

**Half Year Report**  
**December 31, 2015**  
**(Unaudited)**



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

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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.

**PAKISTAN INTERNATIONAL ELEMENT  
ISLAMIC ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

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

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

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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 first half year ended December 31st, 2015.

## ECONOMY AND MONEY MARKET OVERVIEW

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 along with strict vigilance of SBP kept the rupee relatively stable.

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 OVERVIEW

The local equity market measured by KSE-100 Index retreated 4.6% during 1HFY15 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.

## FUND PERFORMANCE

During the period under review, the fund delivered a return of -4.58% as against its benchmark return of -2.63%.

On the equities front, the overall allocation was 74.0% at the end of the period under review. The fund increased its exposure in Power Generation & Distribution, Cement and Glass and Ceramics while reducing its exposure towards Oil and Gas and Automobile assembler sectors during the period.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

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 December 31, 2015 stood at Rs. 746 million as compared to Rs. 804 million as at June 30, 2015 registering a decrease of 7.21%.

The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs. 58.14 as compared to opening NAV of Rs. 60.93 per unit as at June 30, 2015 registering a decrease of Rs. 2.79 per unit.

### 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

### 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,



**Saqib Saleem**  
Acting Chief Executive Officer

February 04, 2016



## TRUSTEE REPORT TO THE UNIT HOLDERS

### CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

#### Head Office

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



### TRUSTEE REPORT TO THE UNIT HOLDERS

#### PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND

##### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan International Element Islamic Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2015 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 18, 2016





# AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



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working world

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
eyfrsh.khi@pk.ey.com  
ey.com/pk

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan International Element Islamic Asset Allocation Fund** (the Fund) as at **31 December 2015**, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, and notes to the accounts for the half year then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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### *Other matter*

The condensed interim financial information of the Fund for the half year ended 31 December 2014 and the financial statements for the year ended 30 June 2015 were reviewed and audited respectively by another firm of chartered accountants whose review report, dated 02 February 2015, and audit report, dated 07 August 2015, expressed an unqualified conclusion and opinion thereon respectively.

A handwritten signature in black ink, appearing to read 'Shabbir Yunus', with a long horizontal line extending to the right.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 04 February 2016

Karachi

A member firm of Ernst & Young Global Limited

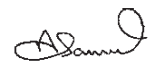
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)**  
**AS AT DECEMBER 31, 2015**

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks		191,353	242,427
Investments	5	565,668	564,586
Receivable against sale of investments		2,399	18,540
Dividend and profit receivable		2,210	2,260
Advances and deposits		3,246	3,235
<b>Total Assets</b>		<u>764,876</u>	<u>831,048</u>
<b>LIABILITIES</b>			
Payable to Management Company		1,877	2,208
Payable to Central Depository Company of Pakistan Limited - Trustee		152	135
Payable to Securities and Exchange Commission of Pakistan - annual fee		412	484
Accrued expenses and other liabilities	6	16,776	24,620
<b>Total Liabilities</b>		<u>19,217</u>	<u>27,447</u>
<b>NET ASSETS</b>		<u>745,659</u>	<u>803,601</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>745,659</u>	<u>803,601</u>
<b>Contingencies and commitments</b>	7		
<b>NUMBER OF UNITS IN ISSUE</b>			
		12,825,200	13,189,009
<b>NET ASSETS VALUE PER UNIT</b>			
		58.14	60.93

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

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

  
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 authorized in this behalf by the Board of directors of the Management Company.

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

		Half year ended December 31,		Quarter ended December 31,	
		2015	2014	2015	2014
Note		(Rupees in '000)			
<b>INCOME</b>					
		151	32,122	1,164	29,871
		14,064	9,984	7,759	5,877
		297	2,470	135	1,239
		6,347	1,686	3,669	711
	5.1	(2,547)	32,705	1,561	26,770
	5.2	2,143	(77)	1,072	-
		20,455	78,890	15,360	64,468
<b>EXPENSES</b>					
		8,496	4,104	4,288	2,096
		2,752	1,359	1,378	687
	8	90	-	90	-
		862	421	434	213
	9	121	-	61	-
		412	200	208	101
		674	1,157	382	767
		127	141	64	118
		150	127	89	-
		83	-	83	-
		325	265	154	124
		566	-	566	-
		219	202	87	133
		14,877	7,976	7,884	4,240
		5,578	70,914	7,476	60,228
		(2,648)	997	(2,666)	443
		2,359	(1,229)	1,652	(386)
		-	1,411	-	1,203
		5,289	69,271	6,462	59,082
	10	-	-	-	-
		5,289	69,271	6,462	59,082
	11				

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

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

  
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 authorized 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 December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	(Rupees in '000)			
Net income for the period after taxation	5,289	69,271	6,462	59,082
<b>Other comprehensive income:</b>				
Items to be reclassified to income statement in subsequent periods:				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'available-for-sale'	(23,328)	1,807	(23,328)	1,131
Less: Net unrealised (appreciation) / diminution in value of investment at the beginning	(25,807)	-	32,946	-
Further impairment loss on re-measurement of investments classified as 'available-for-sale'	566	-	566	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(43,280)</b>	<b>71,078</b>	<b>16,646</b>	<b>60,213</b>

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

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

  
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 authorized in this behalf by the Board of directors of the Management Company.

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Undistributed income / (loss) brought forward	114,309	(5,662)	70,540	4,857
Total comprehensive (loss) / income for the period	(43,280)	69,271	16,646	59,082
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	3,526	417	(12,631)	87
Undistributed income carried forward	<u>74,555</u>	<u>64,026</u>	<u>74,555</u>	<u>64,026</u>

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

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

  
\_\_\_\_\_  
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 authorized in this behalf by the Board of directors of the Management Company.

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	803,601	411,020	835,216	412,245
Issue of 5,580,063 units (2014: 2,779,731 units) and 2,175,819 units (2014: 454,184 units) for the half year and quarter ended respectively	331,911	146,320	127,301	74,572
Redemption of 5,943,872 units (2014: 3,328,088 units) and 4,047,347 units (2014: 132,869 units) for the half year and quarter ended respectively	(346,862)	(173,552)	(234,518)	(91,796)
	(14,951)	(27,232)	(107,217)	(17,224)
Net element of (loss) / income and capital gains / (losses) included in prices of units issued less those in units redeemed				
- amount representing loss / (income) and realised capital losses / (gains) - transferred to the income statement from realised / unrealised capital gain from other income	2,648 (2,359)	(997) 1,229	2,666 (1,652)	(528) 392
- amount representing (income) / loss that forms part of unit holders' fund - transferred to Distribution Statement	(3,526)	(417)	12,631	(87)
	(3,237)	(185)	13,645	(223)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution Statement	3,526	417	(12,631)	87
Net income / (loss) 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)	7,685	4,444	3,737	2,441
Capital gain on sale of investments	151	32,122	1,164	29,871
Unrealised (diminution) / appreciation on revaluation of investments classified as 'held-for-trading' - net	(2,547)	32,705	1,561	26,770
	5,289	69,271	6,462	59,082
Unrealised (diminution) / appreciation on revaluation of investments classified as 'available-for-sale' - net	(48,569)	1,807	10,184	1,131
Net assets at the end of the period	745,659	455,098	745,659	455,098
Net assets value per unit as at beginning of the period	60.93	49.30	50.65	50.65
Net assets value per unit as at end of the period	58.14	58.43	58.14	58.43

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

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

  
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 authorized in this behalf by the Board of directors of the Management Company.



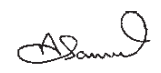
# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	5,289	69,271	6,462	59,082
<b>Adjustments for non-cash and other items:</b>				
Unrealised diminution / (appreciation) on revaluation of investments classified as 'held-for-trading' - net	2,547	(32,705)	(1,561)	(26,770)
Provision for Workers' Welfare Fund	-	1,411	-	1,203
Impairment loss on 'available-for-sale' investment	566	-	566	-
Net element of loss / (income) and capital losses / (gains) in prices of units issued less those in units redeemed:				
from realised / unrealised capital gain	2,648	(997)	2,666	(443)
from other income	(2,359)	1,229	(1,652)	386
Reversal of (provision) / charge against debt securities	(2,143)	77	(1,072)	-
	<b>6,548</b>	<b>38,286</b>	<b>5,409</b>	<b>33,458</b>
<b>(Increase) / decrease in assets</b>				
Receivable against sale of investments	16,141	584	(2,399)	(6,861)
Investments - net	(50,621)	(83,635)	30,739	(61,927)
Dividend and profit receivable	50	(1,738)	5,106	2,988
Advance against investment	-	4,824	-	-
Advance against IPO subscription of debt security	-	-	-	35,000
Advances and deposits	(11)	(43)	(108)	21
	<b>(34,441)</b>	<b>(80,008)</b>	<b>33,338</b>	<b>(30,779)</b>
<b>(Decrease) / increase in liabilities</b>				
Payable against purchase of investments	-	25,124	-	33,117
Payable to Management Company	(331)	(12)	(514)	256
Payable to Central Depository Company of Pakistan - annual fee	17	11	(4)	6
Payable to Securities and Exchange Commission of Pakistan - annual fee	(72)	(59)	208	101
Accrued expenses and other liabilities	(7,844)	1,298	1,107	912
	<b>(8,230)</b>	<b>26,362</b>	<b>797</b>	<b>34,392</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(36,123)</b>	<b>(15,360)</b>	<b>39,544</b>	<b>37,071</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issuance of units	331,911	146,320	127,301	74,572
Payment on redemption of units	(346,862)	(173,552)	(234,518)	(91,796)
<b>Net cash used in financing activities</b>	<b>(14,951)</b>	<b>(27,232)</b>	<b>(107,217)</b>	<b>(17,224)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(51,074)</b>	<b>(42,592)</b>	<b>(67,673)</b>	<b>19,847</b>
Cash and cash equivalents at beginning of the period	242,427	128,167	259,026	65,728
<b>Cash and cash equivalents at end of the period</b>	<b>191,353</b>	<b>85,575</b>	<b>191,353</b>	<b>85,575</b>

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

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

  
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 authorized in this behalf by the Board of directors of the Management Company.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

## 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 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan. With effect from February 08, 2016 the registered office of the Management Company will be changed to 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 half year ended December 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 condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2015 and December 31, 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

2.1.4 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 annual financial statements of the Fund for the year ended June 30, 2015, except as described in note 3.1 below:

3.1 The Fund has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements  
IFRS 11 – Joint Arrangements  
IFRS 12 – Disclosure of Interests in Other Entities  
IFRS 13 – Fair Value Measurement

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The adoption of the above did not have any effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Fund believes that such improvements to the standards do not have any impact on the Fund's financial statements for the period.

- 3.2 The element of income arising on issuance and redemption of units is bifurcated into portion attributable to capital gain / losses (realised and unrealised) and other income appearing in book of accounts of the Fund.

## 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.

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
<b>5. INVESTMENTS</b>			
'At fair value through profit or loss' - held-for-trading	5.1	19,482	52,662
- Equity securities - quoted	5.2	-	-
 'Available-for-sale'			
- Equity securities - quoted	5.3	546,186	511,924
		565,668	564,586

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
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**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 December 31, 2015				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 December 31, 2015	Cost	Market value (Rupees in '000)	(Diminution) / Appreciation	As a percentage of total investments	As a percentage of net assets	
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
<b>Fertilizer</b>											
Engro Corporation Limited	3,000	-	-	-	3,000	892	840	(52)	0.15	0.11	0.00
						892	840	(52)			
<b>General industries</b>											
Thal Limited*	25,300	-	-	-	25,300	7,221	6,409	(812)	1.13	0.86	0.00
						7,221	6,409	(812)			
<b>Industrial engineering automobile and parts</b>											
Pak Suzuki Motor Company Limited	22,900	-	-	22,700	200	87	99	12	0.02	0.01	0.00
						87	99	12			
<b>Personal goods</b>											
Bata Pakistan Limited	3,620	-	-	-	3,620	13,515	11,836	(1,679)	2.09	1.59	0.00
						13,515	11,836	(1,679)			
<b>Construction and materials (cement)</b>											
Maple Leaf Cement Factory Limited	229,000	-	-	225,000	4,000	314	298	(16)	0.05	0.04	0.00
						314	298	(16)			
<b>Electronic and electrical goods</b>											
Pakistan Cables Limited	18,400	-	-	18,400	-	-	-	-	-	-	-
						-	-	-			
<b>Total as at December 31, 2015</b>						<b>22,029</b>	<b>19,482</b>	<b>(2,547)</b>			
<b>Total as at June 30, 2015</b>						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) December 31, 2015	(Audited) June 30, 2015
Opening carrying amount	5.2.1	6,429	6,429
Less: Principal redemption during the period		(2,143)	-
Closing carrying amount		4,286	6,429
Provision for impairment:			
- Opening		6,429	6,352
- (Reversal) / charge for the period		(2,143)	77
		4,286	6,429

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

5.2.1

Name of the investee company	Number of certificates				Balance as at December 31, 2015		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 December 31, 2015	Appreciation / (diminution)			
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	-	-	-	-
<b>Total as at December 31, 2015</b>									
Total as at June 30, 2015									

**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 December 31, 2015		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 December 31, 2015	(Diminution) / Appreciation		
<b>Construction and materials (cement)</b>								
Attock Cement (Pakistan) Limited	1,820	-	-	1,820	-	-	-	-
Cherat Cement Company Limited	-	255,000	-	-	255,000	286	4.07	3.08
Fauji Cement Company Limited	1,000,000	-	-	663,000	11,621	12,408	2.19	1.66
Lucky Cement Limited	40,000	25,000	-	-	31,459	32,178	5.69	4.32
Maple Leaf Cement Factory Limited	175,000	325,000	-	184,000	21,391	23,567	4.17	3.16
					<b>87,181</b>	<b>91,149</b>	<b>3,968</b>	
<b>Automobile assembler</b>								
Indus Motor Company Limited	27,000	-	-	-	31,361	27,315	4.83	3.66
Millat Tractors Limited	35,000	10,000	-	-	28,314	24,875	4.40	3.34
Pak Suzuki Motor Company Limited	8,000	-	-	200	2,984	3,863	0.68	0.52
					<b>62,659</b>	<b>56,053</b>	<b>(6,605)</b>	
<b>Automobile, parts and accessories</b>								
Thal Limited *	-	25,000	-	-	8,008	6,333	1.12	0.85
					<b>8,008</b>	<b>6,333</b>	<b>(1,675)</b>	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
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Name of the investee company	Number of shares				Balance as at December 31, 2015			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 December 31, 2015	Cost	Market value (Diminution)/ Appreciation (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
<b>Cable and electrical goods</b>										
Pak Elektron Limited	252,500	275,000	-	452,500	75,000	5,636	4,691 (946)	0.83	0.63	0.00
						<b>5,636</b>	<b>4,691 (946)</b>			
<b>Chemicals</b>										
I.C.I. Pakistan Limited	44,600	17,000	-	-	61,600	26,029	29,816 3,787	5.27	4.00	0.00
Linde Pakistan Limited	55,000	-	-	-	55,000	11,182	6,394 (4,788)	1.13	0.86	0.00
						<b>37,211</b>	<b>36,209 (1,002)</b>			
<b>Engineering</b>										
Amreli Steels Limited	-	6,494	-	-	6,494	331	390 59	0.07	0.05	0.00
						<b>331</b>	<b>390 59</b>			
<b>Fertilizer</b>										
Engro Fertilizers Limited	-	455,000	-	20,000	435,000	41,997	36,597 (5,400)	6.47	4.91	0.00
Engro Corporation Limited	110,000	45,000	-	118,000	37,000	11,060	10,337 (723)	1.83	1.39	0.00
Fauji Fertilizer Bin Qasim Limited	-	152,000	-	152,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	261,900	25,400	-	287,300	-	-	-	-	-	-
						<b>53,057</b>	<b>46,934 (6,123)</b>			
<b>Food and personal care products</b>										
Engro Foods Limited	-	150,000	-	38,800	111,200	18,188	16,301 (1,887)	2.88	2.19	0.00
Nestle Pakistan Limited	-	-	-	-	-	-	-	-	-	-
						<b>18,188</b>	<b>16,301 (1,887)</b>			
<b>Glass and ceramics</b>										
Ghani Glass Limited	250,000	-	-	167,500	82,500	5,538	7,262 1,724	1.28	0.97	0.00
Ghani Glass Limited (R)	-	84,000	-	-	84,000	-	7,139 7,139	1.26	0.96	-
Tariq Glass Industries Limited	470,000	-	-	-	470,000	27,743	32,830 5,087	5.80	4.40	0.01
						<b>33,280</b>	<b>47,231 13,950</b>			
<b>Miscellaneous</b>										
Shifa International Hospitals Limited	-	24,000	-	-	24,000	6,638	7,368 730	1.30	0.99	0.00
Shifa International Hospitals Limited (R)	-	1,911	-	-	1,911	-	104 104	0.02	0.01	-
						<b>6,638</b>	<b>7,472 834</b>			
<b>Oil and gas exploration companies</b>										
Pakistan Oilfields Limited	133,700	59,500	-	138,000	55,200	18,134	14,795 (3,339)	2.62	1.98	0.00
Pakistan Petroleum Limited ***	265,490	-	-	95,490	170,000	29,042	20,708 (8,334)	3.66	2.78	0.00
Attock Petroleum Limited	4,750	30,000	-	4,750	30,000	17,345	15,154 (2,191)	2.68	2.03	0.00
Pakistan State Oil Company Limited	65,000	-	-	-	65,000	26,127	21,175 (4,952)	3.74	2.84	0.00
						<b>90,647</b>	<b>71,831 (18,816)</b>			
<b>Paper and board</b>										
Packages Limited	52,450	32,000	-	15,050	69,400	39,372	40,398 1,026	7.14	5.42	0.00
						<b>39,372</b>	<b>40,398 1,026</b>			
<b>Pharmaceuticals</b>										
Ferozsons Laboratories Limited	12,300	-	-	12,300	-	-	-	-	-	-
IBL HealthCare Limited	30,000	-	6,000	-	36,000	4,386	3,964 (422)	0.70	0.53	0.00
						<b>4,386</b>	<b>3,964 (422)</b>			

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

Name of the investee company	Number of shares				Balance as at December 31, 2015			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 December 31, 2015	Cost	Market value	(Diminution) / Appreciation	As a percentage of total investments		As a percentage of net assets
Power generation and distribution										
Hub Power Company Limited	25,744	500,000	-	525,744	54,921	53,941	(980)	9.54	7.23	0.00
K-Electric Limited **	190,892	2,000,000	-	2,190,892	18,016	16,300	(1,715)	2.88	2.19	0.00
Lalpur Power Limited - related party	615,000	250,000	-	865,000	28,869	25,725	(3,144)	4.55	3.45	0.00
Pakgen Power Limited - related party	722,500	-	-	722,500	21,112	21,263	151	3.76	2.85	0.00
					122,918	117,230	(5,688)			
Total as at December 31, 2015										
					569,514	546,186	(23,328)			
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 December 31, 2015, 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 before provision		Value of investment after provision		Percentage of gross assets %
			Investment	provision	Provision held, if any	Percentage of net assets %	
Pak Elektron Limited - Sukuk Investment in debt securities	Pak Elektron Limited	-	-	-	4,286	4,286	-

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.



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		(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
<b>6. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	6.1	9,641	9,641
Federal Excise Duty and related taxes payable on management fee	6.2	4,524	2,960
Federal Excise Duty and related taxes payable on sales load		816	483
Charity / donation payable		605	385
Auditors' remuneration		287	363
Zakat payable		289	289
Withholding tax payable		46	9,581
Brokerage payable		413	602
Other payables		155	316
		<u>16,776</u>	<u>24,620</u>

**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 December 31, 2015 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 Rs.0.75 (1.29%) (June 30, 2015: Rs.0.73 (1.20%)) 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 December 31, 2015 amounting to Rs.4.524 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.0.35 per unit as at December 31, 2015 (June 30, 2015: Re.0.22 per unit)

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2015.

**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.

**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.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

## 10. TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed in cash amongst the unit holders. The Management Company intends to distribute not less than 90% of its annual accounting income in cash, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended December 31, 2015.

## 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:

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
<b>Transactions during the period:</b>				
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>				
Remuneration of management company including indirect taxes	11,248	5,463	5,666	2,783
Expenses allocated by Management Company and related sales tax	90	-	-	-
Shariah advisory fee	83	-	83	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	983	421	495	213
CDC Settlement charges	48	39	16	28
<b>Group / Associated Companies</b>				
<b>MCB Bank Limited</b>				
Bank charges	15	-	-	-
<b>Arif Habib Limited *</b>				
Brokerage expense	18	120	15	99
<b>Next Capital Limited *</b>				
Brokerage expense	57	-	-	-
<b>Pakgen Power Limited</b>				
Dividend income	723	-	-	-
<b>Lalpir Power Limited</b>				
Dividend income	865	-	-	-
<b>Nishat Mills Limited</b>				
Dividend income	-	400	-	400
<b>D.G Khan Cement Company Limited</b>				
Dividend income	-	525	-	525

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	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>----- (Rupees in '000) -----</b>			
<b>Adamjee Life Assurance Company Limited (Amaanat Fund)</b>				
Issue of Nil units (2014: 86,221 units) for the half year and Nil units (2014: 86,221) for the quarter ended	-	5,000	-	5,000
Redemption of Nil bonus units (2014: 50,563 bonus units) and Nil units (2014: Nil) for the half year and quarter ended	-	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.

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>----- (Rupees in '000) -----</b>			
<b>Directors and Executives of the Management Company</b>				
Issue of 36,507 units (2015: 149,394 units) and 4,752 units (2014: 56,362) for the half year and quarter ended	<b>2,214</b>	4,216	<b>377</b>	3,112
Redemption of 34,830 units (2015: 138,689 units) and 6,697 units (2014: 37,408) for the half year and quarter ended	<b>2,120</b>	2,372	<b>290</b>	698

**Mandate under Discretionary  
Portfolio Services**

Issue of Nil bonus units (2014: Nil  
bonus units) for the half year and  
Nil units (2014: Nil units) for the  
quarter ended respectively

-	-	-	-
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Redemption of Nil units (2014:  
Nil units) for the half year and  
Nil units (2014: Nil units) for the  
quarter ended respectively

-	-	-	-
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**(Unaudited)      (Audited)**  
**December 31,      June 30,**  
**2015                  2015**  
**----- (Rupees in '000) -----**

**Amounts outstanding as at period / year end:**

**MCB Arif Habib Savings and Investments  
Limited - Management Company**

Remuneration payable	<b>1,350</b>	1,322
Sindh sales tax payable on management remuneration	<b>189</b>	198
Expense allocated by Management Company and related sales tax	<b>79</b>	-
Sales tax on expense allocated by management company	<b>11</b>	-
Sales load payable including related taxes	<b>165</b>	588
Legal and professional charges	-	100
Shariah advisory fee payable	<b>83</b>	-

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	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	----- (Rupees in '000) -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration and related sales tax payable	133	135
Sales tax on remuneration	19	-
Security deposit	200	200
 <b>Group / Associated Companies</b>		
 <b>MCB Bank Limited</b>		
Balance with bank	13,637	32,018
 <b>Arif Habib Limited *</b>		
Brokerage payable	9	18
 <b>Next Capital Limited *</b>		
Brokerage payable	2	35
 <b>Lalpir Power Limited</b>		
865,000 shares held (June 30, 2015: 615,000 shares)	25,725	18,758
 <b>Pakgen Power Limited</b>		
722,500 shares held (June 30, 2015: 722,500 shares)	21,263	21,682
 <b>Mandate under Discretionary Portfolio Services</b>		
 <b>D.G Khan Cement Company Limited - Employees Provident Fund Trust</b>		
Units held 99,135 units (June 30, 2015: 99,135 units)	5,764	6,040
 <b>Directors and Executives of the Management Company</b>		
Units held 40,631 units (June 30, 2015: 37,148 units)	<u>2,362</u>	<u>2,263</u>

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	----- As at December 31, 2015 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Held-for-trading	19,482	-	-	19,482
Available-for-sale	546,186	-	-	546,186
	<u>565,668</u>	<u>-</u>	<u>-</u>	<u>565,668</u>

	----- As at June 30, 2015 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Held-for-trading	52,662	-	-	52,662
Available-for-sale	511,924	-	-	511,924
	<u>564,586</u>	<u>-</u>	<u>-</u>	<u>564,586</u>

**14. DATE OF AUTHORISATION FOR ISSUE**


These condensed interim financial statements were authorised for issue on February 04, 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.

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

  
\_\_\_\_\_  
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 authorized in this behalf by the Board of directors of the Management Company.

Please find us on



by typing: **Bachat Ka Doosra Naam**

## **MCB-Arif Habib Savings and Investments Limited**

24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-468-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081,

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)