee for stay order	-	100,000
Other receivable	3,530	13,560
Receivable against reimbursement of expenses including SST thereon	288,531	-
MCB PAKISTAN FREQUENT PAYOUT FUND		
Remuneration receivable	618,237	-
Sales load receivable	7,186,881	-
Formation cost	733,077	-
Other receivable	2,660,000	-
Receivable against reimbursement of expenses including SST thereon	43,783	-

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- The fair value of investments in units of open-end collective investment schemes and pension funds are based on the net assets value quoted by the Company and Mutual Funds Association of Pakistan at each reporting date.
- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.

The estimated fair value of all other financial assets and liabilities other than asset classified as 'held for sale' is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

18.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2015 the Company held the following financial instruments measured at fair value:

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Investment in units of open-end collective investment schemes and pension funds				
Available-for-sale investments	522,852,539	200,783,597	-	723,636,136
Investments at fair value through profit or loss	369,683,589	-	-	369,683,589
	892,536,128	200,783,597	-	1,093,319,725

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	----- As at June 30, 2015 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Assets				
Investment in units of open-end collective investment schemes and pension funds				
Available-for-sale investments	515,727,989	633,313,253	-	1,149,041,242
Investments at fair value through profit or loss	38,025,601	-	-	38,025,601
	553,753,590	633,313,253	-	1,187,066,843

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on February 04, 2016 has declared an interim cash dividend of Rs. 1.5 per share (December 31, 2014: Rs. 1.5 per share declared on February 2, 2015). These condensed interim financial information do not include the effect of this appropriation which will be accounted for in the financial statements of the company for the year ending June 30, 2016.

20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 04, 2016 by the Board of Directors of the Company.

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison or better presentation. No significant reclassification was made in this condensed interim financial information during the current period.

22 GENERAL

Amounts have been rounded off to the nearest Rupee unless otherwise stated.


Director


Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorised in this behalf by the Board of Directors of the Management Company.

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