



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

# **MCB PAKISTAN STOCK MARKET FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	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
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	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	
<b>Bankers</b>	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited National Bank of Pakistan Bank Alfalah Limited Standard Chartered Bank Limited Summit Bank Limited JS Bank Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	<b>A.F Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

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

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Stock Market Fund's** accounts for the half year ended December 31<sup>st</sup>, 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, PSM posted a negative return of 11.21% compared to a negative return of 13.09% witnessed by the KSE100 Index. Overall equity exposure stood at 88.3% at the end of the period. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments.

The Net Asset of the Fund as at December 31, 2017 stood at Rs. 9,982 million as compared to Rs. 11,629 million as at June 30 2017 registering a decrease of 14.16%.

The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs. 91.0076 as compared to opening NAV of Rs. 102.5017 per unit as at June 30, 2017 registering a decrease of Rs. 11.4941 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

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### 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,



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Muhammad Saqib Saleem  
Chief Executive Officer  
February 23, 2018



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Nasim Beg  
Vice Chairman / Director

**ڈائریکٹر زپورٹ**  
برائے ششماہی اختتام پذیر 31 دسمبر 2017ء

31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 9,982 ملین روپے تھے، جو 30 جون 2017 (11,629 ملین روپے) کے مقابلے میں 14.16% کم ہے۔

31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 91.0076 روپے تھی، جو 30 جون 2017 کی ابتدائی NAV (102.5017) روپے فی یونٹ کے مقابلے میں 11.4941 روپے فی یونٹ کم 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 تاکہ گزشتہ کچھ برسوں میں جو بہتری دیکھی گئیں 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 پُرکشش 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 سست رہے 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 افراط 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۔

**اظہار 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۔

  
نسیم بیگ  
وائس چیئرمین / ڈائریکٹر

  
محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر

23 فروری 2018ء

## عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان اسٹاک مارکیٹ 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 ملکہ بھر میں سیاسی جماعتوں کے احتجاج اور دھرنے۔ علاوہ ازیں، جب MSCI کے نصف سالانہ جائسے (۱۵ نومبر ۲۰۱۷ء) میں EM انڈیکس میں پاکستان کی شمولیت میں کمی کی گئی تو مارکیٹ نے جھٹکے محسوس کیے، اور اینگرو کارپوریشن کو MSCI ای ایم اسٹینڈرڈ انڈیکس سے کم سطح پر لاکر 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 مفتاح اسماعیل 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 اینیج بی ایل کی نیویارک کی شاخ پر جرمانہ اور فرنیس آئل کی درآمد پر حکومتی پابندی۔ بین الاقوامی بانڈ میں 1 بلین ڈالر سٹچک کے اجراء اور FTSE کی پانچ اضافی اسٹاکس کی small cap سیریز میں ترتیب نوچسی 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، انویسٹریز میں کمی اور یورپ کی بین الاقوامی قیمتوں میں استحکام کی بنیاد پر پہلے سے بہتر کارکردگی کا مظاہرہ کیا۔ سیمنٹ کے شعبے (YoY -14%) نے اپنی غیر معیاری کارکردگی جاری رکھی، جو اگلے 6-7 مہینوں میں جنوبی خطے 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 مہیبل 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۔

### فنڈ کی کارکردگی

دورانِ مدت PSM کا منفی منافع 11.21% تھا، جبکہ KSE 100 انڈیکس کا منفی منافع 13.09% تھا۔ ایکویٹیز میں مجموعی منافع اختتام مدت پر 88.3% تھا۔ فنڈ خارجی عناصر سے چوکس رہا اور بنیادی ترقیاتی پیش رفت کے پیش نظر سرمایہ کاری کے لائحہ عمل میں مطلوبہ تبدیلی کی گئی۔



## TRUSTEE REPORT TO THE UNIT HOLDERS

### CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

#### Head Office:

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



### TRUSTEE REPORT TO THE UNIT HOLDERS

#### MCB PAKISTAN STOCK MARKET FUND

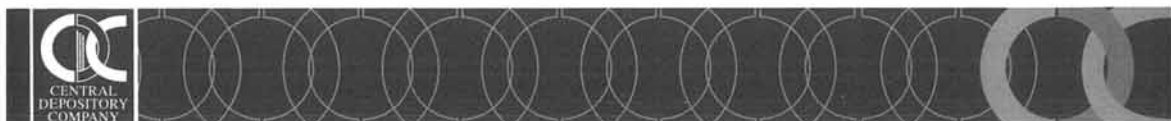
#### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Stock Market 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



A.F.FERGUSON&Co.

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Stock Market Fund** (the Fund) as at December 31, 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2017. The Management Company (MCB-Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figure for the half year ended December 31, 2017.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information 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: **Noman Abbas Sheikh**

**Dated: February 26, 2018**

**Karachi**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

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

		As at	
		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	-----Rupees in '000-----	
<b>ASSETS</b>			
Balances with banks	4	1,038,971	2,228,648
Investments	5	9,030,047	9,809,524
Receivable against sale of investments		114,089	98,104
Dividend and profit receivables	6	39,764	25,506
Advances, deposits and other receivables	7	7,472	7,311
<b>Total assets</b>		10,230,343	12,169,093
<b>LIABILITIES</b>			
Payable to the Management Company	8	28,858	37,897
Payable to the Trustee		1,000	1,192
Payable to the Securities and Exchange Commission of Pakistan		4,874	10,045
Payable against purchase of investments		75,829	335,299
Accrued expenses and other liabilities	9	137,860	154,593
Payable against redemption of units		386	897
<b>Total liabilities</b>		248,807	539,923
<b>NET ASSETS</b>		9,981,536	11,629,170
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		9,981,536	11,629,170
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>		109,678,080	113,453,480
		-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	11	91.0076	102.5017
<b>FACE VALUE PER UNIT</b>		50.0000	50.0000

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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,		December 31,	
		2017	2016	2017	2016
Note		Rupees in '000			
<b>INCOME</b>					
	(Loss) / gain on sale of investments - net	(619,149)	1,034,302	(328,157)	665,140
	Dividend income	220,086	227,462	151,600	137,278
	Income from government securities	18,107	7,453	7,836	3,608
	Profit on balances with banks	27,076	12,039	14,191	5,888
	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.3	(373,090)	307,759	62,593
	Other income	205	-	205	-
	<b>Total income</b>	(726,765)	1,589,015	(91,732)	1,121,851
<b>EXPENSES</b>					
	Remuneration of the Management Company	8.1	102,598	92,283	48,433
	Sindh Sales Tax on remuneration of the Management Company	8.2	13,338	11,997	6,297
	Remuneration of the Trustee		5,634	5,118	2,674
	Sindh Sales Tax on remuneration of the Trustee		732	665	347
	Annual fee of the Securities and Exchange Commission of Pakistan		4,874	4,383	2,301
	Allocated expenses	8.3	5,797	5,214	2,737
	Selling and marketing expenses	8.4	20,519	-	9,686
	Auditors' remuneration		540	408	230
	Securities transaction cost		24,828	22,307	11,586
	Settlement and bank charges		2,079	1,499	633
	Legal and professional charges		234	30	177
	Fees and subscriptions		147	(49)	(7)
	Provision for diminution in value of investments		75,069	-	75,069
	Others		-	331	-
	<b>Total expenses</b>		256,389	144,186	160,163
	<b>Net (loss) / income from operating activities</b>		(983,154)	1,444,829	(251,895)
	Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed:				
	- Arising from capital gain and unrealised gain		-	34,560	-
	- Arising from other income		-	(1,154)	-
			-	33,406	-
	<b>Net (loss) / income for the period before taxation</b>		(983,154)	1,478,235	(251,895)
	Taxation	13	-	-	-
	<b>Net (loss) / income for the period after taxation</b>		(983,154)	1,478,235	(251,895)
	<b>(Losses) / earnings per unit</b>	14			
	<b>Allocation of net (loss) / Income for the period</b>				
	Net (loss) / income for the period after taxation		(983,154)	1,478,235	(251,895)
	Income already paid on units redeemed		-	-	-
			(983,154)	1,478,235	(251,895)
	<b>Accounting income available for distribution:</b>				
	-Relating to capital gains		-	-	-
	-Excluding capital gains		-	-	-

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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**

		Half year ended		Quarter ended	
		December 31,		December 31,	
		2017	2016	2017	2016
Note		----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation		(983,154)	1,478,235	(251,896)	1,067,843
Other comprehensive income:					
Items that may be reclassified subsequently to income statement					
Unrealised (diminution) / appreciation in investments classified as 'available for sale'	5.6	(332,237)	968,762	(31,725)	673,156
Total comprehensive (loss) / income for the period		(1,315,391)	2,446,997	(283,621)	1,740,999

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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 (Rupees in '000)				Half Year ended December 31, 2016
	Capital Value	Undistributed income	Unrealised (losses) / gains on available for sale investments	Total	Total
<b>Net assets at the beginning of the period</b>	6,532,771	4,480,330	616,069	11,629,170	8,017,886
Issue of 38,728,225 units (2016: 42,550,240 units):					
- Capital value (at net asset value per unit at the beginning of the period)	3,969,707	-	-	3,969,707	
- Element of loss	(261,918)	-	-	(261,918)	
	3,707,789	-	-	3,707,789	4,172,735
Redemption of 42,503,625 units (2016: 36,679,734 units):					
- Capital value (at net asset value per unit at the beginning of the period)	4,356,692	-	-	4,356,692	
- Element of income	(316,660)	-	-	(316,660)	
	4,040,032	-	-	4,040,032	3,621,217
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	-	-	-	(33,406)
Total comprehensive (loss) / income for the period	-	(983,154)	(332,237)	(1,315,391)	2,446,997
Distributions during the period	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(983,154)	(332,237)	(1,315,391)	2,446,997
<b>Net assets as at the end of the period</b>	<b>6,200,528</b>	<b>3,497,176</b>	<b>283,832</b>	<b>9,981,536</b>	<b>10,982,995</b>
Undistributed income brought forward comprises of:					
- Realised Gain		5,136,935			3,026,013
- Unrealised (Loss)		(656,605)			(35,218)
		4,480,330			2,990,795
Accounting income available for distribution:					
-Relating to capital gains		-			
-Excluding capital gains		-			
		-			
<b>Net (loss) / income for the period after taxation</b>		(983,154)			1,478,235
Interim distributions during the period					
- Cash Distribution		-			-
<b>Undistributed income carried forward</b>		<b>3,497,176</b>			<b>4,469,030</b>
Undistributed income carried forward comprises of:					
- Realised Gain		3,870,266			4,161,271
- Unrealised (Loss) / Gain		(373,090)			307,759
		<b>3,497,176</b>			<b>4,469,030</b>
<b>Net assets at the end of the period</b>					
			(Rupees)	(Rupees)	
<b>Net assets value per unit as at beginning of the period</b>			<b>102.5017</b>	<b>87.09</b>	
<b>Net assets value per unit as at end of the period</b>			<b>91.0076</b>	<b>112.15</b>	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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	2016
Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(983,154)	1,478,235
<b>Adjustments for:</b>		
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	373,090	(307,759)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- arising from capital (gain) / loss and unrealised (gain) / loss	-	(34,560)
- arising from other loss / (income)	-	1,154
Impairment loss for the year on available for sale investments	75,069	-
	(534,995)	1,137,070
<b>(Increase) / decrease in assets</b>		
Investments - net	(919)	(2,092,961)
Receivable against sale of investments	(15,985)	67,740
Receivable against issue of units	-	(20,518)
Dividend and profit receivable	(14,258)	13,256
Advances, deposits and receivables	(161)	(179)
	(31,323)	(2,032,662)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(9,039)	5,259
Payable to the Trustee	(192)	278
Payable to the Securities and Exchange Commission of Pakistan	(5,171)	(2,329)
Payable against purchase of investments	(259,470)	246,653
Accrued expenses and other liabilities	(16,733)	16,821
	(290,605)	266,682
<b>Net cash used in operating activities</b>	(856,923)	(628,910)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	3,707,789	4,172,735
Payments against redemption of units	(4,040,543)	(3,531,144)
<b>Net cash (used in) / generated from financing activities</b>	(332,754)	641,591
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(1,189,677)	12,681
Cash and cash equivalents at the beginning of the period	2,228,648	711,745
<b>Cash and cash equivalents at the end of the period</b>	4 1,038,971	724,426

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**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 INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Stock Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi, Pakistan.
- 1.3** The Fund has been categorised as equity scheme and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund primarily invests in listed equity securities. However, it also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.4** The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2++ dated June 23, 2017 to the Management Company.
- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund. The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of 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, 2017.
- 2.1.3** This condensed interim financial information is unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund as at December 31, 2017.
- 2.1.4** The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at December 31, 2017 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2017, whereas the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Fund for the half-year ended December 31, 2016.

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information for the half year and quarter ended December 31, 2017 are the same as those applied in the preparation of the published annual audited financial statements for the year ended June 30, 2017 except for the changes in accounting policy as stated in note 3.2.



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

- 3.2** The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 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, and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised 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 element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed to the extent that is represented by distributable income earned during the year was recognised in the income statement and the element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed represented by distributable income carried forward from prior periods was included in the distribution 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 1, 2017, based on the clarification issued by the SECP. 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 through the aforementioned SRO issued by the SECP.

Had the amendments to element of income not been applied, the Income Statement of the Fund would have been higher by Rs. 54.742 million. The change in accounting policy does not have any impact on the 'Cash flow Statement', on the 'net assets attributable to the unit holders', '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 preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the published annual audited financial statements as at and for the year ended June 30, 2017.

- 3.4** The financial risk management objectives and policies are consistent with those disclosed in the published annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.5** **Amendments to published approved accounting standards that are effective in the current period**

There are certain amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2017. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in this condensed interim financial information.

- 3.6** **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

During the current period the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from July 1, 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2018. However, these are not expected to have any significant impact on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
-----Rupees in '000-----			
<b>4 BALANCES WITH BANKS</b>			
In saving accounts	4.1	1,024,138	2,218,493
In current account	4.2	14,833	10,155
		<u>1,038,971</u>	<u>2,228,648</u>

- 4.1** These carry profits at rates ranging from 3.75% to 6.75% (June 30, 2017: 3.75% to 6.18%) per annum and include Rs. 41.53 million (June 30, 2017: Rs. 2.65 million) maintained with MCB Bank Limited, a related party of the Fund, which carries profit at the rate of 3.75% (June 30, 2017: 3.75%).
- 4.2** The amount includes a balance of Rs. 5.31 million (June 30, 2017: Rs. 0.63 million) maintained with MCB Bank Limited, a related party of the Fund.

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
-----Rupees in '000-----			
<b>5 INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
- Listed equity securities	5.1	7,672,481	7,481,528
<b>Available for sale</b>			
- Listed equity securities	5.4	<u>1,357,566</u>	<u>2,327,996</u>
		<u>9,030,047</u>	<u>9,809,524</u>

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

All shares have a nominal value of Rs.10 each except as stated otherwise.

Name of the investee company	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sold during the period	As at December 31, 2017	As at December 31, 2017			Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company
						Carrying Value	Market value as at December 31, 2017	Appreciation / (Diminution)	Net assets	Total investments	
----- No. of shares -----						----- Rupees in '000 -----			----- % -----		
<b>Automobile Assembler</b>											
Indus Motor Company Limited	127,980	-	-	127,980	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	272,900	-	-	272,900	-	-	-	-	-	-	-
Ghandhara Industries Ltd	67,600	1,150	-	-	68,750	44,603	37,955	(6,648)	0.4%	0.4%	0.3%
Honda Atlas Cars(Pakistan) Limited	153,300	193,200	-	-	346,500	259,261	177,550	(81,711)	1.8%	0.2%	0.2%
						303,864	215,505	(88,359)	2.2%	2.4%	
<b>Automobile Parts &amp; Accessories</b>											
General Tyre & Rubber Company	172,400	50,000	-	-	222,400	62,315	41,878	(20,437)	0.4%	0.5%	0.4%
						62,315	41,878	(20,437)	0.4%	0.5%	
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	2,371,500	3,756,800	-	2,660,000	3,468,300	249,116	164,710	(84,406)	1.7%	1.8%	0.7%
TPL Trakker Limited	459,000	-	-	412,000	47,000	464	336	(128)	-	-	-
						249,580	165,046	(84,534)	1.7%	1.8%	

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Name of the investee company	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sold during the period	As at December 31, 2017	As at December 31, 2017			Market value as a		Holding as a percentage of Paid up capital of the investee
						Carrying Value	Market value as at December 31, 2017	Appreciation / (Diminution)	percentage of		
									Net assets	Total investment s	
No. of shares						Rupees in '000			%		
Cement											
** D G Khan Cement Company Limited **	1,736,300	2,282,100	-	2,519,800	1,498,600	174,949	200,393	25,444	2.0%	2.2%	0.3%
Kohat Cement Limited	488,000	280,900	-	593,000	175,900	24,517	24,971	454	0.3%	0.3%	0.1%
Maple Leaf Cement Factory Limited	2,046,500	4,281,500	-	4,477,400	1,850,600	126,600	126,655	55	1.3%	1.4%	0.3%
Fauji Cement Company Limited	2,500	1,300,000	-	1,302,500	-	-	-	-	-	-	-
** Thatta Cement Company Limited **	80,000	-	-	80,000	-	-	-	-	-	-	-
Cherat Cement Company Limited	177,800	-	-	177,800	-	-	-	-	-	-	-
Lucky Cement Limited	678,450	725,750	-	934,900	469,300	246,019	242,820	(3,199)	2.4%	2.7%	0.1%
						572,085	594,839	22,754	6.0%	6.6%	
Chemicals											
Engro Polymer and Chemicals Limited	6,546,500	5,298,000	-	4,611,000	7,233,500	253,421	206,589	(46,832)	2.1%	2.3%	1.1%
Archroma Pakistan Limited	60,800	-	-	-	60,800	43,338	32,163	(11,175)	0.3%	0.4%	0.2%
						296,759	238,752	(58,007)	2.4%	2.6%	
Commercial Banks											
Allied Bank Limited	-	1,367,000	-	212,000	1,155,000	93,520	98,152	4,632	1.0%	1.1%	0.1%
Askari Bank Limited	297,500	7,099,000	-	250,000	7,146,500	145,264	137,999	(7,265)	1.4%	1.5%	0.6%
Bank Alfalah Limited	6,856,500	4,719,000	-	900,000	10,675,500	430,993	453,709	22,716	4.5%	5.0%	0.7%
Faysal Bank Limited	8,109,000	2,952,500	-	-	11,061,500	247,773	235,167	(12,606)	2.4%	2.6%	0.8%
Habib Bank Limited	-	3,743,200	-	800,000	2,943,200	480,128	491,779	11,651	4.9%	5.4%	0.2%
Meezan Bank Limited	89,000	100,000	5,340	-	194,340	14,009	13,040	(969)	0.1%	0.1%	-
Bank Al Habib Limited	1,833,500	2,946,000	-	700,000	4,079,500	229,481	238,080	8,599	2.4%	2.6%	0.4%
Habib Metropolitan Bank Limited	548,000	1,700,000	-	-	2,248,000	73,786	77,556	3,770	0.8%	0.9%	0.2%
** MCB Bank Limited **	-	2,491,700	-	1,081,900	1,409,800	293,599	299,329	5,730	3.0%	3.3%	0.1%
United Bank Limited	899,800	3,724,400	-	2,648,200	1,976,000	348,837	371,429	22,592	3.7%	4.1%	0.2%
						2,357,390	2,416,240	58,850	24.2%	26.8%	
Engineering											
** Aisha Steel Limited **	2,600,000	-	-	2,550,500	49,500	1,007	878	(129)	-	-	-
Cresent Steel and Allied Products Limited	266,500	77,500	-	343,200	800	153	102	(51)	-	-	-
International Steels Limited	1,538,500	690,000	-	1,638,500	590,000	60,775	62,758	1,983	0.6%	0.7%	0.1%
** Mughal Iron and Steel Industries **	1,552,000	1,895,000	-	1,000,000	2,447,000	167,727	142,171	(25,556)	1.4%	1.6%	1.0%
Anreli Steel Limited	1,190,000	796,600	-	1,925,000	61,600	7,489	5,708	(1,781)	0.1%	0.1%	-
International Industries Limited	980,000	26,000	-	9,400	996,600	366,050	239,293	(126,757)	2.4%	2.6%	0.8%
Ittefaq Iron Industries Limited	929,781	1,500,000	-	2,427,000	2,781	83	47	(36)	-	-	-
						603,284	450,957	(152,327)	4.5%	5.0%	
Fertilizers											
Engro Corporation Limited	2,110,600	1,327,600	-	1,900,800	1,537,400	427,318	422,401	(4,917)	4.2%	4.7%	0.3%
Engro Fertilizer Limited	61,500	7,393,000	-	5,300,000	2,154,500	137,207	145,903	8,696	1.5%	1.6%	0.2%
Fauji Fertilizer Company Limited	-	2,010,000	-	2,010,000	-	-	-	-	-	-	-
						564,525	568,304	3,779	5.7%	6.3%	
Glass and Ceramics											
Tariq Glass Industries Limited	673,900	-	-	-	673,900	74,641	64,014	(10,627)	0.6%	0.7%	0.9%
						74,641	64,014	(10,627)	0.6%	0.7%	
Insurance											
Pakistan Reinsurance Company Limited	1,926,000	847,000	-	493,500	2,279,500	108,891	96,719	(12,172)	1.0%	1.1%	0.8%
** Adamjee Insurance Company Limited **	1,559,500	57,000	-	-	1,616,500	110,341	84,010	(26,331)	0.8%	0.9%	0.5%
						219,232	180,729	(38,503)	1.8%	2.0%	
Investment Companies											
** Arif Habib Limited **	662,000	-	-	662,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Leather and Tanneries											
Service Industries Limited	40,700	-	-	-	40,700	56,125	30,525	(25,600)	-	-	-
						56,125	30,525	(25,600)	-	-	-
Miscellaneous											
** Synthetic Products Enterprises Limited **	605,000	1,073,500	-	-	1,678,500	105,969	101,449	(4,520)	1.0%	1.1%	2.0%
						105,969	101,449	(4,520)	1.0%	1.1%	
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	9,800	1,540	-	11,060	280	447	406	(41)	-	-	-
Pakistan Oil Fields Limited	129,000	705,900	-	110,350	724,550	381,753	430,571	48,818	4.3%	4.8%	0.3%
Oil & Gas Development Company Limited	1,602,500	2,657,000	-	1,072,900	3,186,600	464,982	518,747	53,765	5.2%	5.7%	0.1%
Pakistan Petroleum Limited	2,623,900	1,046,800	-	1,158,100	2,512,600	396,585	517,369	120,784	5.2%	5.7%	0.1%
						1,243,767	1,467,093	223,326	14.7%	16.2%	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

Name of the investee company	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sold during the period	As at December 31, 2017	As at December 31, 2017			Market value as a percentage of		Holding as a percentage of Paid up capital of the investee
						Carrying Value	Market value as at December 31, 2017	Appreciation / (Diminution)	Net assets	Total investment s	
No. of shares						Rupees in '000			%		
Oil and Gas Marketing Companies											
Haseco Petroleum Limited	-	113,200	22,640	-	135,840	36,225	33,558	(2,667)	0.3%	0.4%	0.1%
Attock Petroleum Limited	2,150	-	-	-	2,150	1,347	1,125	(222)	-	-	-
Hi-Tech Lubricants Limited	162,300	170,800	-	50,000	283,100	30,257	20,100	(10,157)	0.2%	0.2%	0.2%
Pakistan State Oil Company Limited	600	350,000	-	350,600	-	-	-	-	-	-	-
Shell Pakistan Limited	22,200	-	-	-	22,200	12,773	6,819	(5,954)	0.1%	0.1%	0.0%
Sui Northern Gas Pipelines Limited	1,902,500	3,134,300	-	5,036,800	-	-	-	-	-	-	-
** Sui Southern Gas Company Limited **	-	2,784,500	-	2,775,000	9,500	366	289	(77)	-	-	-
						80,968	61,891	(19,077)	0.6%	0.7%	0.3%
Paper and Board											
Cherat Packaging Limited	301,100	-	40,649	-	341,749	76,677	68,008	(8,669)	0.7%	0.8%	1.0%
						76,677	68,008	(8,669)	0.7%	0.8%	1.0%
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	14,300	-	-	12,850	1,450	1,355	1,012	(343)	-	-	-
GlaxoSmithKline Pakistan Limited	32,300	-	-	32,300	-	-	-	-	-	-	-
						1,355	1,012	(343)	-	-	-
Power Generation & Distribution											
* Hub Power Company Limited *	4,141,500	594,800	-	1,759,100	2,977,200	349,048	270,925	(78,123)	2.7%	3.0%	0.3%
K-Electric Limited (Par Value: Rs 3.5)	11,295,000	3,200,000	-	14,495,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited	33,500	150,000	-	183,500	-	-	-	-	-	-	-
** Nishat Power Limited **	358,500	-	-	358,500	-	-	-	-	-	-	-
						349,048	270,925	(78,123)	2.7%	3.0%	0.3%
Refinery											
Attock Refinery Limited	296,100	418,400	-	328,100	386,400	137,315	90,464	(46,851)	0.9%	1.0%	0.5%
						137,315	90,464	(46,851)	0.9%	1.0%	
Technology and Communication											
NetSol Technologies Limited	1,168,000	-	-	238,500	929,500	53,753	58,884	5,131	0.6%	0.7%	1.0%
Systems Limited	-	2,500	-	-	2,500	187	185	(2)	-	-	-
Hum Network Limited (Par Value: Re 1)	-	10,050,000	-	-	10,050,000	85,777	82,108	(3,669)	0.8%	0.9%	1.1%
						139,717	141,177	1,460	1.4%	1.6%	
Textile Composite											
Kohinoor Textiles Mills Limited	250,000	1,408,700	90,078	157,400	1,591,378	156,707	105,429	(51,278)	1.1%	1.2%	0.5%
Gul Ahmed Textile Mills Limited	1,429,900	1,370,500	-	21,500	2,778,900	110,547	103,042	(7,505)	1.0%	1.1%	0.8%
** Nishat Chunian Limited **	2,014,500	-	-	2,014,500	-	-	-	-	-	-	-
** Nishat Mills Limited **	200	2,018,100	-	43,700	1,974,600	283,701	295,202	11,501	3.0%	3.3%	0.6%
						550,955	503,673	(47,282)	5.0%	5.6%	-
Total as at December 31, 2017						8,045,571	7,672,481	(373,090)	77%	85%	-
Total as at June 30, 2017						7,657,790	7,481,528	(176,262)	64%	76%	-

## 5.2 Government securities - at fair value through profit or loss - held for trading

Tenor	Face value				Balance as at December 31, 2017			Market value as percentage of net assets	Market value as percentage of total investments
	As at July 01, 2017	Purchases during the year	Sold / matured during the year	As at December 31, 2017	Cost	Market value	Appreciation / (diminution)		
	Rupees in '000'							%	%
6 Months	-	1,036,675	1,036,675	-	-	-	-	-	-
3 Months	-	6,547,000	6,547,000	-	-	-	-	-	-
<b>Total as at December 31, 2017</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total as at June 30, 2017</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Note	December 31, 2017 (Un-Audited) -----Rupees in '000-----	June 30, 2017 (Audited)
<b>5.3 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss-net</b>			
Market value of securities	5.1	7,672,481	7,481,528
Less: Carrying value of securities	5.1	<u>(8,045,571)</u>	<u>(7,657,790)</u>
		<u>(373,090)</u>	<u>(176,262)</u>

#### 5.4 Listed equity securities - Available for sale

All shares have a nominal value of Rs.10 each except as stated otherwise.

Name of the investee company	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sold during the period	As at December 31, 2017	As at December 31, 2017			Market value as a percentage of		Holding as a percentage of Paid up capital of the investee
						Carrying Value	Market value as at December 31, 2017	Appreciation / (Diminution)	Net assets	Total investments	
No. of shares						Rupees in '000			%		
<b>Automobile Assembler</b>											
Indus Motor Company Limited	4,150	-	-	3,440	710	1,106	1,193	87	-	-	-
						1,106	1,193	87	-	-	
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	598,500	-	-	-	598,500	28,423	28,423	-	-	-	-
						28,423	28,423	-	-	-	
<b>Cement</b>											
Lucky Cement Limited	290,100	-	-	-	290,100	162,834	150,101	(12,733)	1.5%	1.7%	-
Cherat Cement Company Limited	1,394,200	-	-	1,394,200	-	-	-	-	-	-	-
						162,834	150,101	(12,733)	1.5%	1.7%	
<b>Chemicals</b>											
Archroma Pakistan Limited	5,050	-	-	-	5,050	2,966	2,671	(295)	-	-	-
I.C.I. Pakistan Limited	108,800	-	-	44,800	64,000	27,072	49,149	22,077	0.5%	0.5%	-
						30,038	51,820	21,782	0.5%	0.5%	
<b>Commercial Banks</b>											
United Bank Limited	1,237,100	-	-	1,237,100	-	-	-	-	-	-	-
Meezan Bank Limited	92,000	-	5,520	-	97,520	5,208	6,544	1,336	0.1%	0.1%	-
						5,208	6,544	1,336	0.1%	0.1%	
<b>Engineering</b>											
Mughal Iron And Steel Industries Limited **	11,760	-	-	-	11,760	683	683	-	-	-	-
						683	683	-	-	-	
<b>Food And Personal Care Products</b>											
Al-Shaheer Corporation Limited	10,455	-	-	-	10,455	232	232	-	-	-	-
						232	232	-	-	-	
<b>Oil and Gas Exploration Companies</b>											
Oil & Gas Development Company Limited *	968,800	-	-	-	968,800	144,649	157,711	13,062	1.6%	1.7%	-
Pakistan Oilfields Limited	466,600	-	-	-	466,600	156,706	277,282	120,576	2.8%	3.1%	-
Mari Petroleum Company Limited	215,670	-	-	-	215,670	170,203	312,909	142,706	3.1%	3.5%	-
						471,558	747,902	276,344	7.5%	8.3%	
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	108,400	-	-	-	108,400	75,167	75,621	454	0.8%	0.8%	-
The Searle Company Limited	4,617	-	923	-	5,540	1,250	1,744	494	-	-	-
						76,417	77,365	948	0.8%	0.8%	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

Name of the investee company	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sold during the period	As at December 31, 2017	As at December 31, 2017			Market value as a percentage of		Holding as a percentage of Paid up capital of the investee
						Carrying Value	Market value as at December 31, 2017	Appreciation / (Diminution)	Net assets	Total investments	
No. of shares						Rupees in '000			%		
Power Generation & Distribution											
Hub Power Company Limited	1,872,400	-	-	-	1,872,400	170,388	170,388	-	1.7%	1.9%	-
K- Electric( Par value Rs.3.5)	9,550,500	-	-	9,550,500	-	-	-	-	-	-	-
Pakgen Power Limited **	15,500	-	-	-	15,500	313	343	30	-	-	-
Altern Energy Limited	327,000	-	-	-	327,000	11,844	14,068	2,224	0.1%	0.2%	-
						182,545	184,799	2,254	1.9%	2.0%	
Technology and Communication											
Systems Limited	750	-	-	-	750	39	55	16	-	-	-
NetSol Technologies Limited	671,000	-	-	-	671,000	35,781	42,508	6,727	0.4%	0.5%	0.7%
						35,820	42,563	6,743	0.4%	0.5%	
Textile Composite											
Kohinoor Textile Mills Limited	939,000	-	56,340	-	995,340	78,870	65,941	(12,929)	0.7%	0.7%	-
Nishat Chunian Limited **	2,075,000	-	-	2,075,000	-	-	-	-	-	-	-
						78,870	65,941	(12,929)	0.7%	0.7%	
Total as at December 31, 2017						1,073,734	1,357,566	283,832	14%	15%	
Total as at June 30, 2017						1,711,927	2,327,996	616,069	20.0%	23.7%	

\* The above include 1,000,000 shares of Oil and Gas Development Company Limited and 2,000,000 shares of Hub Power Company Limited with a market value of Rs. 162.79 million and Rs. 182 million (June 30, 2017: 1,000,000 shares of Hub Power Company Limited and 1,000,000 shares of Oil and Gas Development Company Limited with a market value of Rs 117.430 million and Rs 140.690 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

\*\* These represent transactions with related parties.

Note: Scripts of companies in which the Fund as at December 31, 2017 holds a position and percentages of which are appearing in the above tables above as Nil, are due to rounding-off.

5.5	Unrealized appreciation on remeasurement of investments classified as available-for-sale - net	Note	December 31, 2017 (Un-Audited) -----Rupees in '000-----	June 30, 2017 (Audited)
	Market value of investments	5.4	1,357,566	2,327,996
	Cost/ carrying amount of investments	5.4	<u>1,073,734</u>	<u>(1,711,927)</u>
			283,832	616,069
	Less: Net unrealized appreciation in the value of investments classified as 'available for sale' at beginning of the period		(616,069)	(423,508)
	Unrealised appreciation / (diminution) in value of available for sale investments reclassified to income statement from other comprehensive income - consider as impaired		<u>-</u>	<u>-</u>
			(332,237)	192,561

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

- 5.6** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at a rate of 5 percent value of the bonus shares declared by the company. In accordance with the requirement of the Ordinance, these shares shall only be released to a shareholder if the company collects from the shareholder tax equal to 5 percent of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because the CISs are exempt from deduction of income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by the CISs. A stay order has been granted by the High Court of Sindh in favour of the CISs.

As at December 31, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Names of the Company	December 31, 2017		June 30, 2017	
	Bonus Shares		Bonus Shares	
	Number	Market value	Number	Market value
Rupees in '000				
Al Shaheer Corporation Limited	10,455	232,310	10,455	419,350
Mughal Iron and Steel Industries Limited	11,760	683,256	11,760	949,385
The Searle Company Limited	5,086	1,601,378	4,235	2,168,235
	<b>27,301</b>	<b>2,516,944</b>	<b>26,450</b>	<b>3,536,970</b>

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

## **6 DIVIDEND AND PROFIT RECEIVABLE**

Dividend receivable	36,241	22,556
Profit receivable on bank balances	3,523	2,950
	<b>39,764</b>	<b>25,506</b>

## **7 ADVANCES AND SECURITY DEPOSITS**

Advance tax	4,127	3,997
Security deposits with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposits with Central Depository Company of Pakistan Limited	500	500
Others	345	314
	<b>7,472</b>	<b>7,311</b>

## **8 PAYABLE TO THE MANAGEMENT COMPANY**

Management remuneration payable	8.1	15,968	19,427
Sindh Sales Tax payable on Management Company's remuneration	8.2	2,076	2,526
Sales load payable		328	1,635
Payable against allocated expenses	8.3	798	971
Payable against marketing and selling expense	8.4	9,688	13,338
		<b>28,858</b>	<b>37,897</b>

- 8.1** The Management Company has charged remuneration at the rate of 2% per annum based on average net assets for the period. The remuneration is paid to the Management Company on a monthly basis in arrears.



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

- 8.2** During the period, Sindh Sales Tax on management remuneration has been charged at 13% (June 30, 2017: 13%).
- 8.3** In accordance with the Regulation 60 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company has charged expenses at the rate of 0.1% of the average net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.
- 8.4** SECP vide a circular no.40 SCD/PRDD/ Circular/361/2016 dated December 30, 2016, allowed the Asset Management Companies to charge selling and marketing expenses to open end equity, asset allocation and index funds, initially for three years (from January 1, 2017 till December 31, 2019). Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged at the rate of 0.4% of net assets of the Fund, being lower than the actual expenses incurred.

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		-----Rupees in '000-----	
Provision for Sindh Workers' Welfare Fund	9.1	57,875	57,875
Federal Excise Duty payable on management remuneration	9.2	54,774	54,774
Federal Excise Duty payable on Sales load	9.2	3,933	3,933
Unclaimed dividends		9,838	9,838
Brokerage payable		6,824	21,266
Auditors' remuneration		460	579
Withholding tax payable		1,201	3,497
Printing and related charges payable		90	334
Zakat		1	10
Sales load payable		1	351
Others		2,863	2,136
		<u>137,860</u>	<u>154,593</u>

- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP as a matter of abundant caution had recommended provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). Furthermore, during the period covered in this condensed interim financial information, no progress on the said matter has been made.

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, 2017 would have been higher by Re 0.5277 per unit (June 30, 2017: Re. 0.5101 per unit).

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

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



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till June 30, 2016 amounting to Rs 58.707 million (June 30, 2017: Rs 58.707 million) is being retained in the condensed interim financial information of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2017 would have been higher by Re 0.5353 per unit (June 30, 2017: Re 0.5175 per unit).

### 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the December 31, 2017 and June 30, 2017.

### 11 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed on the condensed interim Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period / year end.

### 12 TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund for the period ended December 31, 2017 is 1.78% which includes 0.19% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations.

### 13 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Fund has incurred losses during the period, and no provision for taxation has been made in this condensed interim financial information.

### 14 (LOSSES) / EARNINGS PER UNIT

(Losses) / Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

### 15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 15.1** Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, Central Depository Company of Pakistan Limited (CDC) (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more capital of the Management Company or net assets of the Fund and directors, key management personnel and officers of the Management Company.
- 15.2** Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 15.3** Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.
- 15.4** The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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

### Unit Holder's Fund Movement

December 31, 2017								
	As at July 01, 2017	Issued for cash / conversion	Redeemed / Conversion	As at December 31, 2017	As at July 01, 2017	Issued for cash / Conversion	Redeemed / Conversion	Amount Outstanding as at
	(units)				(Rupees in '000)			
<b>MCB-Arif Habib Savings and Investment Limited- Management Company</b>	2,782,581	557,576	976,209	2,363,948	285,219	49,672	90,000	215,137
<b>Associated companies / undertakings</b>								
Nishat Power Limited Employees Provident Fund Trust - Retirement benefit scheme of group company	11,625	12,101	14,453	9,273	1,192	1,107	1,299	844
Adamjee Insurance Company Limited Employees Gratuity Fund	117,589	187,806	240,088	65,307	12,053	17,980	22,521	5,943
Adamjee Life Assurance Company Limited - IMF	16,932,999	3,742,621	436,214	20,239,406	1,735,661	355,000	45,000	1,841,940
Adamjee Life Assurance Company Limited.-NUIL	1,515,637	-	-	1,515,637	155,355	-	-	137,934
Adamjee Insurance Company Limited Employees Provident-Fund Trust	225,797	362,997	460,760	128,034	23,145	34,736	43,205	11,652
Adamjee Life Assurance Company Limited - ISF	412,198	945,583	484,683	873,098	42,251	95,000	50,000	79,459
Adamjee Life Assurance Company Limited -ISF II	363,704	188,405	552,109	-	37,500	17,700	52,102	-
D.G. Khan Cement Company Limited Employees Provident Fund Trust	145,730	53,535	-	199,265	14,938	5,000	-	18,135
Nishat Mills Employees Provident Fund Trust	-	5,116,684	2,665,621	2,451,063	-	495,000	257,000	223,065
<b>Directors and executives of the Management Company</b>	134,001	106,367	70,506	169,862	13,735	9,761	6,432	15,459
<b>Mandate Under Discretionary Portfolio Services</b>	10,722,140	7,297,653	11,165,188	6,854,605	1,099,037	697,639	1,067,126	623,821

December 31, 2016								
	As at July 01, 2016	Issued for cash / conversion	Redeemed / Conversion	As at December 31, 2016	As at July 01, 2016	Issued for cash / Conversion	Redeemed / Conversion	Amount Outstanding as at
	(units)				(Rupees in '000)			
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>	1,922,136	1,283,161	767,422	2,437,875	167,399	133,011	75,000	273,408
<b>Associated Companies</b>								
Adamjee life Assurance Company Limited - NUIL Fund	2,263,530	427,031	1,094,678	1,595,883	197,131	40,000	110,000	178,978
Adamjee life Assurance Company Limited - IMF	15,627,429	1,702,583	2,120,524	15,209,488	1,360,993	160,000	215,000	,705,744
D.G. Khan Cement Company Limited Employees Provident	132,411	-	-	132,411	11,532	-	-	14,850
<b>Directors and executives of the Management Company</b>	143,025	75,920	103,471	115,474	12,456	7,552	10,676	12,950
<b>Mandate under discretionary portfolio services</b>	4,031,484	3,982,148	3,501,996	4,511,636	351,102	395,272	341,675	505,980

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

Other Transactions	Half Year ended December 31, 2017	Half Year ended December 31, 2016
	-----Rupees in '000-----	
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of the Management Company including indirect taxes	115,936	104,280
Payment of conversion cost	-	545
Marketing and Selling expense	20,519	-
Allocated Expenses	5,797	5,214
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the trustee including indirect taxes	6,366	5,783
CDS charges	1,119	654
<b>Arif Habib Capital Limited</b>		
Brokerage expense*	1,456	1,746
<b>Next Capital Limited</b>		
Brokerage expense*	1,793	1,588
<b>MCB Bank Limited</b>		
Bank charges	46	59
Mark-up income	341	200
Dividend income	12,358	-
<b>Silk Bank Limited</b>		
Purchase of securities Face Value:750,000,000 ( 2016: Nil)	741,268	-
Sale of securities Face Value:750,000,000 (2016: Nil)	743,582	-
<b>D.G Khan Cement Company Limited</b>		
Dividend income	-	3,529
<b>Nishat Mills Limited</b>		
Dividend income	10,092	10,205
<b>Nishat Chunian Limited</b>		
Dividend income	495	14,964
<b>Lalpir Power Limited</b>		
Dividend income	-	2,101
<b>Fatima Fertilizer Company Limited</b>		
Dividend income	-	232
<b>Mughal Iron and Steel Industries Limited</b>		
Dividend income	1,225	5,744
<b>Pakgen Power Limited</b>		
Dividend income	16	5,318

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### 15.6 Details of balances with related parties / connected persons as at the period end

	(Unaudited) Half year ended December 31, 2017	(Audited) Year ended June 30, 2017
	-----Rupees in '000-----	
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>		
Remuneration payable	15,968	19,427
Sindh Sales Tax payable on management remuneration	2,076	2,526
Sales load payable including related taxes	328	1,635
Payable against allocated expense	798	971
Payable against marketing and selling expenses	9,688	13,338
 <b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	500	500
Trustee remuneration payable	885	1,055
Sindh Sales Tax payable on trustee remuneration	115	137
 <b>MCB Bank Limited</b>		
Balance with bank	46,844	3,280
Profit receivable on bank balances	43	51
Sales load payable	1	351
 <b>* Next Capital Limited</b>		
Brokerage payable	683	1,523
 <b>* Arif Habib Limited</b>		
Brokerage payable	250	1,817

### 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the stock exchange.
- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.
- Fair value of future contracts are determined on the basis of closing market prices quoted on the stock exchange.
- The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

#### 16.1 Fair value hierarchy

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

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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

As at December 31, 2017, the Fund held the following financial instruments measured at fair value:

As at December 31, 2017, the Fund held the following financial instruments measured at fair value:

	----- As at December 31, 2017 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000-----			
<b>ASSETS</b>				
Investment - financial assets 'at fair value through profit or loss'				
- Listed equity securities	7,672,481	-	-	7,672,481
Investment - available for sale				
- Listed equity securities	1,357,566	-	-	1,357,566
	----- As at June 30, 2017 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000-----			
<b>ASSETS</b>				
Investment - financial assets 'at fair value through profit or loss'				
- Listed equity securities	7,481,528	-	-	7,481,528
Investment - available for sale				
- Listed equity securities	2,327,996	-	-	2,327,996

## 17 GENERAL

- 17.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policy as disclosed in note 3.2.
- 17.2 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been subject to limited scope review by the statutory auditors of the Fund.
- 17.3 Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

## 18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company in the meeting held on February 23, 2018.

**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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