



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY FACRA

HALF YEAR REPORT

DECEMBER
2018
(UNAUDITED)

Half Year Report for Funds Under Management of
MCB-Arif Habib Savings and Investments Limited

ALHAMRA 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 Muhammad 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
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman 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 Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	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 Dubai Islamic Bank Limited Bank Islami Limited Askari Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan Standard Chartered Bank Limited Summit Bank Limited Al Barka Pakistan Bank Limited Silk Bank Limited MCB Islamic Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
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, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Stock Fund** Half Yearly Report for the period ended December 31, 2018.

MARKET & ECONOMIC REVIEW

Economy & Money Market Review

FY19 started off with a positive note as smooth completion of election process resulted in a sigh of relief for the market participants. The new regime inherited many economic challenges particularly on the external front. To cope with the underlying challenges, major policy actions (currency depreciation of 15% along with interest rate hike of 250 bps) were taken to address the imbalances. Furthermore, major success came through diplomatically engaging with the friendly allies. As a result, Pakistan secured BOP support package from Saudi Arabia, UAE and China amounting to USD 14 billion while Saudi Arabia & UAE committed foreign direct investment of USD 20-30 billion.

Average CPI for the first half of current fiscal year clocked in at 6.0%. Nevertheless, it is expected to jack up during the second half, owing to a low base effect and lagged impact of currency adjustments. Furthermore, government is yet to adjust electricity prices as the gap between base tariff and actual cost of generation has widened significantly. We expect CPI to average 8.5% for the 2HFY19 after accounting for electricity adjustments.

Current Account Deficit for the first six months clocked in at ~USD 8 billion which is an improvement of 4.4% from same period last year. CAD was well supported by remittances growth of 10%. However, the improvement in the external position was masked by the higher oil prices and payments for the previous periods reflected in current accounts. The non-oil imports have shown encouraging trend, declining by ~5% over the previous year. Reflecting the elevated oil prices and limited financial flows, reserves declined by ~USD 2.7 bn during the period leading to rupee depreciation of ~13.7%.

The focus of government to stabilize aggregate demand has taken its toll on large scale manufacturing which posted a decline of 0.9% YoY in the first five months of FY19. The decline has been led by reduction in production of oil products followed by slow down in autos, pharmaceuticals, consumer products. LSM growth is reflecting the overall slowdown in economy as envisaged by the steps taken by authorities to control the external imbalances.

Equity Market Review

CY18 closed itself on a negative note for the consecutive second year, as the benchmark Index KSE100 posted a loss of 8.4%. Half year/Quarterly return amounted to ~9.5%/11.5% respectively. The month of Dec'18 was the worst month of the year as KSE100 retreated by 8.5%, as unexpected monetary tightening by 150 bps during the last month created a negative environment for equities. Even announcement for support of USD 3 billion by UAE could not come to rescue as overall uncertainty continued to linger towards the economy. Foreign selling during the first half continued with foreigners offloading USD ~404 mn worth of equities, most of which was absorbed by Insurance Companies and Individuals who bought USD ~173 and ~USD 152 mn respectively. Volumes and values averaged around 179 mn shares/ PKR 7.68 bn, depicting a considerable decrease of ~6/~7% as compared to first half.

In the first half, most of the major sectors such Refineries, Autos, OMCs, E&Ps & Cements underperformed the market generating negative returns of 29%/27%/20%/18%/16% respectively. Refineries suffered due to lower throughput and closure of plants amid limited offtake of Furnace Oil. E&Ps took the brunt of plunge in international oil prices by ~30% as compared. Autos, Cements and OMCs followed the thematic decline due to economic slowdown. On the flip side, only Textile Composites remained in the positive territory generating a positive return of 20% due to currency depreciation of ~15% as well as supportive export-oriented policies of the newly-elected government.

FUND PERFORMANCE

During the period, PISF delivered a negative return of 11.22% as compared to a negative return of KMI 30 index of 13.91%. Overall equity exposure of the fund stood at 83.7% at the end of the period as compared to 85.8% at June 30, 2018. 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 cash and equities.

The Net Assets of the Fund as at December 31, 2018 stood at Rs. 2,426 million as compared to Rs. 3,550 million as at June 30, 2018 registering a decrease of 31.66%.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs.9.57 as compared to opening NAV of Rs. 10.78 per unit as at June 30, 2018 registering a decrease of Rs. 1.21 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The government has managed to arrange adequate financial flows for the next half year supported by deferred payment facilities, loans and deposits from friendly nations. However, the external account balance needs to improve further to reach sustainable levels for future funding of deficits. The exports are expected to show an improved trend supported by lagged impacts of currency depreciation, tax refunds to exporters, better energy supplies and energy price parity with regional peers. Imports are expected to slow down in second half of the year as effects of the one-off adjustments and oil prices neutralize along with impact of currency depreciation becomes further visible. Current account deficit for FY19 is expected to be ~USD 13 bn with CAD for next half year to slow down to ~USD 5 bn compared with first half of ~USD 8 bn. Subsequently, we expect normalize PKR/USD adjustment of around 5% in next half given the REER is close to its fundamental value.

The government has announced to approach the IMF for an economic program for balance of payments support. IMF program would lead to better policy management relative to dealing with the structural issues in the economy along with responsible fiscal management. Besides, entrance into IMF program would allow Pakistan to secure financial flows from other multilateral agencies which would allow better external account management.

Inflationary pressures are expected to become more visible in second half of the year as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 18, 2019



Nasim Beg
Vice Chairman / Director

ڈائریکٹر رپورٹ
برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور ممکنہ ناپسندیدہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکویٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات قیمت شدہ ہیں یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات ہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریسٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) ان کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دو چار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر

18 فروری، 2019ء

نصف اول میں اکثر بڑے شعبہ جات مثلاً ریفاٹریز، آئوز، OMCs، E&Ps اور سیمنٹ نے مارکیٹ کے مقابلے میں کمزور کارکردگی کا مظاہرہ کیا اور بالترتیب 29%، 27%، 20%، 18% اور 16% منفی منافع دیا۔ ریفاٹریز مال کی پست سطح اور فرنیس آنکس کے محدود offtake کے باعث پلانٹس بند ہو جانے سے متاثر ہوئیں۔ E&Ps تیل کی بین الاقوامی قیمتوں میں 30% کمی سے متاثر ہوئیں، اور آئوز، سیمنٹ اور OMCs کے شعبے بھی اسی ضمن میں معاشی سُست روی کے باعث تنزلی کا شکار ہوئے۔ دوسری جانب صرف ٹیکسٹائل Composites مثبت احاطے میں رہے اور 20% مثبت منافع حاصل کیا جس کی وجہ روپے کی قدر میں 15% کمی اور منتخب حکومت کی برآمدات کی معاونت کرنے والی پالیسیاں ہیں۔

فنانس کی کارکردگی

دورانِ مدت PISF کا 11.22% منفی منافع، جبکہ KMI کا 13.91% منفی منافع تھا۔ اختتامِ مدت پر فنڈ کی ایکویٹیز میں مجموعی سرمایہ کاری 83.7% تھی، جبکہ 30 جون 2018ء کو 85.8% تھی۔ دورانِ مدت سرمایہ کاری کے لائحہ عمل میں متعدد بار تبدیلی کی گئی تاکہ سیکٹر اور کمپنی کی سطح پر ہونے والی مختلف بنیادی ترقیاتی تبدیلیوں کے ساتھ ہم آہنگی پیدا ہو سکے۔ دورانِ مدت نقد اور ایکویٹیز میں اختصا ص کو کم کر کے فنڈ کی سیکٹر میں سرمایہ کاری کی تشکیل نو کی گئی۔ 31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 2,426 ملین روپے تھے، جو 30 جون 2018ء کو 3,550 ملین روپے کے مقابلے میں 31.66% کمی ہے۔ 31 دسمبر 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 9.57 روپے تھی، جو 30 جون 2018ء کو 10.78 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 1.21 روپے فی یونٹ کمی ہے۔

بازار اور معیشت - مستقبل کا منظر

حکومت اگلی ششماہی کے لیے خاطر خواہ مالیاتی فراہمی کا انتظام کر پائی ہے جس کی معاونت دوست ممالک کی طرف سے تاخیر سے ادائیگی کی سہولیات، قرضوں اور deposits سے ہوتی ہے۔ تاہم کارجی اکاؤنٹ کے توازن میں مزید بہتری درکار ہے تاکہ مستقبل میں مالیات کی فراہمی اور خساروں کی قابلِ بقاء سطحوں تک رسائی ہو سکے۔ برآمدات میں بہتری کا رجحان متوقع ہے جس کی معاونت روپے کی قدر میں کمی، برآمد کاروں کو ٹیکس کی واپسی، توانائی کی بہتر فراہمیوں اور توانائی کی قیمتوں میں علاقائی فریقوں سے مساوات کے سُست اثر سے ہوگی۔ درآمدات میں سال کے نصف آخر میں سُست روی متوقع ہے کیونکہ یکبارگی کمی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اول کے 8 بلین ڈالر کے مقابلے میں سُست روی کا شکار ہو کر 5 بلین ڈالر رہ جائے گا۔ بعد ازاں، اگلے نصف سال میں REER کے بنیادی قدر کے قریب ہونے کی صورت میں پاکستانی روپے / امریکی ڈالر میں تقریباً 5% ایڈجسٹمنٹ متوقع ہے۔ حکومت نے اعلان کیا ہے کہ ادائیگیوں کے توازن میں معاونت کے معاشی پروگرام کے لئے آئی ایم ایف سے رجوع کیا جائے گا۔ آئی ایم ایف پروگرام کی بدولت پالیسی کے انتظام میں بہتری ہوگی جس سے معیشت کی ساخت سے متعلق مسائل سے نمٹا جاسکے گا اور ذمہ دارانہ مالیاتی انتظام ممکن ہو سکے گا۔ علاوہ ازیں، آئی ایم ایف پروگرام میں داخل ہونے سے پاکستان کو دیگر کثیرالچمت ایجنسیوں سے مالیات حاصل کرنے میں مدد ملے گی جس کی بدولت خارجی اکاؤنٹ کا بہتر انتظام ممکن ہو سکے گا۔ افراط زر کے دباؤ سال کے نصف آخر میں مزید واضح ہونے کی توقع ہے کیونکہ کرنسی کی قدر میں کمی، گیس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی بیشی کے سُست اثرات کا احاطہ کیا جائے گا۔ تاہم مالیاتی تنگی کا اکثر حصہ مکمل کیا جا چکا ہے جس میں آنے والے افراط زر کے دباؤ کی عکاسی ہوتی ہے، اور مزید تنگی 50 bps کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سُست روی کا شکار رہے گی کیونکہ کرنسی میں کمی بیشی اور مالیاتی پالیسی میں مزید تنگی صرفی رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی تنظیم کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے

ڈائریکٹرز رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک اسٹاک فنڈ (سابقہ: ایم سی بی پاکستان اسلامک اسٹاک فنڈ) کی 31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی نصف سالانہ رپورٹ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار زر کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلار کاؤٹ تکمیل کے نتیجے میں مارکیٹ کے فریقوں نے اطمینان کا سانس لیا۔ نئی حکومت کو متعدد معاشی مسائل وراثت میں ملے، خاص طور پر خارجی میدان میں۔ درپیش مشکلات سے نبرد آزما ہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% کی کمی کے ساتھ ساتھ انٹریٹ کی شرح میں 250 bps اضافہ) تاکہ عدم توازن سے نمٹا جاسکے۔ مزید برآں، اہم ترین کامیابی دوست اتحادیوں سے سفارتی تعلقات قائم کرنے سے حاصل ہوئی۔ نتیجتاً، پاکستان کو سعودی عرب، متحدہ عرب امارات اور چین سے ادائیگیوں کے توازن میں معاونت کے لیے 14 بلین ڈالر کے پیکیج حاصل ہوئے، جبکہ سعودی عرب اور متحدہ عرب امارات نے 20 سے 30 بلین ڈالر کی براہ راست غیر ملکی سرمایہ کاری کا وعدہ کیا۔

موجودہ مالی سال کی پہلی ششماہی کے لیے CPI کا اوسط 6% تھا۔ لیکن دوسری ششماہی میں پسٹہ effect اور کرنسی میں کمی بیشی کے سبب اثر کے باعث اس اوسط میں اضافہ متوقع ہے۔ مزید برآں، حکومت کی طرف سے بجلی کی قیمتوں میں کمی بیشی ہونا باقی ہے کیونکہ پیداوار کی بنیادی جنگی اور اصل قیمت کے درمیان فاصلے میں اچھا خاصا اضافہ ہو گیا ہے۔ مالی سال 2019ء کی دوسری ششماہی کے لیے CPI کا اوسط بجلی میں کمی بیشی کے اثر کا احاطہ کرنے کے بعد 8.5% متوقع ہے۔

پہلے چھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ 8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت کے مقابلے میں 4.4% بہتری ہے۔ CAD کو ترسیل زر میں 10% اضافے کی بھرپور معاونت حاصل ہوئی۔ تاہم تیل کی بلند قیمتیں اور موجودہ اکاؤنٹس میں سابقہ مدتوں کی ادائیگیوں کی عکاسی خارجی صورتحال میں بہتری کی بھرپور اثر پذیری میں رکاوٹ بنے۔ Non-oil درآمدات میں گزشتہ سال کی نسبت 5% کمی حوصلہ افزا رہا۔ تیل کی بلند قیمتوں اور محدود مالی بہاؤ کی عکاسی کرتے ہوئے دوران مدت ذخائر میں 2.7 بلین ڈالر کمی، اور اس کے نتیجے میں روپے کی قدر میں 13.7% کمی ہوئی۔

مجموعی مانگ کو مستحکم کرنے کی حکومتی توجہ کے نتیجے میں بڑے پیمانے پر ہونے والی مینوفیکچرنگ (LSM) متاثر ہوئی جس میں مالی سال 2019ء کے ابتدائی پانچ ماہ میں 0.9% YoY کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دوا سازی اور صارفی مصنوعات میں سست روی ہے۔ LSM میں ترقی معیشت میں مجموعی سست روی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔

ایکویٹی مارکیٹ کا جائزہ

سال رواں میں بیچ مارک انڈیکس KSE100 نے 8.4% خسارہ پوسٹ کیا، اور یوں متواتر دوسرے سال کا اختتام منفی صورتحال پر ہوا۔ ششماہی اور سہ ماہی منافع بالترتیب 9.5% اور 11.5% تھا۔ دسمبر 2018ء سال کا بدترین مہینہ تھا کیونکہ KSE100 میں 8.5% تنزلی ہوئی کیونکہ ماہ گزشتہ کے دوران 150 bps غیر متوقع مالیاتی تنگی کے باعث ایکویٹیز کے لیے منفی ماحول پیدا ہو گیا تھا۔ شہی کہ متحدہ عرب امارات کی طرف سے 3 بلین ڈالر کے تعاون کے اعلان سے بھی کوئی خاص فائدہ نہیں ہوسکا کیونکہ معیشت میں مجموعی طور پر غیر یقینی صورتحال منڈلاتی رہی۔ نصف اول کے دوران غیر ملکی فروخت جاری رہی؛ غیر ملکیوں نے 404 ملین ڈالر مالیت کی ایکویٹیز فروخت کیں جن میں سے انشورنس کمپنیوں نے 173 ملین ڈالر افراد نے 152 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ ایکویٹیز کے حجم کا اوسط تقریباً 179 ملین حصص تھا جبکہ ایکویٹیز کی قدر کا اوسط تقریباً 7.68 بلین روپے تھا، جو نصف اول کے مقابلے میں 6 سے 7 فیصد کی اچھی خاصی کمی ہے۔

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 Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



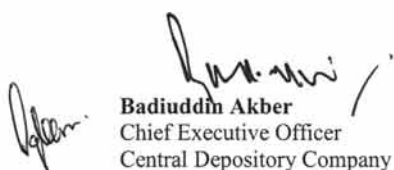
TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK 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 Alhamra Islamic Stock 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, 2018 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.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2019





Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alhamra Islamic Stock Fund** (the Fund) as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2018. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting 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. The figures of the condensed interim income statement for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

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

Conclusion

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


Chartered Accountants

Engagement Partner
Hena Sadiq

Dated: February 20, 2019
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2018

		(Un-Audited) December 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2018
	Note		
ASSETS			
Balance with banks	5	371,638	515,013
Investments	6	2,132,913	3,144,338
Receivable against sale of investments		30,752	-
Profit receivable		9,317	4,123
Advances, deposits and prepayments		3,227	3,226
Total assets		2,547,847	3,666,700
LIABILITIES			
Payable to the Management Company		8,483	10,535
Payable to the Central Depository Company of Pakistan Limited - Trustee		331	419
Payable to the Securities and Exchange Commission of Pakistan		1,585	3,060
Unclaimed dividend		12,400	12,400
Payable against purchase of investments		77,515	69,158
Accrued expenses and other liabilities	7	21,218	20,972
Total liabilities		121,532	116,544
NET ASSETS		2,426,315	3,550,156
Unit holders' fund (as per statement attached)		2,426,315	3,550,156
Contingencies and commitments	8		
----- (Number of units) -----			
Number Of Units In Issue		253,490,466	329,449,289
----- (Rupees) -----			
NET ASSETS VALUE PER UNIT		9.5700	10.7800

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

		Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
Note		----- (Rupees in '000) -----			
INCOME					
	Capital loss on sale of investments	(119,066)	(285,090)	(109,319)	(174,937)
	Dividend income	87,195	74,425	47,216	51,135
	Profit on bank deposits	18,436	15,478	9,799	7,921
	Net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	6.1	(231,602)	(174,083)	(158,328)
	Total loss	(245,037)	(369,270)	(210,631)	(69,076)
	Impairment loss on investment in equity securities classified as 'available-for-sale'	-	(2,822)	-	(2,822)
EXPENSES					
	Remuneration of the Management Company	33,362	29,990	15,954	15,195
	Sindh Sales Tax and Federal Excise Duty on remuneration of the Management Company	4,337	3,899	2,073	1,975
	Remuneration of the Central Depository Company of Pakistan Limited - Trustees	2,172	2,004	1,050	1,012
	Sindh Sales tax on remuneration of Trustee	282	261	136	132
	Securities and Exchange Commission of Pakistan - annual fee	1,585	1,425	758	722
	Allocated expense	1,885	1,694	902	858
	Selling and marketing expenses	6,672	5,998	3,191	3,039
	Securities transaction cost	9,362	8,339	9,362	4,249
	Brokerage, settlement and bank charges	726	674	(2,007)	272
	Fees and subscription	37	110	15	45
	Legal and professional charges	91	89	46	35
	Shariah advisory fee	450	450	225	225
	Donation	1,084	1,092	738	863
	Auditors' remuneration	218	298	69	163
	Printing and related costs	24	(10)	(1)	(50)
	Total expenses	62,287	56,313	32,510	28,735
	Net loss for the period before taxation	(307,324)	(428,405)	(243,141)	(100,633)
	Taxation	9	-	-	-
	Net loss for the period	(307,324)	(428,405)	(243,141)	(100,633)
Allocation of net loss for the period:					
	Net loss for the period	(307,324)		(243,141)	
	Income already paid on units redeemed	-		-	
		(307,324)		(243,141)	
Accounting income available for distribution:					
	- Relating to capital gains	-		-	
	- Excluding capital gains	-		-	
		-		-	
		-		-	
Earnings per unit					
		10			

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	(307,324)	(428,405)	(243,141)	(100,633)
Other comprehensive income for the period				
Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through other comprehensive income' - net	-	(34,902)	-	(6,577)
Total comprehensive income for the period	(307,324)	(463,307)	(243,141)	(107,210)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half year ended December 31,				
	2018			2017	
	(Rupees in '000)				
	Capital value	Undistributed income	Unrealised appreciation / (diminution) on available-for-sale investments	Total	Total
Net assets at beginning of the period	3,440,214	31,452	78,490	3,550,156	2,914,957
Impact of adoption of IFRS 9 (see note 3.1)		78,490	(78,490)		
Issue of 315,115,773 units (2017: 192,815,814 units):					
- Capital value (at net asset value per unit at the beginning of the period)	3,396,948	-	-	3,396,948	2,361,994
- Element of loss	(142,248)	-	-	(142,248)	(216,081)
Total proceeds on issuance of units	3,254,700		-	3,254,700	2,145,913
Redemption of 391,074,596 units (2017: 135,336,851 units):					
- Capital value (at net asset value per unit at the beginning of the period)	(4,215,784)	-	-	(4,215,784)	1,657,876
- Refund / adjustment on units as element of income	144,567	-	-	144,567	(162,737)
Total payments on redemption of units	(4,071,217)	-	-	(4,071,217)	(1,495,139)
Total comprehensive (loss) / income for the period	-	(307,324)	-	(307,324)	(463,307)
Net assets at end of the period	2,623,697	(197,382)	-	2,426,315	3,102,424
Undistributed income brought forward					
- Realised		281,264			483,316
- Unrealised		(249,812)			(41,361)
		31,452			441,955
Impact of adoption of IFRS 9 (see note 3.1)		78,490			
Net (loss) / income for the period after taxation		(307,324)			(428,405)
Undistributed loss carried forward		(197,382)			13,550
Undistributed income carried forward					
- Realised		34,220			187,633
- Unrealised		(231,602)			(174,083)
		(197,382)			13,550
				----- (Rupees) -----	
Net assets value per unit at beginning of the period				10.7800	12.2500
Net assets value per unit at end of the period				9.5700	10.5000

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31,	
	2018	2017
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(307,324)	(428,405)
Adjustments for:		
Unrealised diminution / (appreciation) in value of investments classified as 'at fair value through profit or loss' - net	231,602	174,083
Dividend income	(87,195)	(74,425)
Impairment loss on investment in equity securities	-	2,822
	<u>(162,917)</u>	<u>(325,925)</u>
(Increase) / decrease in assets		
Investments	779,823	(629,215)
Dividend and profit receivable	82,001	69,349
Advances, deposits and prepayments	(1)	(15)
Receivable against sale of investments	<u>(30,752)</u>	<u>(75,711)</u>
	831,071	(635,592)
Increase / (decrease) in liabilities		
Payable to the Management Company	(2,052)	437
Payable to the Central Depository Company of Pakistan Limited - Trustee	(88)	33
Payable to Securities and Exchange Commission of Pakistan	(1,475)	(370)
Payable against purchase of investments	8,357	(10,284)
Payable against redemption of units	-	(52,000)
Accrued expenses and other liabilities	246	(1,946)
	<u>4,988</u>	<u>(64,130)</u>
Net cash used in operating activities	<u>(157,929)</u>	<u>(390,055)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	3,254,700	2,145,913
Payments on redemption of units	<u>(4,071,217)</u>	<u>(1,495,139)</u>
Net cash used in / generated from financing activities	<u>(816,517)</u>	<u>650,774</u>
Net (decrease) / increase in cash and cash equivalents during the period	(143,375)	(374,873)
Cash and cash equivalents at beginning of the period	515,013	777,425
Cash and cash equivalents at end of the period	371,638	402,552

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Stock Fund (formerly: MCB Pakistan Islamic Stock Fund) (the 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 the Securities and Exchange Commission of Pakistan (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 asset manager rating of 'AM2++' dated October 31, 2018 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. STATEMENT OF COMPLIANCE

- 2.1 "This Condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:"
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act 2017 along with part VIIIA of the repealed Companies ordinance, 1984 ; and
 - the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

- 2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.3 In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.
- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2018, except as described in note 3.1 below.

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, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

3.1 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments. The comparatives in the condensed half year statement of assets and liabilities presented in the condensed half year financial information as at December 31, 2018 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparatives in the condensed half year income statement, condensed half year statement of movement in unit holders' fund and condensed half year cash flow statement have been extracted from the unaudited condensed half year financial information of the Fund for the half year ended December 31, 2017.

"Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period."

"IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

"Specifically:"

- "debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;"

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Fund has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recognised in the income statement;
- there is no change in the measurement of the Fund's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to

the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

Profit and other comprehensive income reported for half year ended December 31, 2018 have not been affected as the Fund did not have any financial liabilities designated as at FVTPL.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	IAS 39 carrying amount June 30, 2018	Reclassificati ons	Remeasur ements	IFRS 9 carrying amount July 01, 2018	Retained earnings effect July 01, 2018
	----- Rupees -----				
Financial assets					
FVTPL					
<i>Additions:</i>					
From available for sale (IAS 39)	243,214	243,214	-	243,214	78,490
Total	243,214	243,214	-	243,214	78,490

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management policies are consistent with those disclosed in the financial statements of the Fund as at and for the year ended June 30, 2018.

	Note	(Un-Audited) December 31, 2018 ----- (Rupees in '000) -----	(Audited) June 30, 2018
5. BALANCE WITH BANKS			
- in saving accounts	5.1	355,020	16,608
- in current accounts	5.2	16,618	498,405
		371,638	515,013

5.1 These carry mark-up at rates ranging between 8% to 10% (June 30, 2018: 6.20% to 6.50%) per annum and include Rs. 0.662 million maintained with MCB Islamic Bank Limited (a related party) which carries profit rate 5.75% per annum.

5.2 These include Rs. 4.199 million (June 30, 2018: Rs. 0.86 million) held with MCB Bank Limited and Rs. Nil (June 30, 2018: Rs. 0.62 million) held with MCB Islamic Bank Limited (related parties).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

6. INVESTMENTS

'At fair value through profit or loss'

Listed equity securities

'Available-for-sale'

Listed equity securities

6.1 Listed equity securities - 'At fair value through profit or loss'

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, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Reclassified from 'Available for sale'	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2018	Carrying value	Market Value	As a percentage of net assets	As a percentage of total investments	
Oil and gas exploration companies											
Pakistan Oilfields Limited	311,050	44,700	174,450	72,220	343,000	259,420	141,989	110,207	0.03	0.05	0.00
Oil & Gas Development Company Limited***	1,959,500	160,100	929,000	-	1,230,600	1,818,000	275,366	232,704	0.07	0.11	0.00
Mari Petroleum Company Limited	20,200	49,050	-	6,925	76,175	-	-	-	-	-	-
Pakistan Petroleum Limited	781,100	142,100	1,338,000	167,940	657,700	1,771,440	316,215	265,114	0.07	0.12	0.00
							733,570	608,025			
Oil and gas marketing companies											
Attock Petroleum Limited	300	-	-	60	360	-	-	-	-	-	-
Hi-Tech Lubricants Limited	712,800	-	262,000	-	95,500	879,300	81,183	58,122	0.02	0.03	0.01
Sui Northern Gas Pipelines Limited	1,653,700	-	1,242,000	-	2,225,000	670,700	57,690	51,691	0.01	0.02	0.00
Pakistan State Oil Company Limited	-	-	935,600	69,540	564,900	440,240	116,965	99,243	0.03	0.05	0.00
Hasecol Petroleum Limited	-	1,389	-	348	-	1,737	436	258	0.00	0.00	0.00
							256,274	209,314			
Engineering											
Ittefaq Iron Industries Limited	17,500	-	-	1,750	210	19,040	242	190	0.00	0.00	0.00
International Industries Limited	388,900	-	4,300	-	393,200	-	-	-	-	-	-
							242	190			
Pharmaceuticals											
The Searte Company Limited	97,150	783	57,700	8,390	155,001	9,022	2,675	2,216	0.00	0.00	0.00
AGP Limited	372,205	-	88,000	-	459,500	705	64	62	0.00	0.00	0.00
							2,739	2,278			
Textile composite											
Nishat Mills Limited - a related party	1,073,900	-	369,900	-	1,443,800	-	-	-	-	-	-
Kohinoor Textile Mills Limited	432,480	314,820	-	-	-	747,300	41,094	33,688	0.01	0.02	0.00
							41,094	33,688			
Fertilizer											
Engro Corporation Limited	476,100	-	662,700	-	748,000	390,800	124,134	113,754	0.03	0.05	0.00
Engro Fertilizers Limited	1,933,500	-	3,475,000	-	3,703,000	1,705,500	129,637	117,765	0.03	0.06	0.00
Dawood Hercules Corporation Limited	395,700	-	-	-	395,000	700	78	78	0.00	0.00	0.00
Fatima Fertilizer Company Limited	409,000	-	2,474,500	-	750,000	2,133,500	71,249	77,809	0.02	0.04	-
- a related party							325,098	309,406			0.00

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Name of the Investee Company	Number of shares						Balance as at December 31, 2018				Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Reclassified from 'Available for sale'	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2018	Carrying value	Market Value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments		
----- (Rupees in '000) ----- % -----													
Cement													
Kohat Cement Company Limited	472,300	-	-	109,050	108,800	472,550	44,736	40,138	(4,598)	0.01	0.02	0.00	
Lucky Cement Limited	318,400	-	620,650	-	682,550	256,500	119,398	111,493	(7,905)	0.03	0.05	0.00	
Dewan Cement Limited	350,000	-	-	-	350,000	-	-	-	-	-	-	-	
Maple Leaf Cement Factory Limited	1,899,300	-	5,229,500	-	5,551,800	1,577,000	66,545	64,105	(2,440)	0.02	0.03	0.00	
Cherat Cement Company Limited	414,399	-	-	-	414,399	-	-	-	-	-	-	-	
D.G. Khan Cement Company Limited													
- a related party	600,000	-	850,000	-	1,450,000	-	-	-	-	-	-	-	
Thatta Cement Company Limited	621,500	-	-	-	225,500	396,000	8,601	5,267	(3,334)	0.00	0.00	0.00	
Chemical													
Archroma Pakistan Limited	19,700	18,950	1,000	-	-	39,650	20,015	20,222	207	0.01	0.01	0.00	
Engro Polymer and Chemicals Limited	3,055,000	-	5,506,614	-	3,890,000	4,671,614	153,926	173,504	19,578	0.05	0.08	0.01	
Engro Polymer and Chemicals Limited (R)	725,114	-	-	-	725,114	-	-	-	-	-	-	-	
ICI Pakistan Limited	8,100	16,800	-	-	24,900	-	-	-	-	-	-	-	
Lotte Chemical Pakistan Limited	3,121,000	-	2,469,500	-	4,590,500	1,000,000	16,988	16,890	(98)	0.00	0.01	0.00	
Paper and board													
Packages Limited	800	400	-	-	-	1,200	588	464	(124)	0.00	0.00	0.00	
Century Paper & Board Mills Limited	187,400	-	310,000	-	11,500	485,900	32,052	26,875	(5,177)	0.01	0.01	0.00	
Cherat Packaging Limited	-	-	29,500	4,095	-	33,595	4,516	5,759	1,243	0.00	0.00	0.00	
Food and personal care products													
National Foods Limited	-	-	127,000	25,400	-	152,400	36,195	29,794	(6,401)	0.01	0.01	0.00	
Al Shateer Corporation Limited	1,286,000	-	15,000	-	-	1,301,000	35,449	31,133	(4,316)	0.01	0.01	0.01	
Sugar and allied industries													
Faran Sugar Mills Limited	101,500	-	-	-	-	101,500	8,435	8,312	(123)	0.00	0.00	0.00	
Technology and telecommunication													
Netsol Technologies Limited	3,500	235,500	-	-	239,000	-	-	-	-	-	-	-	
Avanceon Limited	364,500	-	-	-	364,500	-	-	-	-	-	-	-	
Systems Limited	426,000	6,000	199,000	-	-	631,000	66,920	69,328	2,408	0.02	0.03	0.01	
Power generation and distribution													
The Hub Power Company Limited ***	2,499,432	77,000	1,515,500	-	2,303,000	1,788,932	161,543	153,472	(8,071)	0.04	0.07	0.00	
K-Electric Limited *	10,800,000	-	-	-	10,800,000	-	-	-	-	-	-	-	
Commercial banks													
Meezan Bank Limited	345,090	-	2,084,500	34,509	861,500	1,602,599	144,196	148,064	3,868	0.04	0.07	0.00	
							144,196	148,064	3,868				

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

Name of the Investee Company	Number of shares					Balance as at December 31, 2018				Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Reclassified from 'Available for sale'	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2018	Carrying value	Market Value	Unrealised (loss) / gain	As a percentage of net assets	As a percentage of total investments	
<div> <div></div> <div>(Rupees in '000)</div> <div>%</div> </div>												
Automobile assemblers												
Gandhara Industries Limited	23,050	-	-	-	23,050	-	-	-	-	-	-	-
Millat tractors Limited	56,620	-	-	-	56,620	-	-	-	-	-	-	-
Cable and electrical goods												
Pak Elektron Limited	480,000	-	165,000	-	645,000	-	-	-	-	-	-	-
Automobile parts and accessories												
Agriauto Industries Limited **	104,300	21,200	-	-	-	125,500	37,023	27,867	(9,156)	0.01	0.01	0.00
General Tyre and Rubber Company of Pakistan Limited	169,300	-	-	-	169,300	-	-	-	-	-	-	-
Glass and ceramics												
Tariq Glass Industries Limited	38,500	-	192,300	-	50,000	180,800	15,405	15,764	359	0.00	0.01	0.00
Leather and tanneries												
Service Industries Limited	34,250	-	-	-	34,250	-	-	-	-	-	-	-
Miscellaneous												
Shifa International Hospital	-	520	-	-	300	220	59	45	(14)	0.00	0.00	0.00
Synthetic Products Enterprises Limited	644,000	-	-	-	-	644,000	32,908	21,516	(11,392)	0.01	0.01	0.01
- a related party							32,967	21,561	(11,406)			
Total as at December 31, 2018							2,364,515	2,132,913	(231,602)			
Total as at June 30, 2018							3,150,936	2,901,124	(249,812)			

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

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

*** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

Name of security	(Un-audited)		(Audited)		(Un-audited)		(Audited)	
	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018
	--- (Number of shares) ---						(Rupees in '000) -----	
The Hub Power Company Limited	650,000	650,000			55,764	59,904		
Oil & Gas Development Company Limited	700,000	200,000			89,600	31,124		
	1,350,000	850,000			145,364	91,028		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

6.2 Listed 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, 2018			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at June 30, 2018	Reclassified to FVTPL	As at July 01, 2018	Purchased during the period	Sold during the period	As at December 31, 2018	Carrying value	Market value	As a percentage of net assets	
							(Rupees in '000)		%	
Automobile and parts										
Agriauto Industries Limited	21,200	21,200	-	-	-	-	-	-	-	-
Chemical										
Archroma Pakistan Limited	18,950	18,950	-	-	-	-	-	-	-	-
ICI Pakistan Limited	16,800	16,800	-	-	-	-	-	-	-	-
Miscellaneous										
Shifa International Hospitals Limited	520	520	-	-	-	-	-	-	-	-
Oil and gas exploration companies										
Mari Petroleum Company Limited	49,050	49,050	-	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	160,100	160,100	-	-	-	-	-	-	-	-
Pakistan Oilfields Limited	44,700	44,700	-	-	-	-	-	-	-	-
Pakistan Petroleum Limited	142,100	142,100	-	-	-	-	-	-	-	-
Oil and gas marketing companies										
Hascol Petroleum Limited	1,390	1,390	-	-	-	-	-	-	-	-
Paper and board										
Packages Limited	400	400	-	-	-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	783	783	-	-	-	-	-	-	-	-
Power generation and distribution										
The Hub Power Company Limited	77,000	77,000	-	-	-	-	-	-	-	-
Technology										
Neisoi Technologies Limited	235,500	235,500	-	-	-	-	-	-	-	-
Systems Limited	6,000	6,000	-	-	-	-	-	-	-	-
Textile composite										
Kohinoor Textile Mills Limited	314,820	314,820	-	-	-	-	-	-	-	-
Total as at December 31, 2018										
							164,724	243,214		78,490

Total as at June 30, 2018

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	7.1	9,948	9,948
Provision for Federal Excise Duty and related tax on	7.2		
- Management fee		5,689	5,689
- Sales load		125	125
Auditors' remuneration		205	290
Brokerage payable		3,010	1,775
Sale load payable MCB Bank Limited		1	
Withholding tax payable		14	76
Charity / donation payable		1,084	2,049
Others		1,142	1,020
		21,218	20,972

7.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2018. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2018 would have been higher by Re.0.04 per unit (June 30, 2018 Re. 0.03 per unit).

7.2 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2018. 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 December 31, 2018 would have been higher by Re. 0.02 per unit (June 30, 2018: Re 0.02 per unit).

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2018. (June 30, 2018: Nil)

9. 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 realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial information.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

10. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

11. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and unit holders holding more than 10% units of the Fund.

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

11.1 Transactions during the period with connected persons / related parties in units of the Fund:

	For the six months ended December 31, 2018									
	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at December 31, 2018	As at July 01, 2018	Issued for cash	Bonus	Redeemed	As at December 31, 2018
Group / associated companies	Units					(Rupees in '000)				
Nishat Mills Limited	1,108,715	-	-	-	1,108,715	11,952	-	-	-	10,610
D.G. Khan Cement Company Limited - Employees Provident Fund	456,190	-	-	-	456,190	4,918	-	-	-	4,366
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund	6,355,054	1,232,227	-	2,327,747	5,259,534	68,507	13,000	-	25,000	50,334
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	66,136,948	-	-	26,536,313	39,600,635	712,956	-	-	285,000	378,978
Adamjee Life Assurance Company Limited - Investment Secure Fund	3,864,957	-	-	3,864,957	-	41,664	-	-	41,510	-
Adamjee Life Assurance Company Limited - Investment Secure Fund II	-	-	-	-	-	-	-	-	-	-
Adamjee Life Assurance Company Limited - Amanat Fund	14,762,954	3,320,183	-	1,231,546	16,851,591	159,145	35,000	-	13,350	161,270
Adamjee Life Assurance Company Limited - MAZAAF	8,522,504	2,369,668	-	-	10,892,172	91,873	25,000	-	-	104,238
Alhamra Islamic Active Allocation Plan I	55,988,654	143,984,623	-	185,614,301	14,358,976	603,558	1,478,000	-	1,927,440	137,415
Alhamra Islamic Active Allocation Plan II	32,195,679	55,082,172	-	60,622,136	26,655,715	347,069	557,000	-	616,302	255,095
Key management personnel	1,239,107	1,440,153	-	642,866	2,036,394	13,358	14,978	-	6,703	19,488
Mandate under discretionary portfolio services	22,832,873	10,205,965	-	18,675,534	14,363,304	246,138	105,478	-	188,156	137,457

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

For the six months ended December 31, 2017

	Units						(Rupees in '000)			
	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 31, 2017	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 31, 2017
Group / associated companies										
Nishat Mills Limited	1,108,715	-	-	-	1,108,715	13,582	-	-	-	11,642
D.G. Khan Cement Company Limited - Employees Provident Fund	456,190	-	-	-	456,190	5,588	-	-	-	4,790
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund	6,355,054	-	-	-	6,355,054	77,849	-	-	-	66,728
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	42,703,159	23,433,790			66,136,949	523,114	248,331	-	-	694,438
Adamjee Life Assurance Company Limited - Investment Secure Fund	3,449,676	415,282	-	-	3,864,958	42,259	5,000	-	-	40,582
Adamjee Life Assurance Company Limited - Investment Secure Fund II	3,043,831	415,283		3,459,114	-	37,287	5,000	-	-	-
Adamjee Life Assurance Company Limited - Amanat Fund	9,828,699	4,934,284	-	-	14,762,983	120,401	52,500	-	-	155,011
Adamjee Life Assurance Company Limited - MAZAAF	829,753	6,357,043	-	-	7,186,796	10,164	70,000	-	-	75,461
Alhamra Islamic Active Allocation Plan I	71,103,336	47,034,607	-	57,169,837	60,968,106	871,016	550,000	-	640,000	640,165
Alhamra Islamic Active Allocation Plan II	2,029,220	42,213,190	-	18,570,102	25,672,308	24,858	456,000		200,000	269,559
Key management personnel	379,457	2,728,935	-	2,352,726	755,666	4,216	29,210		25,093	7,934
Mandate under discretionary portfolio services	12,092,047	2,718,772	-	2,319,397	12,491,422	134,343	30,533	-	25,941	131,160

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

11.2 Details of transactions with the connected persons / related parties during the period are as follows:

	(Unaudited) December 31, 2018	(Unaudited) December 31, 2017
	----- (Rupees in '000) -----	
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration (including indirect taxes)	37,699	33,889
Expenses allocated by the Management Company and related sales tax	1,885	1,694
Shariah advisory fee	450	450
Selling and marketing expenses	6,672	5,998
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	2,454	2,264
Settlement charges including indirect taxes	224	317
Group / associated companies		
Arif Habib Limited		
Brokerage expense *	698	475
Next Capital Limited		
Brokerage expense *	99	355
MCB Bank Limited		
Bank charges	15	9
Mughal Iron & Steel Limited		
Purchase of Nil (2017: 1,055,500) shares	-	69,738
Sales of Nil (2017: 788,000 shares)	-	54,859
Dividend income	-	462
Pakgen Power Limited		
Dividend income	-	2
Nishat Mills Limited		
Purchase of 369,900 (2016: 773,200) shares	50,473	119,736
Sales of 1,443,800 (2017: Nil) shares	195,715	-
Dividend income	1,515	3,914
Synthetic Products Limited		
Purchase of Nil (2017: 380,500) shares	-	25,558
Dividend income	644	-
Fatima Fertilizer Limited		
Purchase of 2,474,500 (2017: 1,500,500) shares	83,044	48,406
Sales of 750,000 (2017: 825,000) shares	24,750	24,528
D.G. Khan Cement Company Limited		
Purchase of 850,000 (2017: 1,623,500) shares	78,037	215,091
Sales of 1,450,000 (2017: 1,366,000) shares	160,524	201,709
Dividend income	-	10

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

(Unaudited) December 31, 2018	(Audited) June 30, 2018
-----	-----
(Rupees in '000)	(Rupees in '000)

11.3 Amount outstanding as at period end / year end

MCB Arif Habib Savings and Investments Limited - Management Company

Remuneration payable	4,155	5,781
Sales tax payable on Management remuneration	540	752
Expense allocated by the Management Company	208	289
Sales load payable	278	16
Sales tax payable on sales load	36	2
Shariah advisory fee payable	75	75
Selling and marketing expenses payable	3,191	3,620

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable (including indirect taxes)	331	419
Security deposit	300	300

Arif Habib Limited

Brokerage payable *	218	-
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Next Capital Limited

Brokerage payable *	52	13
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MCB Bank Limited

Balances with bank	4,199	857
Sales load payable	1	18

MCB Islamic Bank Limited

Balances with bank**	662	616
Profit receivable	-	45

D.G. Khan Cement Company Limited

Nil shares held (June 30, 2018: 600,000) - "held-for-trading"	-	68,694
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Nishat Mills Limited

Nil shares held (June 30, 2018: 1,073,900 shares) - "held-for-trading"	-	151,334
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Synthetic Products Enterprises Limited

644,000 shares held (June 30, 2018: 644,000 shares) - "held-for-trading"	21,515	32,908
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Fatima Fertilizer Limited

2,133,500 shares held (June 30, 2018: 409,000) - "held-for-trading"	77,809	13,252
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* 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.

** This represents balance held in deposit accounts carrying profit at the rate of 5.75% (June 2018 : 5.75%) per annum

12. EXPENSE RATIO

The Total Expense Ratio of the Fund is 1.79% as on December 31, 2018 (December 31, 2017: 1.89%) and this includes 0.19% (December 31, 2017: 0.19%) representing Government Levy and SECP fee. This ratio is within the

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

maximum limit of 4% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an Shariah Compliant Equity Scheme.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1:	Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	----- December 31, 2018 (Un-Audited) -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment classified as				
- at fair value through profit or loss	2,132,913	-	-	2,132,913
	2,132,913	-	-	2,132,913

	----- June 30, 2018 (Audited) -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment classified as				
- at fair value through profit or loss	2,901,124	-	-	2,901,124
- at available to sale	243,214	-	-	243,214
	3,144,338	-	-	3,144,338

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

The following table shows the carrying amounts of financial assets and financial liabilities:

----- December 31, 2018 (Un-audited) -----					
Carrying amount					
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Listed equity securities	2,132,913	-	-	-	2,132,913
	<u>2,132,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,132,913</u>
Financial assets not measured at fair value					
Balance with banks	-	-	-	371,638	371,638
Receivable against sale of investments	-	-	-	30,752	30,752
Profit receivable	-	-	-	9,317	9,317
Advances, deposits and prepayments	-	-	-	3,227	3,227
	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,934</u>	<u>414,934</u>
Financial liabilities not measured at fair value					
Payable to the Management Company	-	-	-	8,483	8,483
Payable to the Trustee	-	-	-	331	331
Payable to the Securities and Exchange Commission of Pakistan	-	-	-	1,585	1,585
Unclaimed dividend				12,400	12,400
Payable against purchase of investments				77,515	77,515
Accrued expenses and other liabilities	-	-	-	21,218	21,218
	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,532</u>	<u>121,532</u>

June 30, 2018 (Audited)					
Carrying amount					
	Held for trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Listed equity securities	2,901,124	243,214	-	-	3,144,338
	<u>2,901,124</u>	<u>243,214</u>	<u>-</u>	<u>-</u>	<u>3,144,338</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

June 30, 2018 (Audited)					
Carrying amount					
Held for trading	Available for sale	Loans and receivables	Other financial assets / liabilities	Total	
----- (Rupees in '000) -----					
Financial assets not measured at fair value					
Balance with banks	-	-	-	515,013	515,013
Profit receivable	-	-	-	4,123	4,123
Advances, deposits and prepayments	-	-	-	3,226	3,226
	-	-	-	522,362	522,362
Financial liabilities not measured at fair value					
Payable to the Management Company	-	-	-	10,535	10,535
Payable to the Trustee	-	-	-	419	419
Payable to the Securities and Exchange Commission of Pakistan	-	-	-	3,060	3,060
Unclaimed dividend				12,400	12,400
Payable against purchase of investments				69,158	69,158
Accrued expenses and other liabilities	-	-	-	20,972	20,972
	-	-	-	116,544	116,544

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2019 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

Head Office: 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,
URL: www.mcbah.com, Email: info@mcbah.com