



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACRA

HALF YEAR REPORT

DECEMBER
2017
(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
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 Bank Al-Falah 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	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountant Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, 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 by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Stock Fund** accounts for the half year ended December 31st, 2017.

EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX) continued its bearish momentum of its preceding quarter by posting another negative return of ~4.5% return in 2QFY18. This took 1HFY18/CY17 return to -13%/-15% respectively. Aggressive foreign selling was witnessed in the second half, whom remained net sellers of USD 155 mn in 1HFY18. This heavy selling was absorbed mostly by companies, banks and insurance companies with net buying of USD 71.7 mn, USD 54.2 mn and USD 63.4 mn, respectively.

A quarry of events kept the market in the red zone throughout first half of the current fiscal year. Be it prime minister's disqualification, indictment of Finance Minister Ishaq Dar by NAB, or protests & sit-ins by political parties all over the country. The market also felt jitters after MSCI's semi-annual review (15th Nov 2017) reduced Pakistan's weight in EM Index, and Engro Corporation was downgraded from MSCI EM Standard Index to MSCI Small Cap Index.

The adverse political scenario combined with economic headwinds in the shape of widening of Current Account Deficit (CAD) further deteriorated investor confidence. The most anticipated events of the first half occurred in the last month including Rupee Depreciation and appointment of Mr. Miftah Ismail as Adviser to the PM on Finance. Sector specific events also kept the investors at bay particularly penalty on HBL's New York branch and Govt's ban on import of furnace oil. Even positive news flows such as issuance of USD 1Bn Sukuk in the international bond and FTSE reclassification of five additional stocks into small cap series could not garner investor interest.

In the first half of the fiscal year, the only positive contributors to the index was E&Ps posting a gain of 19% in the wake of rising oil prices given positive outcome of OPEC meeting and regional oil supply disruptions. Fertilizer (-8% YoY) remained in the negative territory but still outperformed on the back of strong offtake numbers, declining inventories and stable international urea prices. Cement sector (-14% YoY) continued its lackluster performance on concerns over future pricing discipline on upcoming capacity expansions of ~5 Mn tons in the next 6-7 months in the Southern region. Brief relief was witnessed in the sector due to halt of construction work on a 7,300 tpd capacity expansion by Maple Leaf Cement, following an order issued by the Environmental Protection Agency (EPA), Government of Punjab.

FUND PERFORMANCE

During the period, PISF delivered a negative return of 14.29% as compared to a negative return of KMI 30 index of 12.71%. Overall equity exposure of the fund stood at 84.3% at the end of the period as compared to 74.2% at June 30, 2017. 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 increased its exposure in equities.

The Net Assets of the Fund as at December 31, 2017 stood at Rs. 3,102 million as compared to Rs. 2,915 million as at June 30, 2017 registering an increase of 6.4%.

The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs.10.50 as compared to opening NAV of Rs.12.25 per unit as at June 30, 2017 registering a decrease of Rs. 1.75 per unit.

FUTURE OUTLOOK

Challenges continue to increase on both economic and political front and require comprehensive plan and undeterred focus to consolidate the improvements seen in last few years. Given the current pace of trade deficit and weak performance on remittances, we expect current account deficit to approach USD 17 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion.

Nevertheless, market valuations remain at a very attractive level as indicated by risk premiums (difference between earnings yield and 10-year interest rates) which are at historically high level, suggesting market to remain very cheap. Furthermore, KSE-100 trades at a forward P/E of 9.71x, at a steep discount of 40% from its emerging market peer group. Enduring themes that should play out over the medium-term regardless of the political situation include (i) PKR depreciation and higher interest rates (ii) CPEC and continued GoP support for the textiles sector that would encourage exports. While markets may react to overall happening events scheduled particularly in 2HFY18, we consider any weakness in the market as an opportunity to build long term exposures.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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 23, 2018



Nasim Beg
Vice Chairman / Director

ڈائریکٹرز رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2017ء

فنڈ کی کارکردگی

دورانِ مدت PISF کا منفی منافع 14.29% تھا، جبکہ KMI 30 انڈیکس 12.71% تھا۔ فنڈ کی ایکویٹیز میں مجموعی شمولیت اختتامِ مدت پر 84.3% تھی جبکہ 30 جون 2017 کو 74.2% تھی۔ دورانِ سہ ماہی فنڈ نے متعدد مرتبہ اپنی سرمایہ کاری کا لائحہ عمل تبدیل کیا تا کہ سیکٹر اور کمپنی کی سطح پر ہونے والی مختلف بنیادی نوعیت کی ترقیاتی پیش رفت کے ساتھ ہم آہنگی حاصل ہو۔ دورانِ مدت فنڈ نے سیکٹر میں اپنی شمولیت کی ترتیب نو کرتے ہوئے نقد میں شمولیت میں کمی کی اور ایکویٹیز میں شمولیت میں اضافہ کیا۔

31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 3,102 ملین روپے تھے، جو 30 جون 2017 (2,915 ملین روپے) کے مقابلے میں 6.4% اضافہ ہے۔ 31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 10.50 روپے تھی، جو 30 جون 2017 کی ابتدائی NAV (12.25 روپے فی یونٹ) کے مقابلے میں 1.75 روپے فی یونٹ کمی ہے۔

مستقبل کی صورتحال

معاشی اور سیاسی، دونوں رخ پر مشکلات میں اضافہ ہو رہا ہے۔ چنانچہ حکومت کی مسلسل اور غیر متزلزل توجہ درکار ہے تا کہ گزشتہ کچھ برسوں میں جو بہتری دیکھی گئی ان کو منظم کیا جاسکے۔ تجارتی خسارے کی موجودہ رفتار اور ترسیل زر کی کمزور کارکردگی کو دیکھتے ہوئے ہم سمجھتے ہیں کہ مالی سال 2018ء میں کرنٹ اکاؤنٹ کا خسارہ 17 بلین ڈالر تک پہنچ جائے گا جس سے ہمارے اندازے کے مطابق تقریباً 5 بلین اضافی مالیت کی فراہمی کی ضرورت کی طرف اشارہ ہو رہا ہے۔

تاہم بازار کی قدر بہت پرکشش سطح پر قائم ہیں، جیسا کہ رسک پریکٹس (آمدنی کے حجم اور دس سالہ انٹریسٹ کی شرحوں کے درمیان فرق) سے اشارہ ہوتا ہے، جواب تک کی اونچی ترین سطح پر ہیں، اور اس سے اندازہ ہوتا ہے کہ بازار بہت ستار ہے گا۔ علاوہ ازیں، KSE-100 کی تجارت 9.71x کی فارورڈ P/E پر ہوئی جو اس کے اُبھرتے ہوئے مارکیٹ peer گروپ سے 40% بھرپور رعایت ہے۔ مستحکم پیش رفت میں (i) روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور (ii) CPEC اور ٹیکسٹائل کے شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں، جن کو سیاسی صورتحال کے قطع نظر درمیانی مدت سے سبقت لے جانا چاہئے۔ اگرچہ مجموعی سطح پر، اور خاص طور پر نصف آخر 2018 میں، طے شدہ واقعات کے عمل میں آنے پر مارکیٹ کا ردِ عمل ظاہر ہو سکتا ہے، ہم مارکیٹ کی کسی بھی کمزوری کو طویل المیعاد تجربات کا موقع سمجھتے ہیں۔

مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراطِ زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

اظہارِ تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے Trustees کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر

23 فروری 2018ء

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک اسٹاک فنڈ (سابقہ: ایم سی بی پاکستان اسلامک اسٹاک فنڈ) کے 31 دسمبر 2017ء کو اختتام پذیر ہونے والے نصف سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

ایکویٹیز مارکیٹ کا جائزہ

پاکستان اسٹاک ایکسچینج (PSX) نے سابقہ سہ ماہی کی اپنی bearish رفتار جاری رکھی اور 2018ء کی دوسری سہ ماہی میں دوبارہ 4.5% منفی منافع دیا۔ اس کے نتیجے میں 2018ء کی پہلی ششماہی اور CY17 کا منافع بالترتیب 13% اور 15% ہو گیا۔ دوسری ششماہی میں بھرپور غیر ملکی فروخت کا مشاہدہ کیا گیا، اور مالی سال کے نصف اول میں غیر ملکی افراد 155 ملین ڈالر کے net فروخت کا رہے۔ اس بھاری فروخت کے خریدار زیادہ تر کارپوریٹ ادارے، بینک اور انشورنس کمپنیاں تھیں، جن کی خریداری کا net حجم بالترتیب 71.7 ملین ڈالر، 54.2 ملین ڈالر اور 63.4 ملین ڈالر تھا۔

واقعات کی ایک کڑی نے موجودہ مالی سال کے نصف اول کے دوران بازار کو red زون میں رکھا، خواہ وزیراعظم کی نااہلی ہو، وزیر خزانہ اسحاق ڈار کی قومی احتساب بیورو (NAB) کی جانب سے برطرفی، یا ملکی بھر میں سیاسی جماعتوں کے احتجاج اور دھرنے، علاوہ ازیں، جب MSCI کے نصف سالانہ جائے (۱۵ نومبر ۲۰۱۷ء) میں EM انڈیکس میں پاکستان کی شمولیت میں کمی کی گئی تو مارکیٹ نے جھٹکے محسوس کیے، اور اینگریو کارپوریشن کو MSCI ای ایم اسٹینڈرڈ انڈیکس سے کم سطح پر لا کر MSCI small cap انڈیکس پر کر دیا گیا۔

کرنٹ اکاؤنٹ خسارے (CAD) کی صورت میں ظاہر ہونے والے معاشی جھٹکوں سمیت غیر موافق سیاسی صورتحال نے سرمایہ کاروں کے اعتماد کو مزید متاثر کیا۔ نصف اول کی متوقع ترین پیش رفت آخری مہینے میں ظاہر ہوئی، جس میں روپے کی قدر میں کمی اور ڈاکٹر مقصود اسحاق کی وزیراعظم کے مشیر برائے مالیات کے طور پر تقرری شامل ہیں۔ سیکٹر سے مخصوص پیش رفت سے بھی سرمایہ کاروں کا اعتماد متاثر ہوا، خاص طور پر اینجی بی ایل کی نیویارک کی شاخ پر جرمانہ اور فرنیس آئل کی درآمد پر حکومتی پابندی۔ بین الاقوامی بانڈ میں 1 بلین ڈالر سٹاک کے اجراء اور FTSE کی پانچ اضافی اسٹاکس کی small cap سیریز میں ترتیب نو چھٹی مثبت پیش رفت بھی سرمایہ کاروں کی دلچسپی حاصل نہ کر سکیں۔

مالی سال کے نصف اول میں انڈیکس میں مثبت (معیشت کے لئے منفی) کردار صرف E&Ps نے ادا کیا اور 19% منافع حاصل کیا، اگرچہ OPEC میٹنگ کے مثبت نتائج اور تیل کی علاقائی رسد میں خلل کے پس منظر میں تیل کی قیمتوں میں اضافہ ہو رہا تھا۔ کھاد (YoY -8%) منفی سطح پر برقرار رہی لیکن اس کے باوجود اس شعبے نے مستحکم offtake اعداد و شمار، انوینٹریز میں کمی اور یورپ کی بین الاقوامی قیمتوں میں استحکام کی بنیاد پر پہلے سے بہتر کارکردگی کا مظاہرہ کیا۔ سیمنٹ کے شعبے (-14% YoY) نے اپنی غیر معیاری کارکردگی جاری رکھی، جواگلے 6-7 مہینوں میں جنوبی نکلے میں استعداد میں 5 ملین ٹن وسعت پر مستقبل میں قیمتوں کے تعین کے نظام پر تشویش کا باعث ہے۔ سیکٹر میں اسٹاک کی قیمتوں میں مختصر کمی دیکھنے میں آئی جس کی وجہ میپل لیف سیمنٹ کی جانب سے استعداد میں 7,300 ٹن یومیہ وسعت ہے، جس کے بعد اینوائزمنٹل پروٹیکشن ایجنسی (EPA)، گورنمنٹ آف پنجاب کی طرف سے ایک آرڈر جاری کیا گیا۔

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 Shahr-e-Faisal,
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

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

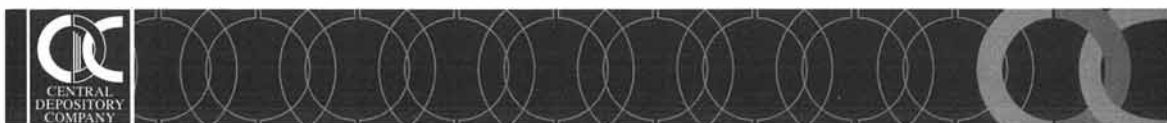
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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, 2017 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2018



AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



EY Ford Rhodes
Chartered Accountants
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alhamra Islamic Stock Fund** (Formerly MCB Islamic Stock Fund) (the Fund) as at 31 December 2017, 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 and notes to the accounts for the half year then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: February 26, 2018

Karachi

A member firm of Ernst & Young Global Limited

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

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks		402,552	777,425
Investments	5	2,710,306	2,292,898
Receivable against sale of investments		84,745	9,034
Dividend, profit and other receivables		13,511	8,435
Advances and deposits		3,241	3,226
Total assets		3,214,355	3,091,018
LIABILITIES			
Payable to the Management Company		9,089	8,652
Payable to the Trustee		380	347
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		1,425	1,795
Unclaimed dividend		12,400	12,400
Payable against purchase of investments		68,356	78,640
Payable against redemption of units		-	52,000
Accrued and other liabilities	6	20,281	22,227
Total liabilities		111,931	176,061
NET ASSETS		3,102,424	2,914,957
Unit holders' fund (as per statement attached)		3,102,424	2,914,957
Contingencies and commitments	7		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		295,395,677	237,916,714
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		10.5000	12.2500

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, 2017

		Half year ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note		(Rupees in '000)			
INCOME					
		(285,090)	124,322	(174,937)	73,235
		74,425	33,493	51,135	20,148
		15,478	4,606	7,921	1,867

Earnings per unit

11

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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(428,405)	216,412	(100,633)	147,900
Other comprehensive (loss) / income for the period				
To be reclassified to profit or loss account in subsequent periods				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	(34,902)	129,018	(6,577)	91,386
	<u>(34,902)</u>	<u>129,018</u>	<u>(6,577)</u>	<u>91,386</u>
Total comprehensive (loss) / income for the period	<u>(463,307)</u>	<u>345,430</u>	<u>(107,210)</u>	<u>239,286</u>

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 ENDED DECEMBER 31, 2017

	Half year ended December 31, 2017			Half year ended December 31, 2016	
	(Rupees in '000)				
	Capital Value	Undistributed income	Unrealised (losses) / gains on AFS investment	Total	Total
Net assets at beginning of the period	2,377,513	441,955	95,489	2,914,957	1,122,951
Issuance of 192,815,814 units (2016: 69,989,858 units):					
- Capital value (at net asset value per unit at the beginning of the period)	2,361,994	-	-	2,361,994	
- Element of loss	(216,081)	-	-	(216,081)	
	2,145,913	-	-	2,145,913	861,098
Redemption of 135,336,851 units (2016: 43,307,434 units):					
- Capital value (at net asset value per unit at the beginning of the period)	1,657,876	-	-	1,657,876	
- Amount paid out of element of income	-	-	-	-	
- Relating to 'Net income for the period after taxation'	-	-	-	-	
- Relating to 'Other comprehensive income for the period'	(162,737)	-	-	(162,737)	
- Refund / adjustment on units as element of income	(1,495,139)	-	-	(1,495,139)	519,281
Net element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	(34,033)
Total comprehensive (loss) / income for the period	-	(428,405)	(34,902)	(463,307)	345,430
Distribution during the period	-	-	-	-	-
Net (loss) / income for the period less distribution	-	428,405	(34,902)	(463,307)	345,430
Net assets at end of the period	3,028,287	13,550	60,587	3,102,424	1,776,165
Undistributed income brought forward comprises of:					
- Realised Gain		483,316			4,088
- Unrealised (Loss) / gain		(41,361)			245
		441,955			4,333
Net (loss) / income for the period after taxation		(428,405)			257,365
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised income		-			40,953
Distribution during the period		-			-
Undistributed income carried forward		13,550			302,651
Undistributed income carried forward comprises of:					
- Realised Gain		187,633			260,119
- Unrealised (Loss) / gain		(174,083)			42,532
		13,550			302,651
Net assets value per unit at beginning of the period			(Rupees)	12.2500	(Rupees) 10.6200
Net assets value per unit at end of the period			(Rupees)	10.5000	(Rupees) 13.4100

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, 2017

	Half year ended	
	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(428,405)	216,412
Adjustments for:		
Net element of income included in prices of units issued less those in units redeemed	-	(34,033)
Net unrealised loss / (gain) on revaluation of investments 'at fair value 'through profit or loss - held-for-trading'	174,083	(42,532)
Dividend income	(74,425)	(33,493)
Impairment loss on investment in equity securities	2,822	-
	(325,925)	106,354
(Increase) / decrease in assets		
Investments	(629,215)	(464,779)
Receivable against sale of investments	(75,711)	32,142
Profit and other receivable	(189)	(240)
Advances and deposits	(15)	(33)
	(705,130)	(432,910)
Increase / (decrease) in liabilities		
Payable to the Management Company	437	600
Payable to the Trustee	33	38
Annual fee payable to SECP	(370)	(149)
Payable against purchase of investments	(10,284)	213,910
Payable against redemption of units	(52,000)	-
Accrued and other liabilities	(1,946)	2,771
	(64,130)	217,170
	(1,095,185)	(109,386)
Dividends received	69,538	31,705
Net cash used in operating activities	(1,025,647)	(77,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	2,145,913	861,098
Payments on redemption of units	(1,495,139)	(519,281)
Net cash generated from financing activities	650,774	341,817
Net (decrease) / increase in cash and cash equivalents during the period	(374,873)	264,136
Cash and cash equivalents at beginning of the period	777,425	82,162
Cash and cash equivalents at end of the period	402,552	346,298

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 THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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 June 23, 2017 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 These condensed interim financial statements for the half year ended December 31, 2017 have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP will prevail.
- 2.2 Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered of Pakistan also issued clarification vide its circular dated October 06, 2018 which states the interim financial statements of companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 2.3 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, 2017.
- 2.4 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2017 and December 31, 2016 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.5 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2017.
- 2.6 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 accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in note 3.1 and 3.2 below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

3.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of interests in Other Entities - Clarification of the scope of the disclosure Requirement

The adoption of the above standards, amendment and improvement to accounting standards did not have any effect on the condensed interim financial statements.

3.2 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs.53.343 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

3.3 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, 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

4. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund is 1.89% as on December 31, 2017 (December 31, 2016: 1.73%) and this includes 0.19% (December 31, 2016: 0.19%) representing Government Levy and SECP fee. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an equity scheme.

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	

5. INVESTMENTS

Investment by category

'At fair value through profit or loss - held-for-trading'

Listed equity securities	5.1	2,452,954	1,955,738
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'Available-for-sale'

Listed equity securities	5.2	257,352	337,160
		<u>2,710,306</u>	<u>2,292,898</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 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, 2017	Purchases during the period	Right issue during the period	Sales during the period	As at December 31, 2017	Balance as at December 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
						Carrying value	Market value	Unrealised Loss			
(Rupees in '000)											
(Number of shares)											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Oil and gas exploration companies											
Pakistan Oilfields Limited	71,000	374,400	-	32,500	412,900	212,596	245,370	32,774	7.91%	9.05%	0.17%
Pakistan Petroleum Limited	603,200	1,164,100	-	771,000	996,300	176,322	205,148	28,826	6.61%	7.57%	0.05%
Oil & Gas Development Company Limited ***	487,000	1,077,200	-	494,000	1,070,200	157,412	174,218	16,806	5.62%	6.43%	0.02%
Mari Petroleum Company Limited	780	19,420	-	-	20,200	33,318	29,308	(4,010)	0.95%	1.08%	0.02%
						579,648	654,044	74,396	21.09%	24.13%	0.26%
Oil and gas marketing companies											
Attock Petroleum Limited	300	-	-	-	300	188	157	(31)	0.01%	0.01%	0.00%
Hascol Petroleum Limited	36,700	100,000	20,000	36,700	120,000	33,228	29,645	(3,583)	0.96%	1.09%	0.08%
Sui Northern Gas Pipelines Limited - (a related party)	516,000	1,587,000	-	2,103,000	-	-	-	-	0.00%	0.00%	0.00%
Hi-Tech Lubricants Limited	-	622,400	-	117,100	505,300	53,512	35,876	(17,636)	1.16%	1.32%	0.44%
						86,928	65,678	(21,250)	2.13%	2.42%	0.52%
Cement											
Kohat Cement Company Limited	106,500	533,800	-	271,500	368,800	48,971	52,355	3,384	1.69%	1.93%	0.24%
Lucky Cement Limited	229,800	418,950	-	345,650	303,100	172,462	156,827	(15,635)	5.06%	5.79%	0.09%
Cherat Cement Company Limited	104,700	161,600	-	118,901	147,399	16,419	16,348	(71)	0.53%	0.60%	0.08%
Maple Leaf Cement Factory Limited	614,700	1,950,300	-	1,689,700	875,300	59,925	59,906	(19)	1.93%	2.21%	0.15%
D.G. Khan Cement Company Limited - (a related party)	443,000	1,623,500	-	1,366,000	700,500	82,346	93,671	11,325	3.02%	3.46%	0.16%
Fauji Cement Company Limited	498,500	670,000	-	1,000,000	168,500	6,899	4,214	(2,685)	0.14%	0.16%	0.01%
Pioneer Cement Limited	18,500	30,000	-	48,500	-	-	-	-	0.00%	0.00%	0.00%
Thatta Cement Company Limited - (a related party)	761,000	-	-	111,500	649,500	25,961	14,289	(11,672)	0.46%	0.53%	0.65%
						412,983	397,610	(15,373)	12.83%	14.68%	1.38%
Paper and board											
Packages Limited	800	-	-	-	800	556	408	(148)	0.01%	0.02%	0.00%
Century Paper and Board Mills Limited	-	237,400	-	-	237,400	22,482	14,750	(7,732)	0.48%	0.54%	0.16%
Cherat Packaging Limited	100,000	-	13,500	-	113,500	25,465	22,587	(2,878)	0.73%	0.83%	0.34%
						48,503	37,745	(10,758)	1.22%	1.39%	0.50%
Engineering											
Anrrell Steels Limited	260,500	203,000	-	450,000	13,500	1,622	1,251	(371)	0.04%	0.05%	0.00%
Crescent Steel & Allied Product Limited	30,700	280,700	-	311,400	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	235,800	276,400	-	125,000	387,200	130,878	92,971	(37,907)	3.00%	3.43%	0.32%
International Steels Limited	498,000	612,900	-	648,000	462,900	46,497	49,239	2,742	1.59%	1.82%	0.11%
Ittefaq Iron Industries Limited	-	739,500	-	722,000	17,500	473	296	(177)	0.01%	0.01%	0.01%
Mughal Iron & Steel Limited	405,000	1,055,500	-	788,000	672,500	43,166	39,072	(4,094)	1.26%	1.44%	0.27%
						222,636	182,829	(39,807)	5.90%	6.75%	0.71%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Name of the investee company	As at July 01, 2017	Purchases during the period	Right issue during the period	Sales during the period	As at December 31, 2017	Balance as at December 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
						Carrying value	Market value	Unrealised Loss			
----- (Rupees in '000) -----											
----- (Number of shares) -----											
----- % -----											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Refinery											
Attock Refinery Limited	97,300	265,900	-	232,300	130,900	30,071	30,646	575	0.99%	1.13%	0.15%
						30,071	30,646	575	0.99%	1.13%	0.15%
Sugar and allied industries											
Faran Sugar Mills Limited	101,500	-	-	-	101,500	8,146	6,598	(1,548)	0.21%	0.24%	0.41%
						8,146	6,598	(1,548)	0.21%	0.24%	0.41%
Technology and communications											
Netsol Technologies Limited	150,000	4,500	-	-	154,500	8,975	9,788	813	0.32%	0.36%	0.17%
Systems Limited	-	380,500	-	-	380,500	25,558	28,127	2,569	0.91%	1.04%	0.34%
						34,533	37,915	3,382	1.23%	1.40%	0.51%
Automobile assembler											
Hinopak Motors Limited	500	-	-	500	-	-	-	-	0.00%	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	72,300	-	-	72,300	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited	63,800	44,950	-	63,800	44,950	20,767	22,375	1,608	0.72%	0.83%	0.05%
Ghandhara Industries Limited	44,700	22,950	-	-	67,650	42,206	37,348	(4,858)	1.20%	1.38%	0.32%
						62,973	59,723	(3,250)	1.92%	2.21%	0.37%
Automobile parts and accessories											
Agriauto Industries limited *	24,300	80,000	-	-	104,300	35,695	33,169	(2,526)	1.07%	1.22%	0.36%
General Tyre & Rubber Company of Pakistan Limited	90,000	79,500	-	200	169,300	43,266	31,879	(11,387)	1.03%	1.18%	0.28%
						78,961	65,048	(13,913)	2.10%	2.40%	0.64%
Leather and tanneries											
Service Textile Industries Limited	25,150	-	-	-	25,150	34,682	18,863	(15,819)	0.61%	0.70%	0.21%
						34,682	18,863	(15,819)	0.61%	0.70%	0.21%
Pharmaceuticals											
GlaxoSmithKline Pakistan Limited	140,000	30,000	-	170,000	-	-	-	-	0.00%	0.00%	0.00%
The Searle Company Limited	-	139,250	-	-	139,250	44,313	43,844	(469)	1.41%	1.62%	0.08%
Abbott Laboratories Pakistan	16,500	-	-	5,550	10,950	10,234	7,639	(2,595)	0.25%	0.28%	0.01%
						54,547	51,483	(3,064)	1.66%	1.90%	0.09%
Glass and ceramics											
Shabbir Tiles & Ceramics Limited *	27,500	-	-	-	27,500	527	405	(122)	0.01%	0.02%	0.01%
Tariq Glass Industries Limited	450,000	117,500	-	-	567,500	63,231	53,907	(9,324)	1.74%	1.99%	0.77%
						63,758	54,312	(9,446)	1.75%	2.01%	0.78%
Textile composite											
Kohinoor Textile Mills Limited	-	408,000	24,480	-	432,480	42,319	28,652	(13,667)	0.92%	1.06%	0.14%
Nishat Mills limited - (a related party)	9,500	773,200	-	-	782,700	121,244	117,014	(4,230)	3.77%	4.32%	0.22%
						163,563	145,666	(17,897)	4.69%	5.38%	0.36%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Name of the investee company	As at July 01, 2017	Purchases during the period	Right issue during the period	Sales during the period	As at December 31, 2017	Balance as at December 31, 2017 (Rupees in '000)			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
						Carrying value	Market value	Unrealised Loss			
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Miscellaneous											
Synthetic Product Enterprises Limited - a related party	392,000	252,000	-	-	644,000	44,401	38,923	(5,478)	1.26%	1.44%	0.76%
						44,401	38,923	(5,478)	1.26%	1.44%	0.76%
Power generation and distribution											
The Hub Power Company Limited ***	1,380,432	890,000	-	718,500	1,551,932	181,752	141,226	(40,526)	4.55%	5.21%	0.13%
Pakgen Power Limited - (a related party)	1,500	-	-	-	1,500	30	33	3	0.00%	0.00%	0.00%
K-electric Limited **	4,679,000	800,000	-	5,479,000	-	-	-	-	0.00%	0.00%	0.00%
						181,782	141,259	(40,523)	4.55%	5.21%	0.13%
Chemicals											
Archroma Pakistan Limited	19,700	-	-	-	19,700	14,042	10,421	(3,621)	0.34%	0.38%	0.06%
Engro Polymer & Chemical Limited	2,235,000	2,706,500	-	2,365,000	2,576,500	88,775	73,585	(15,190)	2.37%	2.72%	0.39%
ICI Pakistan Limited	8,100	-	-	-	8,100	8,866	6,220	(2,646)	0.20%	0.23%	0.01%
						111,683	90,226	(21,457)	2.91%	3.33%	0.46%
Commercial banks											
Meezan Bank Limited	34,500	1,055,000	7,570	-	1,097,070	74,194	73,613	(581)	2.37%	2.72%	0.10%
						74,194	73,613	(581)	2.37%	2.72%	0.10%
Cable and electrical goods											
Pak Elektron Limited	757,500	1,567,500	-	745,000	1,580,000	112,830	75,034	(37,796)	2.42%	2.77%	0.32%
						112,830	75,034	(37,796)	2.42%	2.77%	0.32%
Fertilizer											
Fatima Fertilizer Company Limited - (a related party)	-	1,500,500	-	825,000	675,500	21,791	20,859	(932)	0.67%	0.77%	0.03%
Engro Fertilizers Limited	-	2,769,500	-	1,973,500	796,000	50,135	53,905	3,770	1.74%	1.99%	0.06%
Engro Corporation Limited	606,600	889,100	-	946,200	549,500	148,289	150,975	2,686	4.87%	5.57%	0.10%
						220,215	225,739	5,524	7.28%	8.33%	0.19%
December 31, 2017						2,627,037	2,452,954	(174,083)			
June 30, 2017						1,997,099	1,955,738	(41,361)			

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

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

*** The above include shares with a market value aggregating to Rs.91.71 million (June 30, 2017: Rs.Nil) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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

Name of the investee company	As at July 01, 2017	Purchases during the period	Rights/Bo nus issue during the period	Sales during the period	As at December 31, 2017	Balance as at December 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
						Carrying value	Market value	Appreciation			
							(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	11,700	-	-	11,700	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited	12,200	-	-	12,200	-	-	-	-	0.00%	0.00%	0.00%
Automobile parts and accessories											
Agriaautos Industries Limited *	21,200	-	-	-	21,200	5,731	6,742	1,011	0.22%	0.25%	0.07%
						5,731	6,742	1,011	0.22%	0.25%	0.07%
Cable and electrical goods											
Pak Elektron Limited ***	32,000	-	-	-	32,000	1,520	1,520	-	0.05%	0.06%	0.01%
						1,520	1,520	-	0.05%	0.06%	0.01%
Cement											
Cherat Cement Company Limited	215,700	-	-	215,700	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Chemical											
ICI Pakistan Limited	16,800	-	-	-	16,800	8,960	12,902	3,942	0.42%	0.48%	0.02%
Archroma Pakistan Limited	18,950	-	-	-	18,950	10,209	10,025	(184)	0.32%	0.37%	0.06%
						19,169	22,927	3,758	0.74%	0.85%	0.08%
Miscellaneous											
Shifa International Hospitals Limited	520	-	-	-	520	146	156	10	0.01%	0.01%	0.00%
						146	156	10	0.01%	0.01%	0.00%
Oil and gas exploration companies											
Mari Petroleum Company Limited	49,050	-	-	-	49,050	39,111	71,165	32,054	2.29%	2.63%	0.04%
Oil & Gas Development Company Limited	160,100	-	-	-	160,100	22,714	26,063	3,349	0.84%	0.96%	0.00%
Pakistan Oilfields Limited	44,700	-	-	-	44,700	15,467	26,563	11,096	0.86%	0.98%	0.02%
Pakistan Petroleum Limited	142,100	-	-	-	142,100	22,777	29,260	6,483	0.94%	1.08%	0.01%
						100,069	153,051	52,982	4.93%	5.65%	0.07%
Oil and gas marketing companies											
Hascol Petroleum Limited	1,390	-	278	278	1,390	308	343	35	0.01%	0.01%	0.00%
						308	343	35	0.01%	0.01%	0.00%
Paper and board											
Packages Limited ***	400	-	-	-	400	204	204	-	0.01%	0.01%	0.00%
						204	204	-	0.01%	0.01%	0.00%
Technology and communication											
Netsol Technologies Limited	285,500	-	-	-	285,500	17,093	18,086	993	0.58%	0.67%	0.32%
Systems Limited	6,000	-	-	-	6,000	481	444	(37)	0.01%	0.02%	0.01%
						17,574	18,530	956	0.59%	0.69%	0.33%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Name of the investee company	As at July 01, 2017	Purchases during the period	Rights/Bo nus issue during the period	Sales during the period	As at December 31, 2017	Balance as at December 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 capital of the investee company
						Carrying value	Market value	Appreciation			
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Pharmaceuticals											
Abbott Laboratories Pakistan	1,050	-	-	-	1,050	685	732	47	0.02%	0.03%	0.00%
The Searle Company Limited	653	-	130	-	783	207	247	40	0.01%	0.01%	0.00%
						892	979	87	0.03%	0.04%	0.00%
Power generation and distribution											
The Hub Power Company Limited ***	77,000	-	-	-	77,000	7,007	7,007	-	0.23%	0.26%	0.01%
K-Electric Limited **	829,500	-	-	829,500	-	-	-	-	0.00%	0.00%	0.00%
						7,007	7,007	-	0.23%	0.26%	0.01%
Commercial banks											
Meezan Bank Limited	352,000	-	21,120	-	373,120	19,188	25,036	5,848	0.81%	0.92%	0.04%
						19,188	25,036	5,848	0.81%	0.92%	0.04%
Textile composite											
Kohinoor Textile Mills Limited	297,000	-	17,820	-	314,820	24,957	20,857	(4,100)	0.67%	0.77%	0.11%
						24,957	20,857	(4,100)	0.67%	0.77%	0.11%
December 31, 2017						196,765	257,352	60,587			
June 30, 2017						241,671	337,160	95,489			

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

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

*** The carrying value of these securities have been adjusted with impairment aggregating Rs. 2.82 million (June 30, 2017: Rs.Nil). The cost of these securities was Rs.11.55 (June 30, 2017: Rs.11.55) million

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	-----	(Rupees in '000)	-----
6. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	6.1	9,948	9,948
Federal Excise Duty payable on management fee	6.2	5,689	5,689
Federal Excise Duty and related taxes payable on sales load		125	125
Auditors' remuneration		238	424
Brokerage payable		2,406	3,927
Sale load payable - MCB Bank Limited		10	32
Withholding tax payable		37	582
Charity / donation payable		1,092	1,018
Zakat payable		7	-
Others		729	482
		<u>20,281</u>	<u>22,227</u>

6.1 There is no change in the status of the SWWF as reported in note 13.1 to the annual financial statements of the Fund for the year ended June 30, 2017.

6.2 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 note 15 to the annual financial statements of the Fund for the year ended June 30, 2017.

7. CONTINGENCIES AND COMMITMENTS

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

8. 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 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 statements.

9. MARKETING AND SELLING CHARGES

In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. Keeping in view the aforementioned provisions, the Management Company charged selling and marketing charges to the Fund during the period.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

11.1 Unit Holders' Fund

	December 31, 2017					
	As at July 01, 2017	Issued for cash	Units	Redeemed	As at December 31, 2017	As at July 01, 2017
						Issued for cash
						Redeemed
						(Rupees in '000)
Group / associated companies						
Nishat Mills Limited	1,108,715	-	-	-	1,108,715	13,582
D.G. Khan Cement Company Limited - Employees Provident Fund	456,190	-	-	-	456,190	5,588
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund	6,355,054	-	-	-	6,355,054	77,849
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	42,703,159	23,433,790			66,136,949	523,114
Adamjee Life Assurance Company Limited - Investment Secure Fund	3,449,676	415,282			3,864,958	42,259
Adamjee Life Assurance Company Limited - Investment Secure Fund II	3,043,831	415,283		3,459,114	-	37,287
Adamjee Life Assurance Company Limited - Amanat Fund	9,828,699	4,934,284		-	14,762,983	120,401
Adamjee Life Assurance Company Limited - MAZAAF	829,753	6,357,043		-	7,186,796	10,164
Alhamra Islamic Active Allocation Plan I	71,103,336	47,034,607		57,169,837	60,968,106	871,016
Alhamra Islamic Active Allocation Plan II	2,029,220	42,213,190		18,570,102	25,672,308	24,858
Key management personnel	379,457	2,728,935		2,352,726	755,666	4,216
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 THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	December 31, 2016					
	As at July 01, 2016	Issued for cash	Redeemed	As at December 31, 2016	As at July 01, 2016	As at December 31, 2016
	Units					
	(Rupees in '000)					
Group / associated companies						
Nishat Mills Limited	997,991	-	-	997,991	10,599	13,383
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	38,438,529	-	-	38,438,529	408,217	515,461
Adamjee Life Assurance Company Limited - Amanat Fund	7,223,000	1,219,008	210,210	8,231,798	76,708	110,388
Alhamra Islamic Active Allocation Plan I	-	18,642,804	-	18,642,804	-	250,000
D.G.Khan Cement Company Limited	404,856	-	-	404,856	4,300	5,429
Key management personnel	307,007	1,544,129	756,381	1,094,755	3,260	14,681
Mandate under discretionary portfolio services	5,662,643	9,328	1,265,420	4,406,551	37,926	59,092
					100	15,267

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

----- (Un-Audited) -----	
Half year ended	
December 31, 2017	December 31, 2016
----- (Rupees in '000) -----	

11.2 Transactions during the period:

MCB Arif Habib Savings and Investments Limited - Management Company

Remuneration (including indirect taxes)	33,889	14,889
Expenses allocated by the Management		
Company and related sales tax	1,694	745
Payment of conversion cost	-	563
Shariah advisory fee	450	450
Marketing and selling charges	5,998	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration including indirect taxes	2,264	1,320
Settlement charges including indirect taxes	317	150

Group / associated companies

Arif Habib Limited

Brokerage expense *	475	245
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Next Capital Limited

Brokerage expense *	355	285
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MCB Bank Limited

Bank charges	9	13
Dividend income	-	-

Lalpir Power Limited

Sales of Nil (2016: 759,000) shares	-	17,022
Dividend income	-	479

Mughal Iron & Steel Limited

Purchase of 1,055,500 (2016: Nil) shares	69,738	-
Sales of 788,000 (2016: 337,Nil) shares	54,859	-
Dividend income	462	915

Pakgen Power Limited

Sales of Nil shares (2016: 46,000 shares)	-	1,173
Dividend income	2	607

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	----- (Un-Audited) ----- Half year ended December 31, December 31, 2017 2016 ----- (Rupees in '000) -----	
Nishat Mills Limited		
Purchase of 773,200 (2016: 386,000) shares	119,736	52,508
Sales of Nil (2016: 434,500) shares	-	56,183
Dividend income	3,914	528
Sui Northern Gas Pipelines Limited		
Purchase of 1,578,000 (2016: 965,000) shares	222,297	62,112
Sales of 2,103,000 (2016: 500,000) shares	258,406	34,667
Dividend income	3,992	-
Fatima Fertilizer Limited		
Purchase of 1,500,500 (2016: 1,060,500) shares	48,406	35,586
Sales of 825,000 (2016: 250,000) shares	24,528	8,688
Dividend income	-	107
D.G. Khan Cement Company Limited		
Purchase of 1,623,500 (2016: 265,000) shares	215,091	50,186
Sales of 1,366,000 (2016: 265,000) shares	201,709	49,389
Dividend income	10	678
	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
11.3 Balances outstanding at period / year end:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	5,025	4,491
Sales tax payable on Management remuneration	653	584
Expense allocated by the Management Company	252	225
Sales load payable	40	280
Sales tax payable on sales load	5	36
Shariah advisory fee payable	75	75
Marketing and selling charges	3,039	2,961
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	380	347
Security deposit	300	300
Arif Habib Limited		
Brokerage payable *	133	124

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	(Un-Audited) December 31, 2017 ----- (Rupees in '000) -----	(Audited) June 30, 2017 -----
Next Capital Limited		
Brokerage payable *	167	110
MCB Bank Limited		
Balances with bank	7,084	1,157
Sales load payable	9	-
Sales tax payable on sales load	1	-
D.G. Khan Cement Company Limited		
700,500 shares held (June 30, 2017: Nil shares) - 'held-for-trading'	93,671	94,430
Nishat Mills Limited		
782,700 shares held (June 30, 2017: 9,500 shares) - 'held-for-trading'	117,014	1,507
Mughal Iron and Steel Limited		
672,500 shares held (June 30, 2017: 405,000 shares) - 'held-for-trading'	39,072	32,696
Sui Northern Gas Pipelines Limited		
Nil shares held (June 30, 2017: 516,000 shares) - 'held-for-trading'	-	76,843
Fatima Fertilizer Limited		
675,500 shares held (June 30, 2017: Nil shares) - 'held-for-trading'	20,859	-

* 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected the condensed interim financial information.

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 recognized at fair value, analyzed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		December 31, 2017				
		Carrying amount			Fair value	
	Note	Fair value through profit or loss - trading	Available-for-sale	Other financial assets / financial liabilities	(Rupees)	
					Total	Total
Financial assets measured at fair value						
Listed Equity Securities		2,452,954	257,352	-	2,710,306	2,710,306
		2,452,954	257,352	-	2,710,306	2,710,306
Financial assets not measured at fair value	12.1					
Balances with banks		-	-	402,552	402,552	
Profit, dividend and other receivable		-	-	13,501	13,501	
Advances and deposits		-	-	2,815	2,815	
Receivable against sale of investments		-	-	84,745	84,745	
		-	-	503,613	503,613	
Financial liabilities not measured at fair value	12.1					
Payable to the Management Company		-	-	7,925	7,925	
Payable to the Trustee		-	-	336	336	
Payable against purchase of investments		-	-	68,356	68,356	
Accrued and other liabilities		-	-	3,964	3,964	
		-	-	80,581	80,581	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

June 30, 2017

Carrying amount			Fair value				
Fair value through profit or loss - trading	Available-for-sale	Other financial assets / financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)							
1,955,738	337,160	-	2,292,898	2,292,898	-	-	2,292,898
1,955,738	337,160	-	2,292,898	2,292,898	-	-	2,292,898
-	-	777,425	777,425				
-	-	8,368	8,368				
-	-	2,800	2,800				
-	-	9,034	9,034				
-	-	797,627	797,627				
-	-	8,068	8,068				
-	-	307	307				
-	-	12,400	12,400				
-	-	78,640	78,640				
-	-	52,000	52,000				
-	-	5,565	5,565				
-	-	156,980	156,980				

During the period ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

12.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

13. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 23, 2018 by the Board of Directors of the Management Company.

14. GENERAL

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

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



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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