

QUARTERLY REPORT

March 31, 2017
(Unaudited)



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

ALHAMRA ISLAMIC STOCK FUND
(FORMERLY: MCB PAKISTAN ISLAMIC STOCK FUND)

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer & Company Secretary	Mr. Abdul Basit	
Trustee	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) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Bank Al-Habib Limited Standard Chartered Bank Pakistan Limited Summit Bank Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited Askari Bank Limited Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountant Progressive Plaza, Beaumont Road, P.O. Box 155411 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned bt PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Stock Fund** (Formerly: MCB Pakistan Islamic Stock Fund) accounts review for the nine months ended March 31, 2017.

EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX)'s rally faltered during 3QFY17 as the index posted a meager return of 0.7%, taking the cumulative 9MFY17 return to ~27%. Foreigners' selling remained unabated as they offloaded USD 162 mn worth of equities during the quarter, taking their total selling to USD ~485 mn during 9MFY17. Local liquidity remained robust with mutual funds, insurance and companies buying USD 131 mn, USD 419 mn and USD 152 mn respectively worth of equities.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive 133% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of tariff protection provided to the local manufacturers provided strong investors interest in the sector. With the returns of 76%, Auto Assemblers remained the second best performers in the market. Launch of the new Honda Civic and Ciaz accompanied by expected launch of Honda BR-V, New Cultus and face-lift of Corolla triggered a rally in the sector. OMC sector also gained 63%, primarily on the back of rally in SNGP as the company announced capital projects worth PKR110 billion to be completed by 2018.

On the flip side, Fertilizers underperformed the benchmark by 26% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, decline in international urea prices in the latter half of 3QFY17 eroded the pricing power of local manufacturers and dampened the potential export margins. Oil & Gas Exploration sector also underperformed the benchmark by 17% as oil prices declined by 3.8% during 9MFY17 as US inventories piled up along with increasing US rig count data. Alongside, news flows regarding OGDC and Mari's divestment by the government of Pakistan kept the performance under check in the sector.

We expect the positive momentum to continue going forward as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.0x, still at a 11.5% discount to the MSCI EM, reflecting further room for re-rating from here.

Going forward, we believe strong local liquidity is expected to mitigate the impact of adverse foreign flows. However, sooner or later, we can expect improved foreign flows in the market because of inclusion in MSCI in May 2017. We recommend our investors to focus on the long term value offered by the local bourse through our equity funds.

FUND PERFORMANCE

During the period, ALHISF delivered a return of 30.13% as compared to benchmark return of 23.67%. Overall equity exposure of the fund stood at 88.7% at the end of the period as compared to 89.8% at June 30, 2016. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by decreasing allocation in Fertilizer, Power Generation & Distribution, and Oil and Gas Exploration companies while increasing allocation in Cement and Engineering.

The Net Assets of the Fund as at March 31, 2017 stood at Rs. 2,312 million as compared to Rs. 1,123 million as at June 30, 2016 registering an increase of 105.88%.

The Net Asset Value (NAV) per unit as at March 31, 2017 was Rs. 13.82 as compared to opening NAV of Rs. 10.62 per unit as at June 30, 2016 registering an increase of Rs. 3.2 per unit.

FUTURE OUTLOOK

While government stands committed to achieving its GDP growth target of 5.7%, we expect it to remain short of desired numbers owing to below par manufacturing growth. LSM growth has posted a modest growth of 3.5% during 7MFY17, against the full year target of 5.9%. The misery of export-oriented sectors continues to haunt the manufacturing industry, as Textile and Leather industry continue to grow at dismal pace. Going forward, the recently announced export package is expected to provide some support to the export sector, nevertheless, the overvalued currency as depicted from REER (~25% overvalued as per SBP) remains a stumbling block in the way of competitiveness of the country.

The direction of general inflation is expected to be shaped by the trend in crude oil prices and currency outlook. While crude oil prices have stabilized and are expected to continue to do so, government has started to increase petroleum prices by increasing sales tax on petroleum products as tax collection so far has been below target. Similarly, the outlook of currency remains worrisome given the

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

deterioration in external factors. Thus, from next year onwards, we might foresee inflation to kick above 5.0%, compared to current average of ~4.0%.

External account remains a threat to the stabilizing economy, as recent data showed current account deficit worsened to 2.7% of GDP, against the target of 1.5% for full fiscal year. Rising imports, along with weak exports and remittances contributed to the aggravation of external account. We expect the same trend to continue for the foreseeable future until the overvaluation of currency vanishes.

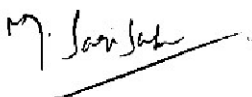
We expect interest rates to remain stable in the short term given stable inflationary trends along with government's increased focus on managing reserves through foreign borrowing. However, exchange rate overvaluation in addition with weak external account suggest a close scrutiny of the emerging trends, as the potential of inflection point remains in a form of monetary tightening.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth. Growing confidence in the economy has led to increase the quantum of investment from initially desired \$46 billion to more than \$60 billion. Local investor confidence has also improved drastically, after a long time, as witnessed by a gush of investment deals announced in the variety of sectors. Cement, Steel and Auto industry have already announced multiple expansion and green field investment plans with more to come from other industries. Given, the expansionary phase, we expect equity markets to outperform alternate asset classes. Inclusion of Pakistan to MSCI Emerging Market Index is expected to further channel liquidity in the local market. The MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President along with political uncertainty due to Panama case would keep the short term market performance in check. However, we reiterate our positive stance on the market.

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.

For and on behalf of Board,



Muhammad Saqib Saleem
Chief Executive Officer
April 21, 2017

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک اسٹاک فنڈ (سابقہ: ایم سی بی پاکستان اسلامک اسٹاک فنڈ) کے 31 مارچ 2017ء کو ختم ہونے والی مدت کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

مالی سال 2017ء کی تیسری سہ ماہی کے دوران پاکستان اسٹاک ایکسچینج (PSX) کی کارکردگی میں ضعف رہا جیسا کہ انڈیکس میں 0.7% معمولی اضافے سے ظاہر ہے، اور یوں مالی سال 2017ء کے ابتدائی نو ماہ کا مجموعی منافع 27% ہو گیا۔ غیر ملکیوں کی فروخت بدستور رہے قیود ہی کیونکہ انہوں نے دوران سہ ماہی 162 ملین امریکی ڈالر مالیت کی ایکویٹیز فروخت کیں، جس سے مالی سال 2017ء کے ابتدائی نو ماہ کے دوران مجموعی فروخت 485 ملین امریکی ڈالر تک پہنچ گئی۔ مقامی ایکویٹیڈ بی بھر پور رہی اور میڈیچل فنڈز، انشورنس اور کمپنیوں نے پالترتیب 131 ملین، 419 ملین اور 152 ملین امریکی ڈالر مالیت کی ایکویٹیز خریدیں۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل سیکٹر سب سے آگے رہا۔ اس شعبے نے مقررہ معیار سے 133% بہتر کارکردگی کا مظاہرہ کیا جس کا سبب یہ تھا کہ CPEC کے تحت انفراسٹرکچر کی مضبوط سرگرمیوں کے ساتھ ساتھ مقامی تیار کنندگان کے لئے tariff کے تحفظ کی سازگار حکومتی پالیسیوں نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو بھرپور انداز میں مائل کیا۔ گاڑیوں کے اسمبلرز 76% منافع حاصل کر کے مارکیٹ میں دوسرے بہترین کھلاڑی بن گئے۔ نئی ہنڈا سوک اور Ciaz کے متعارف ہونے اور ہنڈا BR-V، نیو کلتس اور Corolla کی face-lift کے متوقع آغاز نے اس شعبے میں بھرپور پمپل پیدا کی۔ OMC سیکٹر نے بھی 63% منافع حاصل کیا جس کا بنیادی سبب SNGP میں ترقی ہے کیونکہ کمپنی نے 110 بلین روپے مالیت کے کیپٹل پراجیکٹس کا اعلان کیا جن کو 2018ء تک مکمل کر لیا جائے گا۔

دوسری جانب کھاد کے شعبے نے مقررہ معیار سے 26% کم کارکردگی کا مظاہرہ کیا کیونکہ انویٹریز میں اضافے کے ساتھ ساتھ یورپ کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔ علاوہ ازیں، مالی سال 2017ء کی تیسری سہ ماہی کے نصف آخر میں یورپ کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی تیار کنندگان کی قیمتوں کے تعین کا اختیار بتدریج نا کارہ ہو گیا اور متوقع برآمداتی margins متاثر ہوئے۔ آئل اینڈ گیس ایکسپلوریشن سیکٹر کی کارکردگی بھی مقررہ معیار سے 17% کم رہی جیسا کہ مالی سال 2017ء کے ابتدائی نو ماہ کے دوران تیل کی قیمتوں میں 3.8% کمی سے ظاہر ہے جو امریکی انویٹریز کا ڈھیر لگ جانے اور امریکی rig کی کٹتی کی اعداد و شمار میں اضافے کے باعث ہوئی۔ اس کے ساتھ ساتھ حکومت پاکستان کی طرف سے OGDC اور ماری کی divestment سے متعلق خبروں کی گردش سے سیکٹر میں کارکردگی زبردست چیلنج رہی۔

ہم امید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں بھی فکسڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے ایکویٹی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.0x کے فارورڈ ملٹپل پر، اور ابھی تک MSCI EM کے 11.5% ڈسکاؤنٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں سے ریٹنگ کی مزید گنجائش ہے۔

علاوہ ازیں، ہم سمجھتے ہیں کہ مضبوط مقامی ایکویٹیڈ بی سے متوقع طور پر منفی غیر ملکی آمدات کا اثر کم ہوگا۔ تاہم مئی 2017ء میں MSCI میں شمولیت کے باعث جلد یلپاٹا خیر مارکیٹ میں بہتر غیر ملکی آمدات کی توقع کی جاسکتی ہے۔ ہم اپنے سرمایہ کاروں کو مشورہ دیتے ہیں کہ ہمارے ایکویٹیڈ فنڈز کے ذریعے مقامی اسٹاک مارکیٹ میں پیش کردہ طویل المیعاد قدر پر توجہ مرکوز رکھیں۔

فنڈ کی کارکردگی

دوران مدت فنڈ کا منافع 30.13% تھا، جبکہ مقررہ معیار 23.67% ہے۔ ایکویٹیز میں فنڈ کی مجموعی شمولیت، جو 30 جون 2016ء کو 89.8% تھی، اختتام مدت پر 88.7% تھی۔ فنڈ نے دوران سہ ماہی متعدد مرتبہ اپنی سرمایہ کاری کی حکمت عملی تبدیل کی تا کہ سیکٹر اور کمپنی کی سطح پر مختلف بنیادی پیش رفت کے شانہ بشانہ چل سکے۔ دوران مدت فنڈ نے فریڈلانڈز، پاور جنریشن اینڈ ڈسٹری بیوٹن اور آئل اینڈ گیس ایکسپلوریشن کمپنیز میں اپنی شمولیت کو کم کر کے، جبکہ سینٹ اور انجنیئرنگ میں اختصاص میں اضافہ کر کے سیکٹر میں اپنی شمولیت کو دوبارہ ہم آہنگ کیا۔ 31 مارچ 2017ء کو فنڈ کے net اثاثہ جات 2,312 ملین روپے تھے، جو 30 جون 2016ء کو 1,123 ملین روپے کے مقابلے میں 105.88% اضافہ ہے۔ 31 مارچ 2017ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 13.82 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 10.62 روپے فی یونٹ کے مقابلے میں 3.2 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر

اگرچہ حکومت مجموعی مقامی پیداوار میں 5.7% ترقی کے اپنے ہدف کو حاصل کرنے کے لئے پرعزم ہے، لیکن ہم سمجھتے ہیں کہ وہ مطلوبہ سے کم مینوفیکچرنگ ترقی کے باعث مذکورہ سطح تک پہنچنے میں ناکام رہے گی۔ LSM ترقی نے مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% معمولی ترقی کی جبکہ پورے سال کا ہدف 5.9% تھا۔ برآمداتی سیکٹر کی مشکلات کے سائے بدستور مینوفیکچرنگ صنعت پر منڈلا رہے ہیں اور ٹیکسٹائل اور چمڑے کی صنعت کی ترقی کی رفتار مایوس کن ہے۔

علاوہ ازیں، حالیہ اعلان کردہ برآمداتی منافع سے برآمدات کے شعبے کو کچھ معاونت متوقع ہے، لیکن پیش قدر کرنسی، جیسا کہ REER سے ظاہر ہے (اسٹیٹ بینک آف پاکستان کے مطابق 25% پیش قدری) منسلک کی مسابقتی اہلیت کی راہ میں بہت بڑی رکاوٹ ہے۔

عمومی افراط زر کی سمت متوقع طور پر خام تیل کی قیمتوں کے رجحان اور کرنسی کے مستقبل کے منظر کے ذریعے طے ہوگی۔ اگرچہ خام تیل کی قیمتیں مستحکم ہو گئی ہیں اور اُمید کی جارہی ہے کہ مستحکم ہی رہیں گی، حکومت نے پٹرول کی مصنوعات پر سبز ٹیکس میں اضافے کے ذریعے پٹرول کی قیمتوں میں اضافہ شروع کر دیا ہے کیونکہ تاحال ٹیکس مطلوبہ ہدف سے کم وصول ہوا ہے۔ اسی طرح کرنسی کے مستقبل کا منظر خارجی عناصر میں انحطاط کے باعث بدستور پریشان کن ہے۔ چنانچہ اگلے سال سے افراط زر موجودہ اوسط 4.0% کے مقابلے میں 5.0% سے بلند جاسکتی ہے۔ خارجی اکاؤنٹ استحکام کی راہ پر گامزن معیشت کے لئے بدستور خطرہ بنا ہوا ہے کیونکہ حالیہ اعداد و شمار کے مطابق کرنٹ اکاؤنٹ کا خسارہ بدتر ہو کر مجموعی ملکی پیداوار کا 2.7% ہو گیا، جبکہ مکمل مالی سال کا ہدف 1.5% تھا۔ بڑھتی ہوئی درآمدات کے ساتھ ساتھ کمزور برآمدات اور تسلی زر سے خارجی اکاؤنٹ مزید بگڑ گیا۔ قابل پیش گوئی مستقبل میں کرنسی کی بیش قدری ختم ہونے تک متوقع طور پر یہ رجحان جاری رہے گا۔

توقع ہے کہ مختصر میعاد میں افراط زر کے مستحکم رجحانات کے ساتھ ساتھ reserves کو غیر ملکی قرضوں کے حصول کے ذریعے چلانے پر حکومت کی بڑھتی ہوئی توجہ کی بدولت انٹریٹ کی شرحیں مستحکم رہیں گی۔ تاہم شرح مبادلہ کی بیش قدری کے علاوہ کمزور خارجی اکاؤنٹ اس بات کی طرف اشارہ کر رہے ہیں کہ اُبھرتے ہوئے رجحانات کا باریک بینی کے ساتھ جانچ پڑتال کی جائے، کیونکہ کلیدہ تصریف کی استعداد مالیاتی گرفت کو تنگ کرنے کی صورت میں برقرار ہے۔

چین پاکستان معاشی راہداری متوقع طور پر ترقی کے لئے بے حد مطلوب تحریک فراہم کرے گی۔ معیشت میں بڑھتے ہوئے اعتماد کی بدولت سرمایہ کاری کا حجم ابتدائی مطلوبہ 46 بلین ڈالر سے بڑھ کر 60 بلین ڈالر سے زائد ہو گیا ہے۔ مقامی سرمایہ کاروں کے اعتماد میں بھی ایک طویل عرصے بعد بڑے پیمانے پر اضافہ ہوا ہے، جیسا کہ مختلف شعبوں میں سرمایہ کاریوں کی بھرپور راہ سے ظاہر ہے۔ سینٹ، اسٹیل اور گاڑیوں کی صنعتیں پہلے ہی متعدد توسیعی اور گرین فیلڈ سرمایہ کاری کے منصوبوں کا اعلان کر چکی ہیں، اور دیگر صنعتوں کی طرف سے بھی ایسے اعلانات متوقع ہیں۔ موجودہ توسیعی دور کو مد نظر رکھتے ہوئے ہم توقع کرتے ہیں کہ ایکویٹی مارکیٹس متبادل اثاثہ جات کے شعبوں سے سبقت کے جائیں گی۔ MSCI ایمرجنگ مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت توقع ہے کہ مقامی مارکیٹ میں مزید لیکویڈیٹی پہنچے گی۔ MSCI مخصوص کمینڈر متوقع طور پر باقاعدہ شمولیت کے قریب منظر عام پر آئیں گی۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں عدم یقینی کی وجہ سے عالمی مارکیٹس میں عدم استحکام، اور اس کے ساتھ ساتھ پانا ما مقدسے کے باعث ہونے والی سیاسی عدم یقینی سے مختصر میعاد کی مارکیٹ کی کارکردگی کی جانچ ہوتی رہے گی۔ بہر حال، ہم مارکیٹ کے حوالے سے اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہارِ فکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر منیجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

برائے اورین جانب بورڈ

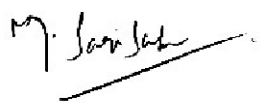
محمد قاسم

محمد قاسم سلیم
چیف ایگزیکٹو آفیسر
21 اپریل 2017ء

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017**

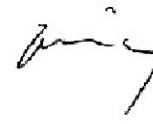
		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		232,984	82,162
Investments	5	2,087,341	1,062,765
Receivable against sale of investments		19,000	32,167
Profit and dividend receivable		9,851	2,762
Advances, deposits and other receivables		3,274	3,226
Total assets		2,352,450	1,183,082
LIABILITIES			
Payable to the Management Company		6,267	2,928
Payable to the Trustee		321	198
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		1,140	775
Unclaimed dividend		12,400	12,400
Payable against purchase of investments		-	18,829
Accrued and other liabilities	6	20,719	25,001
Total liabilities		40,847	60,131
NET ASSETS		2,311,603	1,122,951
Unit holders' fund (as per statement attached)		2,311,603	1,122,951
Contingencies and commitments	7		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		167,207,307	105,747,811
----- (Rupees) -----			
NET ASSETS VALUE PER UNIT		13.8200	10.6200

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

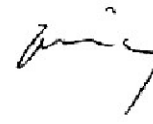
		Nine Months Ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Note		(Rupees in '000)			
INCOME					
		239,065	(37,205)	114,743	(27,220)
		47,889	25,386	14,396	8,289
		7,573	6,745	2,967	3,273
			</		

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

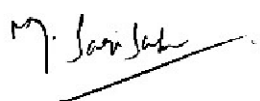


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

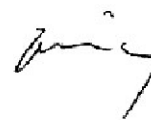
	Nine Months Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
Net income / (loss) for the period after taxation	418,313	(39,659)	201,901	(18,704)
Other comprehensive income / (loss):				
To be reclassified to profit or loss account in subsequent periods				
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	64,665	(15,040)	(64,353)	20,783
Impairment loss on re-measurement of investment classified as available for sale		2,972		
Other comprehensive income / (loss) for the period	64,665	(12,068)	(64,353)	20,783
Total comprehensive income / (loss) for the period	482,978	(51,727)	137,548	2,079

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

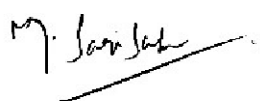


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

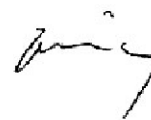
	Nine Months Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
Undistributed income brought forward - net	4,333	10,285	261,698	(8,685)
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - amount representing unrealised income / (loss)	91,077	858	50,124	(1,127)
Net income / (loss) for the period	418,313 509,390	(39,659) (38,801)	201,901 251,996	(18,704) (19,831)
Undistributed income / (loss) carried forward	513,723	(28,516)	513,723	(28,516)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

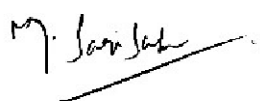


Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

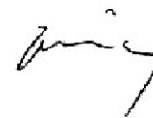
	Nine Months Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
Net assets at beginning of the period	1,122,952	665,892	1,776,165	780,837
Issue of 124,617,548 units (2016: 32,485,756 units) and 97,217,499 units (2016: 7,816,477 units) for the half year and quarter ended respectively	1,624,711	319,443	763,614	73,544
Redemption of 63,158,052 units (2016: 11,175,735 units) and 62,440,377 units (2016: 3,183,196 units) for the half year and quarter ended respectively	(797,774)	(108,322)	(278,493)	(30,259)
	826,937	211,121	485,121	43,285
	1,949,889	877,013	2,261,286	824,122
Element of (income) / loss and capital (gains) / losses included in the prices of units sold less those in units redeemed:				
- amount representing (gain) / loss and capital (gains) / losses - transferred to income statement:				
- from realised / unrealised capital (gains) / losses	(157,800)	4,222	(157,800)	2,841
- from other loss / (income)	36,536	(1,388)	70,569	(920)
- amount representing unrealised (income) / loss and capital (gains) / losses that forms part of the unit holders' fund transferred to the distribution statement	(91,077)	(858)	(50,124)	1,127
	(212,341)	1,976	(137,355)	3,048
Net income / (loss) for the period transferred from the distribution statement:				
Net gain / (loss) on sale of investments	239,065	(37,205)	114,743	(27,220)
Net unrealised appreciation / (diminution) on revaluation of investments 'at fair value through profit or loss - held-for-trading'	37,491	(8,476)	(5,041)	6,210
Other income / (loss) for the period	141,757	7,740	92,199	52
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - amount representing unrealised income / (loss)	91,077	(858)	50,124	1,127
	509,390	(38,799)	252,025	(19,831)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	64,665	(12,068)	(64,353)	20,783
Net assets at end of the period	2,311,603	828,122	2,311,603	828,122

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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

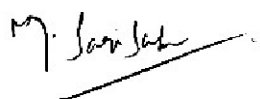


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	418,313	(39,659)	201,901	(18,704)
Adjustments for:				
Element of (income) / loss and capital (gains) / losses included in the prices of units sold less those in units redeemed:				
- from realised / unrealised capital (gains) / losses	(157,800)	4,222	(157,800)	2,841
- arising from other (income) / loss	36,536	(1,388)	70,569	(920)
Net unrealised (appreciation) / diminution on revaluation of investments 'at fair value 'through profit or loss - held-for-trading'	(37,491)	8,476	5,041	(6,210)
Dividend income	(47,889)	(25,386)	(14,396)	(8,289)
Impairment loss on investment in equity securities	-	2,972	-	-
	211,669	(50,763)	105,315	(31,282)
Increase in assets				
Investments	(922,420)	(481,552)	(457,641)	(11,742)
Receivable against sale of investments	13,167	13,785	(18,975)	(812)
Profit receivable	(999)	(684)	(759)	(706)
Advances, deposits and other receivables	(48)	(143)	(15)	63
	(910,300)	(468,594)	(477,390)	(13,197)
Increase / (decrease) in Liabilities				
Payable to the Management Company	3,339	1,463	2,739	2,278
Payable to the Trustee	123	94	85	13
Annual fee payable to SECP	365	195	514	187
Payable against purchase of investments	(18,829)	10,119	(232,739)	21,317
Accrued and other liabilities	(4,282)	(3,808)	(7,053)	(6,389)
	(19,284)	8,063	(236,454)	17,406
	(717,915)	(511,294)	(608,529)	(27,073)
Dividend received	41,800	19,917	10,094	2,566
Net cash used in operating activities	(676,115)	(491,377)	(598,435)	(24,507)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	1,624,711	319,443	763,614	73,541
Payments on redemption of units	(797,774)	(108,323)	(278,493)	(30,259)
Net cash generated from financing activities	826,937	211,120	485,121	43,282
Net increase / (decrease) in cash and cash equivalents during the period	150,822	(280,257)	(113,314)	18,775
Cash and cash equivalents at beginning of the period	82,162	433,252	346,298	134,220
Cash and cash equivalents at end of the period	232,984	152,995	232,984	152,995

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Stock Fund (Formerly: MCB Pakistan Islamic Stock Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004.
- 1.2 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.
- 1.3 Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from SECP to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Fund is categorised as "equity scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturity.
- 1.5 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated June 08, 2016 to the Management Company.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. 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 Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance 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 Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2 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, 2016.
- 2.3 These condensed interim financial statements are unaudited.
- 2.4 These condensed interim financial statements are presented in Pak rupees, which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees unless otherwise specified

3. ACCOUNTING POLICIES AND ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2016. The accounting policies and methods of computation adopted in preparation of this condensed interim financial statements are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2016.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2016.

5. INVESTMENTS

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	Note	———— (Rupees in '000) ————	
'At fair value through profit or loss - held-for-trading'			
Listed equity securities	5.1	1,594,174	7,309
'Available-for-sale'			
Listed equity securities	5.2	<u>493,167</u> <u>2,087,341</u>	<u>1,055,456</u> <u>1,062,765</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

5.1 Listed equity securities 'at fair value through profit or loss - held-for-trading'

Name of the investee company	As at July 01, 2016	(Number of shares)				(Rupees in '000)				%		Paid up value of shares as a percentage of total paid up capital of the investee company
		Purchases during the period	Bonas issue during the period	Sales during the period	As at March 31, 2017	Cost	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise												
Automobile Assembler												
Ghazdara Industries Ltd	-	35,950	-	-	35,950	29,851	30,944	1,093	1.34%	1.48%	17.00%	
Ghazdara Nissan Ltd	-	18,900	-	18,900	-	-	-	-	0.00%	0.00%	0.00%	
Etnopak Motors	-	500	-	-	500	713	800	88	0.03%	0.04%	0.00%	
Honda Atlas Cars(Pakistan) Limited	-	14,000	-	3,200	10,800	6,543	8,121	1,578	0.35%	0.39%	1.00%	
Pak Suzuki Motor Co	-	94,600	-	10,200	84,400	49,233	52,325	3,092	2.26%	2.51%	10.00%	
	-	163,950	-	32,300	131,650	86,340	92,191	5,851	3.99%	4.42%	28.00%	
Cable & Electrical Goods												
Pak Electron	-	1,393,000	-	636,000	757,000	65,443	69,720	4,277	3.02%	3.34%	15.00%	
	-	1,393,000	-	636,000	757,000	65,443	69,720	4,277	3.02%	3.34%	15.00%	
Cement												
Cherent Cement	1	371,600	-	143,000	228,601	42,299	43,711	1,412	1.89%	2.09%	13.00%	
D.G. Khan Cement	-	150,000	-	-	150,000	35,081	34,860	221	1.51%	1.67%	3.00%	
Dewan Cement	-	650,000	-	650,000	-	-	-	-	0.00%	0.00%	0.00%	
Ferji Cement Co Ltd	-	1,385,000	-	159,000	1,226,000	57,974	52,326	5,649	2.26%	2.51%	9.00%	
Kohat Cement Ltd	188	117,000	-	10,688	106,310	32,110	28,051	4,059	1.21%	1.34%	7.00%	
Lucky Cement	5,419	396,450	-	50,919	350,950	286,085	293,882	7,797	12.71%	14.08%	11.00%	
Maple Leaf Cement Factory Ltd	-	906,600	-	177,000	729,600	90,894	90,514	380	3.92%	4.34%	14.00%	
Pioneer Cement Ltd	-	267,000	-	112,000	155,000	22,752	22,165	587	0.96%	1.06%	7.00%	
	5,608	4,243,650	-	1,302,607	2,946,651	567,195	565,509	1,686	24.46%	27.09%	64.00%	
Chemicals												
Archroma Pakistan Limited	-	3,650	-	-	3,650	2,658	2,774	116	0.12%	0.13%	1.00%	
Ghani Gases	-	207,500	-	207,500	-	-	-	-	0.00%	0.00%	0.00%	
	-	211,150	-	207,500	3,650	2,658	2,774	116	0.12%	0.13%	1.00%	
Commercial Banks												
Meezan Bank Limited	-	59,500	-	-	59,500	3,832	4,183	351	0.18%	0.20%	1.00%	
	-	59,500	-	-	59,500	3,832	4,183	351	0.18%	0.20%	1.00%	
Engineering												
Aisha Steel Ltd	-	1,850,000	-	1,850,000	-	-	-	-	0.00%	0.00%	0.00%	
Amreli Steels Limited	-	38,000	-	38,000	-	-	-	-	0.00%	0.00%	0.00%	
Crescent Steel & Allied Prod	-	186,800	-	-	186,800	42,843	46,756	3,914	2.02%	2.24%	24.00%	
International Industries	-	266,800	-	8,000	258,800	61,475	62,756	1,282	2.71%	3.01%	22.00%	
International Steels Ltd	-	407,000	-	407,000	-	-	-	-	0.00%	0.00%	0.00%	
	-	2,748,600	-	2,303,000	445,600	104,317	109,512	5,195	4.74%	5.25%	46.00%	
Fertilizer												
Dawood Hercules Corporation	-	266,200	-	266,200	-	-	-	-	0.00%	0.00%	0.00%	
Engro Corporation Limited	-	504,100	-	63,000	441,100	151,911	162,334	10,423	7.02%	7.78%	8.00%	
Engro Fertilizer Limited	-	1,579,500	-	1,023,500	556,000	39,319	34,839	4,480	1.51%	1.67%	4.00%	
Fadima Fertilizer Company	-	325,000	-	325,000	-	-	-	-	0.00%	0.00%	0.00%	
	-	2,674,800	-	1,677,700	997,100	191,230	197,173	5,943	8.53%	9.45%	12.00%	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

5.2 Listed equity securities - 'available-for-sale'

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the period	Sales during the period	As at March 31, 2017	Balance as at March 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid up value of shares as a percentage of total paid up capital of the investee company
						Cost	Market value	Appreciation / (diminution)			
							(Rupees in '000)				%
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Automobile Assembler											
Honda Atlas Cars(Pakistan) Limited	-	45,300	-	33,600	11,700	7,024	8,797	1,773	0.38%	0.42%	1.00%
Pak Suzuki Motor Co	-	16,200	-	4,000	12,200	7,112	7,564	451	0.33%	0.36%	1.00%
Saezgar Engineering Works	-	196,500	-	196,500	-	-	-	-	0.00%	0.00%	0.00%
	-	258,000	-	234,100	23,900	14,137	16,361	2,224	0.71%	0.78%	2.00%
Automobile Parts & Accessories											
Agriauto Industries Limited	103,000	23,000	-	104,800	21,200	5,731	6,115	384	0.26%	0.29%	0.00%
Thal Limited	80,100	-	-	80,100	-	-	-	-	0.00%	0.00%	0.00%
	183,100	23,000	-	184,900	21,200	5,731	6,115	384	0.26%	0.29%	0.00%
Cable & Electrical Goods											
Pak Elektron	637,500	376,000	-	981,500	32,000	2,195	2,947	752	0.13%	0.14%	1.00%
	637,500	376,000	-	981,500	32,000	2,195	2,947	752	0.13%	0.14%	1.00%
Cement											
Cherat Cement	355,000	143,000	-	282,300	215,700	23,044	41,244	18,200	1.78%	1.98%	12.00%
D.G. Khan Cement	-	265,000	-	265,000	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Ltd	60,612	-	-	60,612	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement	128,381	-	-	128,381	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Ltd	300,000	200,000	-	500,000	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Ltd	351,000	61,500	-	412,500	-	-	-	-	0.00%	0.00%	0.00%
	1,194,993	669,500	-	1,648,793	215,700	23,044	41,244	18,200	1.78%	1.98%	12.00%
Chemicals											
Archroma Pakistan Limited	-	20,000	-	1,050	18,950	10,209	14,402	4,193	0.62%	0.69%	6.00%
Ici Pakistan	60,000	6,500	-	49,700	16,800	8,960	18,746	9,786	0.81%	0.90%	2.00%
Sinara Chemical Industries	-	29,500	-	29,500	-	-	-	-	0.00%	0.00%	0.00%
	60,000	56,000	-	80,250	35,750	19,169	33,148	13,979	1.43%	1.59%	8.00%
Commercial Banks											
Meezan Bank Limited	-	651,000	-	299,000	352,000	18,133	25,168	7,035	1.09%	1.21%	4.00%
	-	651,000	-	299,000	352,000	18,133	25,168	7,035	1.09%	1.21%	4.00%
Engineering											
Amreli Steels Limited	520,000	273,000	-	793,000	-	-	-	-	0.00%	0.00%	0.00%
Crescent Steel & Allied Prod	-	114,900	-	114,900	-	-	-	-	0.00%	0.00%	0.00%
International Steels Ltd	-	77,500	-	77,500	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel	-	337,000	-	337,000	-	-	-	-	0.00%	0.00%	0.00%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the period	Sales during the period	As at March 31, 2017	Balance as at March 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid up value of shares as a percentage of total paid up capital of the investee company
						Cost	Market value	Appreciation / (diminution)			
____ (Number of shares) _____ (Rupees in '000) _____ %											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Fertilizer	520,000	802,400	-	1,322,400	-	-	-	-	0.00%	0.00%	0.00%
Dawood Hercules Corporation	88,900	200,000	-	236,000	52,900	7,131	7,010	121	0.30%	0.34%	1.00%
Engro Corporation Limited	363,800	114,000	-	477,800	-	-	-	-	0.00%	0.00%	0.00%
Engro Fertilizer Limited	586,500	576,000	-	627,000	535,500	35,484	33,554	1,929	1.45%	1.61%	4.00%
Fatima Fertilizer Company	-	735,500	-	735,500	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Ltd	-	277,000	-	277,000	-	-	-	-	0.00%	0.00%	0.00%
	1,039,200	1,902,500	-	2,353,300	588,400	42,614	40,564	2,050	1.75%	1.95%	5.00%
Glass & Ceramics	460,500	-	-	460,500	-	-	-	-	0.00%	0.00%	0.00%
Tariq Glass Industries	460,500	-	-	460,500	-	-	-	-	0.00%	0.00%	0.00%
Miscellaneous	-	125,500	-	125,500	-	-	-	-	0.00%	0.00%	0.00%
Maepac Films Limited	89,820	-	-	10,300	79,520	22,364	21,035	1,330	0.91%	1.01%	15.00%
Shifa International Hospitals	89,820	125,500	-	135,800	79,520	22,364	21,035	1,330	0.91%	1.01%	15.00%
Oil & Gas Exploration Companies	44,300	23,950	-	14,200	54,050	43,098	82,181	39,083	3.56%	3.94%	5.00%
Mari Petroleum Company	613,000	474,100	-	927,000	160,100	22,714	23,744	1,031	1.03%	1.14%	0.00%
Oil & Gas Development Co Ltd	243,300	81,000	-	279,600	44,700	15,467	19,894	4,427	0.86%	0.95%	2.00%
Pakistan Oilfields Limited	-	437,400	-	295,300	142,100	22,777	22,013	764	0.95%	1.05%	1.00%
Pakistan Petroleum Ltd	900,600	1,016,450	-	1,516,100	400,950	104,055	147,832	43,777	6.40%	7.08%	8.00%
Oil And Gas Marketing Companies	1,390	129,100	-	129,100	1,390	308	417	109	0.02%	0.02%	0.00%
Hascol Petroleum	426,500	-	-	426,500	-	-	-	-	0.00%	0.00%	0.00%
Hi-Tech Lubricants	19,600	-	-	19,600	-	-	-	-	0.00%	0.00%	0.00%
Shell Pakistan	-	500,000	-	500,000	-	-	-	-	0.00%	0.00%	0.00%
Sui Northern Gas	447,490	629,100	-	1,075,200	1,390	308	417	109	0.02%	0.02%	0.00%
Paper And Board	31,450	33,250	-	64,300	400	281	347	67	0.02%	0.02%	0.00%
Packages Limited	31,450	33,250	-	64,300	400	281	347	67	0.02%	0.02%	0.00%
Pharmaceutical S	43,000	-	-	18,300	24,700	16,105	23,207	7,102	1.00%	1.11%	3.00%
Abbott Laboratories Pakistan)	2,100	-	353	1,800	653	207	413	206	0.02%	0.02%	0.00%
Searle Company	45,100	-	353	20,100	25,353	16,312	23,619	7,308	1.02%	1.13%	3.00%

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

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the period	Sales during the period	As at March 31, 2017	Balance as at March 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid up value of shares as a percentage of total paid up capital of the investee company
						Cost	Market value	Appreciation / (diminution)			
(Number of shares)											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Power Generation & Distribution											
Hub Power Company Ltd	252,000	974,000	-	1,149,000	77,000	9,077	10,092	1,014	0.44%	0.48%	1.00%
K-Electric Ltd	5,130,500	1,900,000	-	6,201,000	829,500	7,028	6,785	243	0.29%	0.33%	0.00%
Lalpur Power	759,000	-	-	759,000	-	-	-	-	0.00%	0.00%	0.00%
Pakgen Power Limited	602,000	-	-	406,000	196,000	6,011	4,353	1,658	0.19%	0.21%	5.00%
	6,743,500	2,874,000	-	8,515,000	1,102,500	22,116	21,230	886	0.92%	1.02%	0.00%
Refinery											
Attock Refinery Limited	56,700	30,000	-	86,700	-	-	-	-	0.00%	0.00%	0.00%
	56,700	30,000	-	86,700	-	-	-	-	0.00%	0.00%	0.00%
Technology & Communications											
Netsol Technologies	-	456,500	-	171,000	285,500	17,093	21,393	4,299	0.93%	1.02%	32.00%
P.T.C.L. "A"	-	1,050,000	-	1,050,000	-	-	-	-	0.00%	0.00%	0.00%
Systems Limited	-	6,000	-	-	6,000	481	501	21	0.02%	0.02%	1.00%
	-	1,512,500	-	1,221,000	291,500	17,574	21,894	4,320	0.95%	1.04%	33.00%
Textile Composite											
Kohinoor Textile Mills Ltd	231,000	237,000	-	171,000	297,000	23,888	33,261	9,373	1.44%	1.59%	11.00%
Nishat Mills Ltd	418,000	386,000	-	453,000	351,000	44,404	57,985	13,581	2.51%	2.78%	10.00%
	649,000	623,000	-	624,000	648,000	68,293	91,246	22,954	3.95%	4.37%	0.00%
Total as at March 31, 2017						376,326	493,167	116,843			
Total as at June 30, 2016						995,177	1,055,456	60,278			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	— (Rupees in '000) —	
6. ACCRUED AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	6.1	8,841	15,754
Federal excise duty payable on management fee	6.2	5,689	5,689
Federal excise duty and related taxes payable on sales load	6.2	125	125
Auditors' remuneration		381	385
Sales load payable to MCB Bank Limited - related party		105	-
Brokerage payable		2,350	1,827
Withholding tax payable		1,169	90
Charity / donation payable		1,592	738
Others		467	393
		20,719	25,001

- 6.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs.0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP). During the period, the SCP passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Act pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. The Mutual Funds Association of Pakistan (MUFAP) believes that the Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has obtained a legal opinion on these matters and based on such legal advice, has recommended to all its members on January 12, 2017 the following:

- i. The provision against the Federal WWF held by the Mutual Funds till June 30, 2015 to be reversed on January 12, 2017; and
- ii. Provision against Sindh WWF, on prudent basis, should be made from the date of enactment of the Sindh WWF Act, 2014 (i.e. May 21, 2015) with effect from January 12, 2017.

The above decisions were communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and SECP vide its letter dated February 01, 2017 advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosure in the financial statements of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017. As on March 31, 2017 the impact of reversal of federal WWF and provision of Sindh WWF are as follows:

	Amount — (Rupees in '000) —
Reversal of Federal WWF (up to June 30, 2015)	15,754
Charge of Sindh WWF	8,841

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

The cumulative net effect of WWF is Rs. 6.913 million, had the provision of Federal WWF not reversed and Sindh WWF not charged in the books of accounts of the fund the Net Asset value of the Fund would be lower by Re. 0.0413 as at March 31, 2017.

- 6.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the period ended, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan. Thereafter, during the pendency of the present civil petition, the Supreme Court has suspended the operation of the impugned judgment of the SHC. The matter is still pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED amounting to Rs. 5.689 million (June 30, 2016: Rs. 5.689 million) made for the period from June 13, 2013 till June 30, 2016 is being retained in the condensed interim financial information of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2017 would have been higher by Rs. 0.0340 per unit (June 30, 2016: Rs. 0.0538 per unit).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2017.

8. SELLING AND MARKETING EXPENSE

The Securities and Exchange Commission of Pakistan "the Commission", in exercise of its power through Circular No. 40 of 2016 amended through Circular No. 05 of 2017 prescribed the conditions for asset management companies for permissibility of charging selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum of 0.4% per annum of net assets of the fund or actual, whichever is lower, from January 1, 2017 to December 31, 2019, an initially allowed period of three years.

Management after approval of their Board of Directors and fulfillment of the criteria prescribed by the Commission has accordingly made an accrual of Rs. 0.206 million since March 24, 2017 at the maximum rate of 0.4% per annum of net assets of the fund being less than the actual expenses allocable to the Fund.

9. TAXATION

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

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

10. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 3.15% which includes 0.81% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations, 2008 for a collective investment scheme categorized as an "Shariah Equity Scheme".

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

10. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2017 is 3.15% which includes 0.81% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations, 2008 for a collective investment scheme categorized as an "Shariah Equity Scheme".

11. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

	(Un-Audited)			
	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
11.1 Transactions during the period:				
MCB Arif Habib Savings and Investments Limited - Management Company				
Remuneration (including indirect taxes)	27,131	15,230	12,242	5,211
Expenses allocated by the Management Company and related sales tax	1,356	270	611	225
Payment of conversion cost	563	1,520	-	-
Shariah advisory fee	675	303	225	235
Central Depository Company of Pakistan Limited- Trustee				
Remuneration including indirect taxes	2,211	1,314	891	449
Settlement charges including indirect taxes	284	92	134	29

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

	(Un-Audited)			
	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
Group / Associated Companies				
Arif Habib Limited *				
Brokerage expense	497	276	252	80
Next Capital Limited *				
Brokerage expense	501	149	216	100
MCB Bank Limited				
Profit on bank deposits	-	-	-	-
Bank charges	29	10	16	2
Dividend income	-	-	-	-
Lalpir Power Limited				
Dividend income	479	759	-	-
Pakgen Power Limited				
Dividend income	607	607	-	-
Nishat Mills Limited				
Dividend income	2,648	-	2,120	-
D.G Khan Cement Company Limited				
Dividend income	678	-	-	-
Fatima Fertilizer Limited				
Dividend income	107	-	-	-
Al-Hamra Islamic Active Allocation Fund **				
Issuance of 40,821,460 units (2016: Nil units) and 22,178,657 units (2015: Nil units) for nine months and quarter ended respectively	560,000	-	310,000	-
Adamjee Life Assurance Company - Limited - Amanat Fund				
Issuance of 1,725,483 units (2016: 149,850 units) and 506,475 units (2016: Nil units) for nine months and quarter ended respectively	21,000	-	7,000	-
Redemption of 210,210 units (2016: 1,749,271 units) and Nil units (2016: Nil units) for nine months and quarter ended respectively	2,800	-	-	-
Other Related Parties:				
Mandate under discretionary portfolio services				
Issuance of 2,075,187 units (2016: 149,850 units) and 2,065,859 units (2016: Nil units) for the nine months and quarter ended respectively	25,382	1,500	25,282	1,500
Redemption of 6,948,424 units (2016: 1,749,271 units) and 5,683,004 units (2016: Nil units) for the nine months and quarter ended respectively	84,539	17,581	69,272	15,081

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

	(Un-Audited)			
	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in '000)			
Key Management Personnel				
Issuance of 1,679,175 units (2016: 74,675 units) and 135,046 units (2016: Nil units) for the nine months and quarter ended respectively	21,712	774	2,125	-
Redemption of 1,753,933 units (2016: 79,740 units) and 997,552 units (2016: Nil units) for the nine months and quarter ended respectively	23,451	833	14,189	-
			(Un-Audited) March 31, 2017	(Audited) June 30, 2016
			(Rupees in '000)	
11.2 Balances outstanding at period / year end:				
MCB Arif Habib Savings and Investments Limited - Management Company				
Remuneration payable			3,990	1,823
Sales tax payable on Management remuneration			519	255
Conversion cost payable			-	563
Allocated expenses payable			200	91
Sales load payable			1,277	106
Sales tax payable on sales load			-	15
Marketing and Selling Expenses Payable			206	
Shariah advisory fee payable			75	75
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable (including related taxes)			321	64
Security deposit			300	300
Group / Associated Companies				
Arif Habib Limited *				
Brokerage payable			117	217
Next Capital Limited *				
Brokerage payable			50	125
MCB Bank Limited				
Balances with bank			7,092	28,962
Sales load payable to MCB Bank Limited - related party			105	-
Nishat Mills Limited				
997,991 units held (June 30, 2016: 997,991 units)			13,792	10,599
351,000 shares held (June 30, 2016: 418,000 shares) - 'available-for-sale'			57,985	45,102
D.G. Khan Cement Company Limited - Employees Provident Fund Trust				
404,856 units held (June 30, 2016: 404,856 units)			5,595	4,300

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	———— (Rupees in '000) ————	
D.G. Khan Cement Company Limited		
150,000 shares held (June 30, 2016: nil shares) - 'held for trading'	34,860	-
Pakgen Power Limited		
5,000 shares held (June 30, 2016: 5,000 shares) - 'held-for-trading'	111	120
196,000 shares held (June 30, 2016: 602,000 shares) - 'available-for-sale'	4,353	14,478
Lalpir Power Limited		
Nil shares held (June 30, 2016: 759,000 shares) - 'available-for-sale'	-	16,470
Adamjee Life Assurance Company Limited - Investment Multiplier Fund **		
38,438,529 units held (June 30, 2016: 38,438,529 units)	531,221	408,217
Al - Hamra Islamic Active Allocation Fund **		
40,821,463 units held (June 30, 2016: Nil units)	564,153	-
Adamjee Life Assurance Company Limited - Amanat Fund		
8,738,274 units held (June 30, 2016: 7,223,000 units)	120,763	76,708
Other Related Parties:		
Key Management Personnel		
251,116 units held (June 30, 2016: 307,007 units)	3,470	3,260
Mandate under Discretionary Portfolio Services		
1,1048,386 units held (June 30, 2016: 5,662,643 units)	152,689	37,926

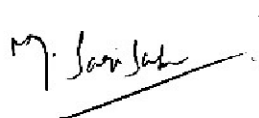
* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected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

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 21, 2017.

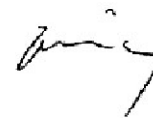
13. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.



Chief Executive Officer

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



Director

MCB-Arif Habib Savings and Investments Limited

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