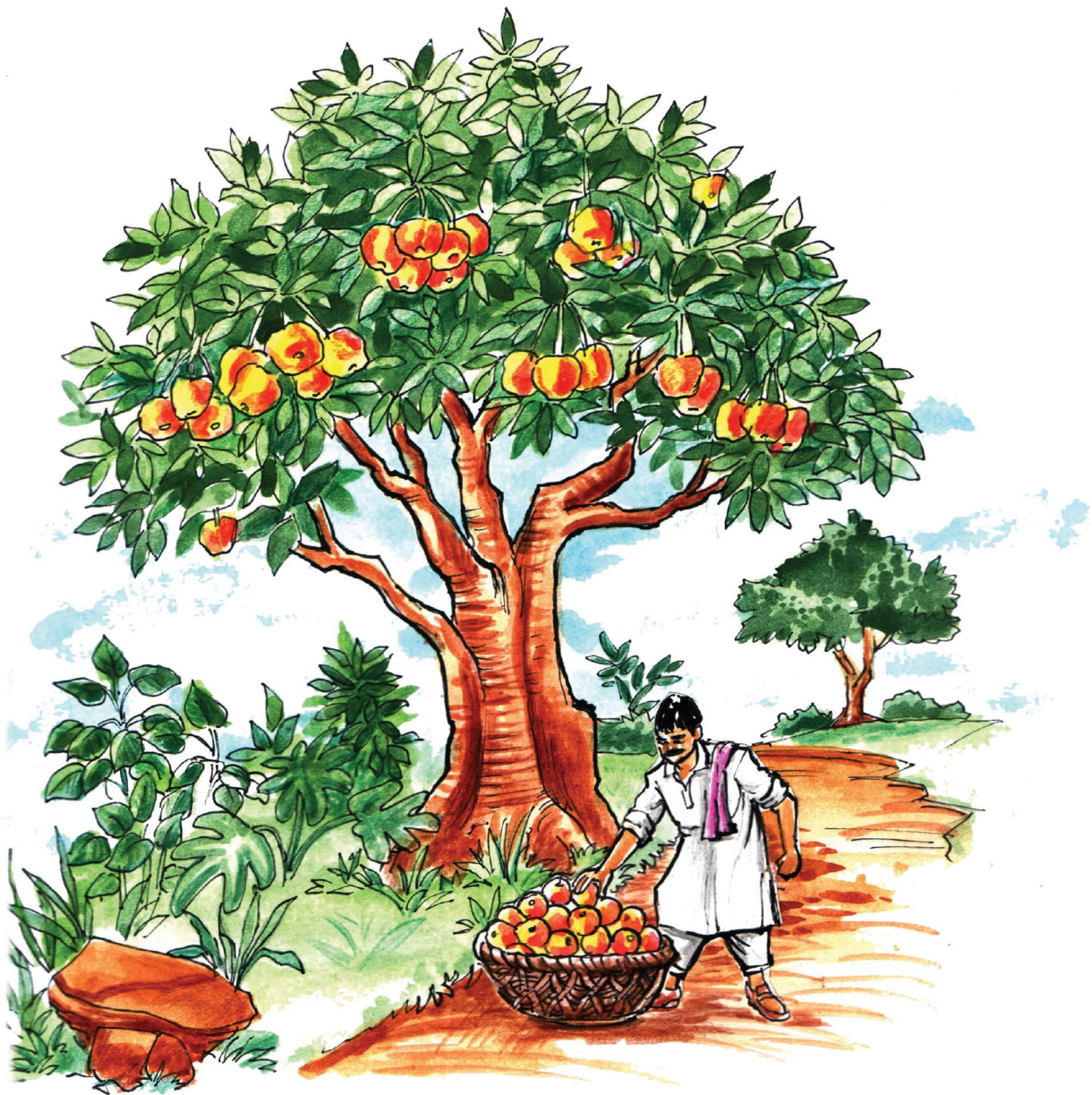


Quarterly Report
March 31, 2016
(Unaudited)



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

MCB PAKISTAN ASSET ALLOCATION FUND
(FORMERLY: MCB DYNAMIC ALLOCATION FUND)

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, 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 Mahmood Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
Company Secretary & Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Bank Al Falah Limited NIB Bank Limited Faysal Bank Limited United Bank Limited Standard Chartered Bank (Pakistan) Limited	
Auditors	KPMG Taseer Haidi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75560	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
Rating	AM2 + Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTH AND QUARTER ENDED MARCH 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Pakistan Asset Allocation Fund (Formerly: MCB Dynamic Allocation Fund) accounts review for the nine months ended March 31st, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut lead by weaker global demand, increase inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill.

Inflation continued to remain on the lower side supported by a dip in transportation charges, with its trickledown effect on food inflation. However, it is pertinent to note that the inflation has started to increase largely induced by withering of low base effect evident from 3QFY16 average of 3.76%, against 1HFY16 average of 2.06%. As the outlook of crude oil prices remains bearish, the inflation is expected to average below 3% for the year.

External account continued to show stability triggered by narrower current account and stable financial flows. Petroleum Group Imports during the 8MFY16 reduced by approximately \$3.5 billion (down 40%) compared to 8mFY15. However, the savings in oil weren't visible in the current account position as it reduced by meager 4.5%. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity vs competitors pushed exports down by 9.9% in 8MFY16. On the other hand, import bill worsened due to higher import of machinery for power and infrastructure while significantly lower cotton production also had to be filled with imports. Remittances remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Overall Balance of payment account however remained in surplus of near USD 1.04 billion due to improved multilateral flows.

Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 20.5 billion along with strict vigilance of SBP kept the rupee relatively stable.

M2 growth gained traction with FY16TD growth of 5.27%. Net Domestic Assets, supported by continual net government borrowing, increased by PKR 472 billion whereas Net Foreign Assets contributed PKR 114 billion.

State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuk (near Rs. 300 Billion) and potential rollover risk on upcoming maturity of PIBs worth PKR 1.4 trillion.

EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index retreated 3.7% during 9MFY16 as it could not bear the brunt of the rout in commodities and exodus of foreign investors from global equities. However, there was a marginal recovery posted by the index during 3QFY16, posting a gain of 1.0%. Foreigners selling remained unabated, dumping USD 99 million worth of equities during the third quarter, which took the net selling for 9MFY16 to USD 340 million. The selling during the period was primarily absorbed by NBFCs (USD 107.7 million), Companies (USD 98.0 million), and Individuals (USD 85.3 million), buying a cumulative USD 291 million worth of equities.

Cement sector outshined during the quarter, posting a gain of 12.5% on the back of robust local demand and ever increasing margins. Furthermore, excitement over the potential growth from CPEC lead activities kept the sector in limelight. FrieslandCampina International intention to acquire Engro Foods was the highlighting point of the quarter, which led to improved investor sentiments in the local bourse. As a result, Engro Foods rallied by 23%, while its parent company (Engro Corporation) gained 13% after the news. However, barring Engro Corporation performance, fertilizer sector remained in doldrums, losing 13% of its market capitalization during the quarter. Concerns on the pricing power of the fertilizer sector emerged after international prices went below the local prices for the first time. Commercial banks also heavily underperformed, losing 7.6% during the period, after concerns emerged on further monetary easing along with slow advances growth, as the central bank asserted on borrowing from foreign sources for CPEC related projects.

The trend of the general market is expected to remain buoyant, as news flow on up-gradation of Pakistani market from Frontier to Emerging status is expected to bring fresh flows to the local market. The KSE-100 index trades at a forward P/E ratio of 9.8x against regional P/E ratio of 14.6x (33% discount) and provides a dividend yield of 6.1%. Possible re-entry into the emerging market index remains a key catalyst and can result in re-rating of the index.

REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTH AND QUARTER ENDED MARCH 31, 2016

FUND PERFORMANCE

The fund posted a return of -0.24% during the period under review while since inception return of fund stood at 63.33%. The fund's exposure in equity was around 26.7% by the end of nine months this fiscal year. The fund has remained focused on maintaining a balance between defensive high yielding and growth stocks.

On the fixed income side, the fund has increased T-Bill exposure to 18.7% from 16.8% while the exposure in PIBs was decreased to 26.7% from 32.5%.

The Net Assets of the Fund as at March 31, 2016 stood at Rs.3,080 million as compared to Rs.2640 million as at June 30, 2015 registering an increase of 16.66%.

The Net Asset Value (NAV) per unit as at March 31, 2016 was Rs.77.1929 as compared to opening NAV of Rs.77.3785 per unit as at June 30, 2015 registering a decrease of Rs.0.1856 per unit.

FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with Iran having ample ability to pump more crude, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 3% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.5%-5.0% thus a stable monetary policy environment with potential for slight easing subject to stability in external flows looks likely.

Fiscal deficit is expected to remain within target and economic growth seems achievable with enough room for the government to bring required structural changes in the economy.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year.


Although, remittances have shown resilience but potential threat is present if any trouble of gulf economies is passed on to labor markets. Similarly, the incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

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
April 18, 2016

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2016

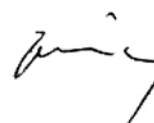
	Note	31 March 2016 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
Assets			
Balances with banks	6	619,194	252,325
Investments	7	2,452,367	2,366,195
Fair value of derivative asset		-	1,257
Dividend and profit receivables		35,907	52,117
Receivable against sale of investment		52,200	-
Advances, deposits and prepayments		4,443	4,124
Receivable from National Clearing Company of Pakistan Limited		15,420	41,067
Total assets		3,179,531	2,717,085
Liabilities			
Payable to the Management Company		9,517	14,736
Payable to Central Depository of Pakistan Limited - Trustee		394	297
Payable to Securities and Exchange Commission of Pakistan		2,281	1,326
Fair value of derivative liability		360	-
Payable against purchase of investment		38,123	-
Payable against redemption of units		41	41
Accrued expenses and other liabilities	10	48,456	60,984
Total liabilities		99,172	77,384
Net assets		3,080,359	2,639,701
Unit holders' fund (as per statement attached)		3,080,359	2,639,701
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue (face value of units is Rs. 50 each)		39,904,673	34,114,128
		(Rupees)	
Net asset value per unit		77.1929	77.3785

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



 Chief Executive Officer

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



 Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND THE QUARTER ENDED 31 MARCH 2016

		Nine months ended		Quarter ended	
	Note	31 March 2016	31 March 2015	31 March 2016	31 March 2015
----- (Rupees in '000) -----					
Income					
Capital (loss) / gain on sale of investments		(66,669)	103,566	(50,605)	65,487
Dividend income		42,237	12,163	13,677	8,098
Profit on bank deposits		26,365	15,039	10,977	5,902
Income from government securities		103,552	35,317	33,393	13,182
Income from term finance certificates		2,831	2,260	2,374	735
Income from spread transactions		1,105	-	121	-
Other Income		13	19	4	8
		109,434	168,364	9,941	93,412
Net unrealised (diminution) / appreciation in the fair value of future contracts		(360)	-	2,786	
Provision for impairment of equity securities classified as available for sale		(17,592)	-	-	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'		114	5,505	(875)	(17,281)
Total income		91,596	173,869	11,852	76,131
Expenses					
Remuneration of the Management Company		48,019	15,445	15,844	6,913
Sindh Sales tax and Federal Excise Duty on Management Fee		15,481	5,159	5,108	2,309
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,198	1,266	1,041	519
Sindh Sales tax on remuneration of Trustee	8	396	177	146	73
Annual fee to Securities and Exchange Commission of Pakistan		2,281	734	753	329
Auditor's remuneration		646	522	102	155
Allocated expenses	9	1,268	-	893	-
Brokerage and settlement charges		3,556	4,675	1,194	1,382
Other expenses		916	403	296	162
Total operating expenses		75,761	28,381	25,377	11,842
Net income from operating activities		15,835	145,488	(13,525)	64,289
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed					
-from realized / unrealized capital gain / (loss)		9,998	60,480	(13,630)	51,603
-from other income		(9,155)	40,042	11,916	35,879
		843	100,522	(1,714)	87,482
Provision for workers' welfare fund	10.2	-	(4,920)	-	(3,036)
Net income / (loss) for the period before taxation		16,678	241,090	(15,239)	148,735
Taxation	12	-	-	-	-
Net income / (loss) for the period after tax		16,678	241,090	(15,239)	148,735
Earnings per unit	13				

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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




Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND THE QUARTER ENDED 31 MARCH 2016**

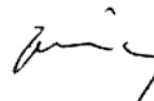
	Nine months ended		Quarter ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	16,678	241,090	(15,239)	148,735
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to income statement</i>				
Surplus / (Deficit) on revaluation of investments classified as 'available for sale' transferred to income statement on disposal	2,961	-	(1,132)	-
Unrealised (diminution) / appreciation in investments classified as 'available for sale'	(32,224)	(12,221)	21,545	(20,326)
Impairment loss arising in the current year on available for sale investments transferred to the Income Statement (recognised in Statement of Comprehensive Income in previous years)	1,632	-	-	-
Total comprehensive (loss) / income for the	(10,953)	228,869	5,174	128,409

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND THE QUARTER ENDED 31 MARCH 2016**

	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	----- (Rupees in '000) -----			
Accumulated loss brought forward	(770,383)	(304,929)	(1,009,283)	(287,071)
Total comprehensive (loss) / income for the period	(10,953)	228,869	5,174	128,412
Element of loss and capital losses included in the prices of units issued less those in units redeemed - amount representing unrealized (diminution) / appreciation	(127,441)	(307,196)	95,332	(224,597)
Accumulated loss carried forward	(908,777)	(383,256)	(908,777)	(383,256)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND THE QUARTER ENDED 31 MARCH 2016

	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Rupees in '000)			
Net assets at beginning of the period	2,639,701	779,117	3,382,679	1,095,638
Issue of 27,301,914 (2015: 9,630,118) units and 2,534,945 (2015: 14,259,272) units for the nine months and quarter respectively	2,101,756	1,154,243	180,138	803,268
Redemption of 21,511,369 (2015: 1,210,422) units and 6,563,216 (2015: 2,225,838) units for the nine months and quarter respectively	(1,649,302)	(221,615)	(489,346)	(99,744)
	452,454	932,628	(309,208)	703,524
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	(9,998)	(60,481)	13,630	(51,604)
-from realized / unrealized capital (gain) / loss	9,155	(40,042)	(11,916)	(35,879)
-from other income				
- amount representing (income) / loss and capital losses / (gains) transferred to distribution statement	127,441	307,196	(95,332)	224,597
	126,598	206,673	(93,618)	137,114
Element of (loss) / gain and capital (losses) / gains that forms part of unit holders' fund transferred to distribution statement	(127,441)	(307,196)	95,332	(224,597)
Net income for the period (excluding net unrealized appreciation in fair value of investment classified at 'fair value through profit or loss', future contracts and capital gain on sale of investment)	88,931	132,018	36,214	100,528
Net unrealised appreciation / (diminution) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	114	5,505	(875)	(17,281)
Unrealised (diminution) / appreciation in investments classified as 'available for sale'	(32,224)	(12,221)	21,545	(20,323)
Capital (loss) / gain on sale of investments - net	(67,774)	103,567	(51,710)	65,488
Total comprehensive income for the period.	(10,953)	228,869	5,174	128,412
Distribution during the period	-	-	-	-
Net assets at the end of the period	3,080,359	1,840,091	3,080,359	1,840,091
Net assets value per unit at beginning of the period	77.3785	77.3800	77.0000	73.8600
Net assets value per unit at end of the period	77.1929	77.0000	77.1929	77.0000

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND THE QUARTER ENDED 31 MARCH 2016

	Nine months ended		Quarter ended	
Note	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	16,678	241,090	(15,239)	148,735
Adjustments for non-cash charges and other items:				
Dividend income	(42,237)	(12,163)	(13,677)	(8,098)
Net unrealised diminution / (appreciation) in the fair value of future contracts	360	-	(2,786)	-
Net unrealised (appreciation) / diminution on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	(114)	(5,505)	875	17,281
Provision for impairment of equity securities classified as available for sale	17,592	-	-	-
Element of income and capital gains included in the prices of units issued less those in units redeemed				
-from realized / unrealized capital (gain) / loss	(9,998)	(60,480)	13,630	(51,603)
-from other income	9,155	(40,042)	(11,916)	(35,879)
Net cash (used in) / generated from operations before working capital changes	(6,878)	122,900	(29,113)	70,436
(Increase) / decrease in assets				
Investments - net	(134,238)	(1,147,221)	(92,115)	(816,036)
Receivable against sale of investment	(52,200)	142,712	(47,237)	2,704
Fair value of derivative asset	1,257	-	-	-
Profit and other receivable	25,860	10,031	9,050	16,047
Advances and deposits	(319)	11,068	121,108	32
Receivable from National Clearing Company of Pakistan Limited	25,647	(30,901)	28,836	(37,866)
	(133,993)	(1,014,311)	203,872	(835,119)
Increase / (decrease) in liabilities				
Payable to the Management Company	(5,219)	18,604	(5,452)	16,604
Payable to Central Depository Company of Pakistan Limited - Trustee	97	109	(35)	64
Payable to Securities and Exchange Commission of Pakistan	955	104	753	329
Fair value of Derivative Liability	360	(10)	(1,528)	-
Payable against purchase of investment	38,123	163,619	36,285	136,587
Payable against redemption of units	-	19,429	-	19,388
Accrued expenses and other liabilities	(12,528)	37,964	3,722	33,879
	21,788	239,819	33,745	206,851
Dividend income received	35,184	4,107	6,821	465
Net cash (used in) / generated from operating activities	(85,585)	(647,485)	215,325	(557,367)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	2,101,756	1,154,243	180,138	803,268
Payments against redemption of units	(1,649,302)	(221,615)	(489,346)	(99,744)
Distribution during the period	-	-	-	-
Net cash generated / (used in) from financing activities	452,454	932,628	(309,208)	703,524
Net increase / (decrease) in cash and cash	366,869	285,143	(93,883)	146,157
Cash and cash equivalents at beginning of the period	252,325	96,667	713,077	235,653
Cash and cash equivalents at end of the period	619,194	381,810	619,194	381,810

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND THE QUARTER ENDED 31 MARCH 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Asset Allocation Fund (the Fund) (formerly: MCB Dynamic Allocation Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2007 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on 17 December 2007. It was constituted under a Trust Deed dated 22 November 2007 between MCB Asset Management Company Limited (MCB-AMC) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

Pursuant to merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company has been changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is currently situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT interchange, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange. (Formerly listed on the Lahore Stock Exchange).

Under circular 7 dated 6 March 2009 issued by the SECP, the Fund is categorised as an Asset Allocation Scheme. The Management Company is in the process of making requisite amendments in relation to categorisation, investment objectives and relevant benchmark in the constitutive documents of the Fund.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of 'AM2+' (stable outlook) to the Management Company and has assigned a "5-Star" to the Fund.

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 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2015.

The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2016 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2015, whereas the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine month ended 31 March 2015.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

2.2 The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

2.3 This condensed interim financial information has been prepared on the basis of historical cost convention except that investments have been included at fair value.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the half year ended 31 December 2015.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2015.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2015.

	31 March 2016 (Unaudited)	30 June 2015 (Audited)
	(Rupees in '000)	
Current accounts	2,303	4,925
Saving accounts	616,891	247,400
6.1	619,194	252,325

6.1 These carry mark-up at rates ranging from 4% to 7% per annum (30 June 2015: 4.5% to 9.90% per annum).

7. INVESTMENTS

	31 March 2016 (Unaudited)	30 June 2015 (Audited)
	(Rupees in '000)	
7.1 Held for trading investments		
Listed equity securities	7.1.1 31,420	281,708
Listed debt securities	7.1.3 135,600	10,007
Government Securities	7.1.4 595,641	522,200
	762,661	813,915
7.2 Available for sale investments		
Listed equity securities	7.2.1 842,086	733,205
Government Securities	7.2.2 847,620	819,075
	1,689,706	1,552,280
	2,452,367	2,366,195

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

7.1 Held for trading investments

7.1.1 Listed equity securities

Name of investee company	As at 1 July 2015	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 March 2016	Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
(Number of shares)											
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.											
Refinery											
Attock Refinery Limited	-	158,500	-	158,500	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	76,700	175,500	-	189,700	62,500	7,955	7,153	(802)	0.23%	0.29%	0.00%
Pakistan Oilfields Limited	-	5,900	-	5,900	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	18,000	154,000	-	172,000	-	-	-	-	0.00%	0.00%	0.00%
						7,955	7,153	(802)	0.23%	0.29%	0.00%
Oil and Gas Marketing Companies											
Pakistan State Oil Limited	35,500	95,500	-	131,000	-	-	-	-	0.00%	0.00%	0.00%
Sui Northern Gas Pipelines Limited	-	1,310,000	-	1,310,000	-	-	-	-	0.00%	0.00%	0.00%
Sui Southern Gas Limited	163,500	96,500	-	260,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Fertilizer											
Dawood Hercules Corporation Limited	-	107,900	-	107,900	-	-	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	178,500	827,500	-	1,006,000	-	-	-	-	0.00%	0.00%	0.01%
Engro Fertilizers Limited	322,000	1,110,200	-	1,377,700	54,500	16,834	17,206	372	0.56%	0.70%	0.00%
Fauji Fertilizer Bin Qasim Limited	1,286,500	4,401,000	-	5,687,500	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	-	263,500	-	263,500	-	-	-	-	0.00%	0.00%	0.00%
						16,834	17,206	372	0.56%	0.70%	0.01%
Cement											
Cherat Cement Limited	-	164,500	-	164,500	-	-	-	-	0.00%	0.00%	0.00%
D G Khan Cement Company Limited	-	277,000	-	277,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	208,500	251,500	-	460,000	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited	-	94,800	-	94,000	800	397	430	33	0.01%	0.02%	0.00%
Maple Leaf Cement Factory Limited	112,500	2,362,000	-	2,474,500	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	-	139,500	-	107,500	32,000	3,104	3,165	61	0.10%	0.13%	0.01%
						3,501	3,595	94	0.11%	0.15%	0.01%
Automobile Assembler											
Indus Motor Company Limited	-	400	-	400	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Food and Personal Care Products											
Engro Foods Limited	42,500	135,000	-	177,500	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

Name of investee company	As at 1 July 2015	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 March 2016	Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
House hold goods											
Pak Elektron Limited	451,000	1,855,000	-	2,306,000	-	-	-	-	0.00%	0.00%	0.00%
Technology and Communication											
Hum Network Limited*	-	35,500	-	-	35,500	589	334	(255)	0.01%	0.01%	0.00%
P.T.C.L "A"	-	208,500	-	-	208,500	3,126	3,132	6	0.10%	0.13%	0.01%
						3,715	3,466	(249)	0.11%	0.14%	0.01%
Pharmaceuticals											
Searl Company Limited	-	20,000	-	20,000	-	-	-	-	0.00%	0.00%	0.00%
Power Generation & Distribution											
K-Electric Limited**	-	1,351,500	-	1,351,500	-	-	-	-	0.00%	0.00%	0.00%
Commercial Banks											
Bank Al-Falah Limited	17,500	1,000	-	18,500	-	-	-	-	0.00%	0.00%	0.00%
National Bank of Pakistan Limited	22,500	62,500	-	85,000	-	-	-	-	0.00%	0.00%	0.00%
United Bank Limited	1,500	23,500	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Total - 31 March 2016						32,005	31,420	(585)	1.01%	1.28%	
Total - 30 June 2015						280,035	281,708	1,673	10.67%	11.91%	

* Par value of Rs. 1 each

** Par value of Rs. 3.5 each

7.1.1.1 Investments include shares with market value aggregating of nil (30 June 2015: 32.852 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

7.1.1.2 Cost of investment of equity securities is Rs. 44,748 million (30 June 2015: Rs. 301,273 million).

7.1.2 Term Finance Certificates

Name of investee company	Issue Date	As at 1 July 2015	Purchased during the period	Sold / matured during the period	As at 31 March 2016	Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as percentage of net assets	Market value as percentage of total investments
(Number of certificates)										
(Rupees in '000)										
Certificates having a face value of Rs. 5,000 each unless stated otherwise										
Bank Al-falah Limited-V	20-Feb-13	2,000	-	-	2,000	10,003	10,225	(222)	0.33%	0.42%
Habib Bank Limited - I	19-Feb-16	-	1,250	-	1,250	125,000	125,375	(375)	4.07%	5.11%
Total - 31 March 2016						135,003	135,600	(597)	4.40%	5.53%
Total - 30 June 2015						10,124	10,007	(117)	0.38%	0.42%

7.1.2.1 Significant terms and conditions of Term Finance Certificate and Sukuk Certificate outstanding are as follows:

Name of Security	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Bank Al-falah Limited-V	6 months KIBOR + 1.25%	20-Feb-13	20-Feb-2021	AA-
Habib Bank Limited - I	6 months KIBOR + 0.5%	19-Feb-16	19-Feb-2026	AAA

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

7.1.3 Government Securities

Particulars	As at 1 July 2015	Purchased during the period	Sold during the period	Matured during the period	As at 31 March 2016	Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as a percentage of total investments
(Rupees in '000)									
Treasury bills									
Treasury Bills - 3 Months	73.1	437,500	1,675,000	1,837,500	250,000	249,458	249,450	(8)	10.17%
Treasury Bills - 6 Months	73.1	25,000	1,350,000	700,000	425,000	248,288	248,270	(18)	10.12%
Treasury Bills - 1 year	73.1	-	700,500	200,000	400,500	97,792	97,921	129	3.99%
Total - 31 March 2016						595,538	595,641	103	24.28%
Total - 30 June 2015						457,131	457,031	(100)	19.31%
Pakistan Investment Bond									
PIB - 5 years		65,000	-	(65,000)	-	-	-	-	-
Total - 31 March 2016									
Total - 30 June 2015									
Total Investment in Government Securities - 31 March 2016						595,538	595,641	103	24.28%
Total Investment in Government Securities - 30 June 2015						522,957	522,200	(757)	22.06%

7.1.3.1 These Treasury bills have a cost of Rs. 583,005 million (30 June 2015: Rs. 456,428 million) maturing up till 4 August 2016 and carry effective yield ranging between 6.38% to 6.3841% (30 June 2015: 9.5%) per annum.

7.1.3.2 These Pakistan Investment Bonds have a cost of nil (30 June 2015: 66.113 million).

7.2 Available for sale investments

7.2.1 Listed equity securities

Name of investee company	As at 1 July 2015	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 March 2016	Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Number of shares)											
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	200,500	900,000	-	397,500	703,000	84,055	80,451	(3,604)	2.61%	3.28%	0.02%
Pakistan Oilfields Limited	155,700	10,000	-	155,700	10,000	2,493	2,580	87	0.08%	0.11%	0.00%
Pakistan Petroleum Limited	300,000	25,000	-	325,000	-	-	-	-	-	-	-
Refinery											
National Refinery Limited	2,200	-	-	2,200	-	-	-	-	-	-	-
Total						86,548	83,031	(3,517)	2.69%	3.39%	0.02%

Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

Name of investee company	As at 1 July 2015	Purchased during the period	Bonus/ rights issue during the period	Sales during the period	As at 31 March 2016	Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
Oil and Gas Marketing Companies											
Hi-Tech Lubricants Limited	-	500,000	-	-	500,000	29,047	28,515	(532)	0.93%	1.16%	0.43%
Pakistan State Oil Company Limited	88,200	304,800	-	348,700	44,300	14,201	15,560	1,359	0.51%	0.63%	0.02%
Sui Northern Gas Pipelines Limited	-	508,500	-	500,000	8,500	314	217	(97)	0.01%	0.01%	0.00%
						43,562	44,292	1,262	1.45%	1.80%	0.45%
Chemical											
ICI Pakistan Limited	-	86,300	-	-	86,300	42,245	37,105	(5,140)	1.20%	1.51%	0.09%
						42,245	37,105	(5,140)	1.20%	1.51%	0.09%
Fertilizer											
Engro Fertilizers Limited	-	1,004,000	-	800,000	204,000	15,246	14,176	(1,070)	0.46%	0.58%	0.02%
Engro Corporation Limited	-	285,600	-	120,000	165,600	50,926	52,280	1,354	1.70%	2.13%	0.03%
Fatima Fertilizer Company Limited	489,000	550,000	-	1,039,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	-	600,000	-	600,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	542,600	-	-	542,600	-	-	-	-	0.00%	0.00%	0.00%
						66,172	66,456	284	2.16%	2.71%	0.05%
Cement											
Cherat Cement Limited	-	290,500	-	-	290,500	28,037	31,348	3,311	1.02%	1.28%	0.16%
D G Khan Cement Company Limited (Note 7.2.1.3)	300,000	402,500	-	702,500	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	750,000	-	750,000	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Limited	-	125,000	-	-	125,000	31,164	32,505	1,341	1.06%	1.33%	0.08%
Lucky Cement Limited	-	65,200	-	65,200	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited	-	500,000	-	454,500	45,500	3,768	4,196	428	0.14%	0.17%	0.01%
Pak Cement Limited	308	-	-	4	304	5	6	1	0.00%	0.00%	0.00%
						62,974	68,055	3,740	2.22%	2.78%	0.25%
Engineering											
Anreli Steels Limited	-	25,219	-	25,219	-	-	-	-	0.00%	0.00%	0.00%
International Steels Limited	1,000,000	200,000	-	1,200,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	0.00%
Automobile Assembler											
Indus Motor Company Limited	81,250	49,600	-	130,850	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited	70,900	-	-	70,850	50	31	26	(5)	0.00%	0.00%	0.00%
						31	26	(5)	0.00%	0.00%	0.00%
Food and Personal Care Products											
Al-Shaheer Corporation Limited	-	221,000	-	131,000	90,000	4,860	4,811	(49)	0.16%	0.20%	0.07%
Engro Foods Limited	-	125,000	-	116,700	8,300	1,319	1,322	3	0.04%	0.05%	0.00%
Shezan International Limited	4,650	-	-	-	4,650	5,882	2,284	(3,598)	0.07%	0.09%	0.06%
						12,061	8,417	(3,644)	0.27%	0.34%	0.13%
Paper and Board											
Packages Limited	80,000	200,000	-	257,200	22,800	13,086	11,902	(1,184)	0.39%	0.49%	0.03%
						13,086	11,902	(1,184)	0.39%	0.49%	0.03%
Automobile Parts and Accessories											
Thal Limited*	-	100,000	-	-	100,000	28,031	25,471	(2,560)	0.83%	1.04%	0.12%
						28,031	25,471	(2,560)	0.83%	1.04%	0.12%

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

Name of investee company	As at 1 July 2015	Purchased during the period	Bonus / rights issue during the period	Sales during the period	As at 31 March 2016	(Rupees in '000)					Par value as percentage of issued capital of the investee company
						Carrying Cost as at 31 March 2016	Market value as at 31 March 2016	Appreciation/ (Diminution) as at 31 March 2016	Market value as percentage of net assets	Market value as percentage of total investments	
Glass and Ceramics											
Tariq Glass Industries Limited	535,500	-	-	-	535,500	31,317	30,256	(1,061)	0.98%	1.23%	0.73%
						31,317	30,256	(1,061)	0.98%	1.23%	0.73%
Cable and Electrical Goods											
Pak Elektron Limited	402,000	525,000	38,750	877,000	88,750	5,170	5,367	197	0.17%	0.22%	0.02%
Pak Elektron Limited(R)	-	-	38,750	38,750	-	-	-	-	0.00%	0.00%	0.00%
						5,170	5,367	197	0.17%	0.22%	0.02%
Textile Composite											
Nishat Mills Limited	-	550,000	-	400,000	150,000	14,501	14,372	(129)	0.47%	0.59%	0.04%
						14,501	14,372	(129)	0.47%	0.59%	0.04%
Technology and Communication											
Hum Network**	-	784,000	-	571,000	213,000	3,921	2,002	(1,919)	0.06%	0.06%	0.02%
Systems Limited	390,368	-	-	2	390,366	14,195	23,859	9,664	0.77%	0.77%	0.35%
						18,116	25,861	7,745	0.83%	0.83%	0.37%
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	-	10,000	-	-	10,000	6,353	6,622	269	0.21%	0.27%	0.01%
Searle Company Limited	-	129,900	21,710	150,400	1,210	456	532	76	0.02%	0.02%	0.00%
Searle Company Limited(R)	-	-	10,800	10,800	-	-	-	-	0.00%	0.00%	0.00%
						6,809	7,154	345	0.23%	0.29%	0.01%
Power Generation & Distribution											
Hub Power Company Limited	75,500	1,600,000	-	380,500	1,295,000	136,772	135,379	(1,393)	4.39%	5.52%	0.11%
Kot Addu Power Company Limited	-	2,212,000	-	728,000	1,484,000	137,653	114,520	(23,133)	3.72%	4.67%	0.17%
K-Electric Limited ***	-	250,000	-	-	250,000	1,859	1,775	(84)	0.06%	0.07%	0.00%
Lalpur Power Limited	800,000	21,000	-	69,000	752,000	26,132	18,770	(7,362)	0.61%	0.77%	0.20%
Pakgen Power Limited	1,775,500	-	-	200,000	1,575,500	49,257	42,507	(6,750)	1.38%	1.73%	0.42%
						351,673	312,951	(38,722)	10.16%	12.76%	0.90%
Commercial Banks											
Bank Al-Habib Limited	-	150,000	-	150,000	-	-	-	-	0.00%	0.00%	0.00%
Habib Bank Limited	94	270,000	-	50,094	220,000	38,787	37,739	(1,048)	1.23%	1.54%	0.01%
United Bank Limited	-	334,400	-	87,800	246,600	37,873	37,291	(582)	1.21%	1.52%	0.02%
						76,660	75,030	(1,630)	2.44%	3.06%	0.03%
Non-Life Insurance											
Adamjee Insurance Company Limited	-	295,000	-	295,000	-	-	-	-	0.00%	0.00%	0.00%
IGI Insurance Limited	50,000	76,200	-	7,000	119,200	27,610	26,343	(1,267)	0.86%	1.07%	0.10%
						27,610	26,343	(1,267)	0.86%	1.07%	0.10%
Total - 31 March 2016						886,566	842,089	(45,286)	25.98%	32.39%	
Total - 30 June 2015						716,859	733,205	16,346	27.76%	30.99%	

* Par value of Rs. 5 each

** Par value of Rs. 1 each

*** Par value of Rs. 3.5 each

7.2.1.1 Cost of investment of equity securities is Rs. 1,001,609 million (30 June 2015: Rs. 751,861 million).

7.2.1.2 Investments include shares with market value aggregating of Rs. 28,924 million (30 June 2015: nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

7.2.2 Government Securities

Particulars	As at 1 July 2015	Purchased during the period	Sold during the period	Matured during the period	As at 31 March 2016	Carrying value as at 31 March 2016	Market Value as at 31 March 2016	Appreciation / (diminution) as at 31 March 2016	Market value		
									as a percentage of net assets	as a percentage of total investments	
----- (Rupees in '000) -----											
----- (Face value) -----											
Pakistan Investment Bond											
PIB - 3 years	-	700,000	250,000	-	450,000	468,898	463,584	(5,314)	15.05%	18.90%	
PIB - 5 years	400,000	520,000	575,000	-	345,000	382,424	384,037	1,613	12.47%	15.66%	
PIB - 10 years	350,000	50,000	400,000	-	-	-	-	-	-	-	
Total - 31 March 2016						851,322	847,621	(3,701)	27.52%	34.56%	
Total - 30 June 2015						838,379	819,075	(19,304)	31.03%	34.62%	
Total Investment in Government Securities - 31 March 2016						851,322	847,621	(3,701)	27.52%	34.56%	
Total Investment in Government Securities - 30 June 2015						838,379	819,075	(19,304)	31.03%	34.62%	

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

8. SINDH SALES TAX ON REMUNERATION OF TRUSTEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated 13 June 2015, has amended the definition of service of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 14% on such services is charged on Trustee fee which is now covered under section 2 (79A) of the Sindh Finance Bill 2010 amended upto 2015.

9. ALLOCATED EXPENSES

In the current period, a statutory notification (S.R.O. No. 1160 (I)/2015 dated November 25, 2015) was issued by Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non - Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme. Accordingly, such expenses have been charged effective from 27 November 2015.

		31 March 2016 (Unaudited)	30 June 2015 (Audited)
		(Rupees in '000)	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related taxes on management fee	11.1	16,332	7,573
Provision for Federal Excise Duty on sales load		15,945	9,807
Provision for Workers' Welfare Fund	11.2	13,732	13,732
Withholding tax payable (deducted on dividend distribution)		-	23,527
Withholding tax payable (deducted on capital gains)		2	3,175
Auditors' remuneration payable		337	446
Brokerage payable		1,740	2,584
Others		368	140
		48,456	60,984

10.1 The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of Federal Excise Duty on Asset Management services after the eighteenth amendment. The SHC in its short order dated 4 September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED in this condensed interim financial information aggregating to Rs. 16.332 million as at 31 March 2016. In case, the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED not been recorded in the books of account of the Fund, the Net Asset Value of the Fund would have been higher by Re. 0.409 per unit as at 31 March 2016.

10.2 Through the Finance Act 2015, the definition of Industrial Establishment is amended to exclude the mutual funds and collective investment schemes. The management is of the view that since the change is brought in the definition it would be effective from 01 July 2015. Accordingly the provision for WWF is discontinued from 01 July 2015. However there is no change in the status of petition pending with the Honorable Sindh High Court (SHC) as reported in note 16 to the annual financial statements of the Fund for the year ended June 30, 2015. Since the matter is pending adjudication, the fund has retained a provision for WWF up to 30 June 2015 amounting to Rs. 13.732 millions. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Re.0.3441 per unit (June 30, 2015: Re. 0.4025 per unit).

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 March 2016.

12. TAXATION

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

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

13. EARNINGS PER UNIT

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

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustees, directors and key management personnel and other associated undertakings.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

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

	Nine Month ended 31 March		Quarter ended 31 March	
	2016	2015	2016	2015
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
MCB-Arif Habib Savings and Investments Limited				
Remuneration of the Management Company (including indirect taxes)	<u>63,500</u>	<u>20,604</u>	<u>20,952</u>	<u>9,222</u>
Allocated expenses (including indirect taxes)	<u>1,268</u>	<u>-</u>	<u>893</u>	<u>-</u>
Central Depository Company of Pakistan Limited				
Remuneration of trustees (including indirect taxes)	<u>3,594</u>	<u>1,443</u>	<u>1,187</u>	<u>592</u>
CDC settlement charges	<u>281</u>	<u>148</u>	<u>87</u>	<u>71</u>
MCB Bank Limited				
Dividend income	<u>-</u>	<u>37</u>	<u>-</u>	<u>-</u>
Profit on bank deposits	<u>966</u>	<u>3,119</u>	<u>145</u>	<u>(2,210)</u>
Bank charges	<u>45</u>	<u>12</u>	<u>7</u>	<u>(2)</u>
Lalpir Power Limited				
Dividend income	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pakgen Power Limited				
Dividend income	<u>1,776</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adamjee Insurance Company Limited				
Dividend income	<u>443</u>	<u>-</u>	<u>-</u>	<u>-</u>
D.G. Khan Cement Company Limited				
Dividend income	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>
Nishat Mills Limited				
Dividend income	<u>-</u>	<u>388</u>	<u>-</u>	<u>-</u>
Arif Habib Limited				
Brokerage expense	<u>104</u>	<u>351</u>	<u>59</u>	<u>99</u>
Silk Bank Limited				
Purchase of securities				
Face Value 2016: 295,000,000 (2015: Nil)	<u>303,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Next Capital Limited				
Brokerage expense	<u>138</u>	<u>147</u>	<u>41</u>	<u>147</u>

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

14.2 Balance outstanding as at the period / year end

MCB-Arif Habib Savings and Investments Limited

Remuneration payable to the Management Company
Sales tax payable on remuneration of Management
Sales load payable
Payable against allocated expenses
Legal and professional charges payable

31 March 2016 (Unaudited)	30 June 2015 (Audited)
(Rupees in '000)	
5,216	4,300
730	645
3,060	9,691
512	-
-	100

Central Depository Company of Pakistan Limited

Remuneration payable to the Trustee
Sales tax payable on trustee fees
Security deposits

346	297
48	-
100	100

31 March 2016 (Unaudited)	30 June 2015 (Audited)
(Rupees in '000)	

MCB Bank Limited

Bank deposits
Profit receivable

9,744	29,584
36	409

Sui Northern Gas Pipelines Limited

8,500 shares held by the Fund (30 June 2015: nil shares)

217	-
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D.G. Khan Cement Company Limited

Nil shares held by the Fund (30 June 2015: 300,000 shares)

-	42,831
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Nishat Mills Limited

150,000 shares held by the Fund (30 June 2015: Nil shares)

14,372	-
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Lalpir Power Limited

752,000 shares held by the Fund (30 June 2015: 800,000 shares)

18,770	24,400
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Pakgen Power Limited

1,575,500 shares held by the Fund (30 June 2015: 1,775,500 shares)

42,507	53,283
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Arif Habib Limited

Brokerage *

58	53
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Next Capital Limited

Brokerage *

41	66
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* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Nine month ended 31 march 2016		Nine month ended 31 march 2015	
	Units	(Rupees in '000)	Units	(Rupees in '000)
	(Unaudited)		(Unaudited)	
Units sold to:				
MCB-Arif Habib Savings and Investments Limited	1,516,905	118,152	-	-
Key management personnel	9,740	750	59,311	4,350
Nishat Mills Employees Provident Fund Trust	626,530	48,000	-	-
Mandate under discretionary Portfolio	-	-	-	-
Units redeemed by:				
MCB-Arif Habib Savings and Investments Limited	549,625	43,000	-	-
Greensstar Social marketing Pakistan Limited.	-	-	944,584	73,000
Mandate under discretionary Portfolio	-	-	-	-
Key management personnel	4,748	363	-	-

	Nine month ended		Nine month ended	
	31 March	30 June	31 March	30 June 2015
	2016	2015	2016	2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Units		(Rupees in '000)	
Units held by:				
Security General Insurance Company Limited	-	4,092,064	-	316,638
MCB-Arif Habib Savings and Investments Limited	967,281	-	74,667	-
Mandate under discretionary Portfolio	-	-	-	-
Nishat Mills Employees Provident Fund Trust	626,530	-	48,364	-
D.G. Khan Cement Employees Provident Fund Trust	32,443	32,443	2,504	2,510
Key management personnel	-	99,550	-	7,703

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 18, 2016 by the Board of Directors of the Management Company.



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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