

**Half Year Report**  
**December 31, 2015**  
**(Unaudited)**



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

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## **Vision**

To become synonymous with Savings.

## **Mission**

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

## **Core Values**

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

**MCB**  
**PAKISTAN STOCK MARKET FUND**  
**(FORMERLY PAKISTAN STOCK MARKET FUND)**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Mohammad Mansha	Chairman
	Mr. Nasim Beg	Executive Vice Chairman
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
<b>Audit Committee</b>	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
<b>Company Secretary &amp; Acting Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Asif Mehdi	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Bank Al Habib Limited Summit Bank Limited Dutsche Bank AG Standard Chartered Bank (Pakistan) Limited	
<b>Auditors</b>	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
<b>Transfer Agent</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	AM2 + Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Stock Market Fund's** (Formerly: Pakistan Stock Market Fund) accounts review for the first half ended December 31st, 2015.

## EQUITIES MARKET OVERVIEW

The local equity market measured by KSE-100 Index retreated 4.6% during 1HFY15 as it could not bear the brunt of the rout in commodities and global equities. Even a cut in discount rate could not trigger a boost in investor's confidence, as continuous foreign selling forced the local investors to remain cautious. Foreigners sold US\$ 240 million of equities during the period which were primarily absorbed by Companies (US\$ 64.7 million), NBFCs (US\$ 63.4 million) and Individuals (US\$ 52.0 million).

Oil & Gas and Commercial Banks, with a major weight in the index, remained laggards during the period. The market cap of Oil & Gas sector plunged by 26% during the period after the collapse of crude oil, with regional benchmark Arab Light, falling by 49%. Similarly, Commercial banks lost 5% during the period after the central bank reduced the discount rate by 50 bps while the outlook for inflation continues to remain benign.

On the flip side, Pharmaceuticals and Construction & Material remained top performers. Pharmaceuticals gained 20% during the period, after Drug Regulatory Authority of Pakistan ("DRAP") approved the pricing formula for the sector. Alongside, bumper results posted by the pharmaceutical companies boosted investor's sentiment in the sector. Construction and Materials sector also managed to garner investor attention as local dispatches witnessed double digit growth. Moreover, the outlook for infrastructure plays remains robust as flows from China Pakistan Economic Corridor ("CPEC") materialize. The weak performance of commodity prices has hit the major sectors at the bourse as the effect is not limited to Oil. Spillover of weak inflation on banks may continue to keep the sector performance in check.

## FUND PERFORMANCE

During the period, PSM retreated 3.46% compared to a loss of 4.60% witnessed by the KSE100 Index. Overall equity exposure remained above 90% during 1HFY15. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. Major sector level changes include decrease in exposure in Oil and Gas sector and Construction and materials while allocation was increased in Commercial banks.

The Net Asset of the Fund as at December 31, 2015 stood at Rs. 7,312 million as compared to Rs. 6,075 million as at June 30 2015 registering an increase of 20.4%.

The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs. 80.35 as compared to opening NAV of Rs. 83.23 per unit as at June 30, 2015.

## FUTURE OUTLOOK

Crude Oil Prices have created space on fiscal account with lower subsidies and debt servicing burden however major reforms for resolution of circular debt are yet missing which in turn is leaving the chronic issue unresolved. On the other hand, the weak economic outlook of GCC region and Saudi Arabia opens up a potential risk to flow of remittances which contribute more than 60% to the total. Weak exports and potentially weak remittances can be a significant threat to overall stable economic environment and more importantly the exchange rate. Despite real positive interest rates and weak inflationary outlook, we think the emerging risks to current account shall weigh on any considerations for significant monetary easing.

The short term macro stability is expected to provide favorable environment for economic activities to pick up. The average Consumer Price Index is expected to remain around 3% for the year with the second half of fiscal year inflation expected to average around 4%. We expect the inflation to gradually pick up but it is expected to remain well anchored next year assuming oil prices remain at lower levels.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

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Budgeted target for economic growth appear achievable while fiscal deficit may marginally exceed due to challenges in revenue collection despite significant reduction in subsidies.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth with \$46 billion program expected to spur activity in the construction and power space which would have its trickle down affects. However, the current account is expected to worsen with import bill increasing in the short term along with the Foreign Direct Investment inflows. Profit repatriation in the long term would also be a concern for the balance of payments position.

Pakistan being in an economic expansionary cycle amid better positioning due to lower oil prices (oil centric import bill), lower/stable interest rate environment along with growth trigger in the form China Pakistan Economic Corridor would fare better compared to other Emerging Market economies. The \$46 billion program is expected to favour the construction and allied industrial sectors. Banking sector is also expected to be beneficiary of strong advances growth in a stable interest rate environment. The index heavy sectors are expected to gain lime light in second half of the calendar year with the bottoming out of crude oil prices and interest rate easing cycle. However, the volatility in global markets lead by slow down in Chinese economy and redemption pressures on emerging market funds would keep the short term market performance in check. But we reiterate our stance of no fundamental weakness in the market with the market premium over the risk free rate increasingly attractive due to recent underperformance.

### 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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**Saqib Saleem**  
Acting Chief Executive Officer

February 04, 2016



## 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  
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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



### TRUSTEE REPORT TO THE UNIT HOLDERS

#### MCB PAKISTAN STOCK MARKET FUND (FORMERLY 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, 2015 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.

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 18, 2016





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

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# Deloitte.

**Deloitte Yousuf Adil**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal  
Karachi-75350  
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## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of MCB Pakistan Stock Market Fund (Formerly Pakistan Stock Market Fund) as at December 31, 2015, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the interim financial information), for the half year ended December 31, 2015. The Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### Scope of Review

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

Member of  
**Deloitte Touche Tohmatsu Limited**

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

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**Deloitte.**

**Deloitte Yousuf Adil**  
Chartered Accountants

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2015 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**  
Mushtaq Ali Hirani

**Dated: February 04, 2016**  
**Karachi**

Member of  
**Deloitte Touche Tohmatsu Limited**

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES


## AS AT DECEMBER 31, 2015

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks		626,200	390,276
Investments	5	6,848,881	5,949,763
Receivable against sale of investments		42,610	60,429
Dividend and profit receivable		3,718	11,089
Advances and security deposits	6	7,153	7,677
<b>Total assets</b>		<b>7,528,562</b>	<b>6,419,234</b>
<b>LIABILITIES</b>			
Payable to the Management Company		15,913	15,124
Payable to the Central Depository Company of Pakistan Limited - Trustee		790	591
Payable to the Securities and Exchange Commission of Pakistan		3,276	4,481
Payable against purchase of investments		21,743	140,053
Accrued expenses and other liabilities	7	174,427	183,140
Payable against redemption of units		386	839
<b>Total liabilities</b>		<b>216,535</b>	<b>344,228</b>
<b>NET ASSETS</b>		<b>7,312,027</b>	<b>6,075,006</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>7,312,027</b>	<b>6,075,006</b>
<b>Contingencies and commitments</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>			
		91,005,745	72,988,975
<b>NET ASSETS VALUE PER UNIT</b>			
		80.35	83.23

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

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

  
Director

  
Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)


## FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

		Half year ended December 31,		Quarter ended December 31,	
		2015	2014	2015	2014
	Note	(Rupees in '000)			
<b>INCOME</b>					
Capital gain on sale of investments - net		147,253	212,600	14,084	221,718
Dividend income		149,412	79,398	70,937	45,994
Income from government securities		2,389	11,203	1,449	1,680
Profit on bank deposits		10,698	8,408	6,000	4,270
		309,752	311,609	92,470	273,662
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	5.2	110,653	455,904	87,096	393,056
<b>Total income</b>		<b>420,405</b>	<b>767,513</b>	<b>179,566</b>	<b>666,718</b>
<b>EXPENSES</b>					
Remuneration of the Management Company		68,983	39,460	35,786	20,763
Sindh Sales tax and Federal Excise Duty on remuneration of the Management Company		22,240	13,179	11,537	6,934
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		3,952	2,477	2,041	1,290
Sindh Sales tax on Remuneration of the Trustee	9	553	-	285	-
Securities and Exchange Commission of Pakistan - annual fee		3,276	1,874	1,699	986
Allocated expense	10	782	-	782	-
Securities transaction cost		6,662	17,765	2,855	12,106
Settlement and bank charges		1,265	933	583	550
Fees and subscriptions		148	41	78	(42)
Auditors' remuneration		523	772	270	386
Others		153	114	27	114
<b>Total expenses</b>		<b>108,537</b>	<b>76,615</b>	<b>55,942</b>	<b>43,087</b>
		<b>311,868</b>	<b>690,898</b>	<b>123,624</b>	<b>623,631</b>
Net element of income and capital gains included in prices of units issued less those in units redeemed	3.1				
Arising from capital gain and unrealised gain		61,486	20,776	36,477	21,700
Arising from other (loss) / gain		(5,554)	1,263	(2,806)	1,032
Provision for Workers' Welfare Fund	7.1	-	(14,259)	-	(12,928)
<b>Net income for the period before taxation</b>		<b>367,800</b>	<b>698,678</b>	<b>157,295</b>	<b>633,435</b>
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		<b>367,800</b>	<b>698,678</b>	<b>157,295</b>	<b>633,435</b>
<b>Other comprehensive income for the period</b>					
<i>Items that may be reclassified to profit and loss account</i>					
Net unrealised (diminution) / appreciation in value of investments classified as available for sale - net		(602,529)	(15,316)	213,292	(15,872)
<b>Total comprehensive (loss) / income for the period</b>		<b>(234,729)</b>	<b>683,362</b>	<b>370,587</b>	<b>617,563</b>
<b>Earnings per unit</b>	12				

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

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

  
Director

  
Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.


**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000') -----			
<b>Undistributed income brought forward</b>	<b>2,232,950</b>	748,718	<b>2,758,939</b>	795,744
Net element of income and capital gains included in the prices of units issued less those in units redeemed - transferred from unit holder's fund	<b>570,912</b>	29,371	<b>255,428</b>	48,144
Net income for the period	<b>367,800</b>	683,362	<b>157,295</b>	617,563
	<b>938,712</b>	712,733	<b>412,723</b>	665,707
<b>Undistributed income carried forward</b>	<b>3,171,662</b>	1,461,451	<b>3,171,662</b>	1,461,451

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

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

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.


# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended December 31,		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
<b>Net assets at beginning of the period</b>	<b>6,075,006</b>	3,729,868	<b>6,266,068</b>	3,706,128
Issue of 39,947,785 (2014: 17,512,867) units and 21,651,628 (2014: 10,889,181) units for the half year and quarter ended respectively	<b>3,252,074</b>	1,162,504	<b>1,738,339</b>	763,154
Redemption of 21,931,015 (2014: 15,054,290) units and 13,252,717 (2014: 7,109,455) units for the half year and quarter ended respectively	<b>(1,724,392)</b>	(988,164)	<b>(1,029,296)</b>	(498,583)
	<b>1,527,682</b>	174,340	<b>709,043</b>	264,571
Net element of income and capital gains included in prices of units issued less those in units redeemed :				
- amount representing income and capital gains transferred to the Income Statement				
Arising from capital gain and unrealised gain	<b>(61,486)</b>	(20,776)	<b>(36,477)</b>	(21,700)
Arising from other (loss) / gain	<b>5,554</b>	(1,263)	<b>2,806</b>	(1,032)
- amount representing income and capital gains that forms part of the unit holder's fund transferred to Distribution Statement	<b>(570,912)</b>	(29,371)	<b>(255,428)</b>	(48,144)
	<b>(626,844)</b>	(51,410)	<b>(289,099)</b>	(70,876)
Net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised income	<b>570,912</b>	29,371	<b>255,428</b>	48,144
Capital gain on sale of investments - net	<b>147,253</b>	212,600	<b>14,084</b>	221,718
Unrealised appreciation on re-measurement of investments classified as fair value through profit or loss - net	<b>110,653</b>	455,904	<b>87,096</b>	393,056
Other income for the period - net	<b>109,894</b>	30,174	<b>56,115</b>	18,662
Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale during the period' - net	<b>(602,529)</b>	(15,316)	<b>213,292</b>	(15,872)
<b>Total comprehensive income for the period</b>	<b>(234,729)</b>	683,362	<b>370,587</b>	617,564
<b>Net assets at end of the period</b>	<b>7,312,027</b>	4,565,531	<b>7,312,027</b>	4,565,531

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

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

  
Director

  
Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.


# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	367,800	698,678	157,294	633,435
<i>Adjustments for:</i>				
Element of income and capital gains included in prices of units issued less those in units redeemed				
Arising from capital gain and unrealised gain	(61,486)	(20,776)	(36,477)	(21,700)
Arising from other (loss) / gain	5,554	(1,263)	2,806	(1,032)
Provision for Workers' Welfare Fund	-	14,259	-	12,928
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	(110,653)	(455,904)	(87,096)	(393,056)
	<u>201,215</u>	<u>234,994</u>	<u>36,527</u>	<u>230,575</u>
<b>(Increase) / decrease in assets</b>				
Investments	(1,390,994)	(472,246)	(316,402)	(179,216)
Receivable against sale of investments	17,819	28,232	(27,255)	(35,990)
Dividend and profit receivable	7,371	7,044	68,787	28,816
Advances and security deposits	524	43,662	427	(48)
	<u>(1,365,280)</u>	<u>(393,308)</u>	<u>(274,443)</u>	<u>(186,438)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	789	1,858	1,913	(119)
Payable to the Central Depository Company of Pakistan Limited - Trustee	199	85	79	73
Payable to the Securities and Exchange Commission of Pakistan	(1,205)	(979)	1,699	986
Payable against purchase of investments	(118,310)	156,105	21,743	158,922
Accrued expenses and other liabilities	(8,713)	11,939	8,473	13,926
Payable against redemption of units	(453)	-	286	-
	<u>(127,693)</u>	<u>169,008</u>	<u>34,193</u>	<u>173,788</u>
<b>Net cash (used in) / generated from operating activities</b>	<b>A</b>	<b>(1,291,758)</b>	<b>(203,723)</b>	<b>217,925</b>
<b>B. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash received from units sold	3,252,074	1,162,504	1,738,339	763,154
Cash paid on units redeemed	(1,724,392)	(988,164)	(1,029,296)	(498,583)
<b>Net cash generated from financing activities</b>	<b>B</b>	<b>1,527,682</b>	<b>709,043</b>	<b>264,571</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>A + B</b>	<b>235,924</b>	<b>505,320</b>	<b>482,496</b>
Cash and cash equivalents at beginning of the period		390,276		385,178
<b>Cash and cash equivalents at end of the period</b>		<u><u>626,200</u></u>	<u><u>626,200</u></u>	<u><u>570,212</u></u>

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

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

  
Director

  
Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Stock Market Fund (formerly 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)]. The name of the Fund has been changed from Pakistan Stock Market Fund to MCB Pakistan Stock Market Fund with effect from March 13, 2015.
- 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 currently situated at 8th floor, Techno city corporate tower, Hasrat Mohani Road, Karachi, Pakistan. With effect from February 08, 2016 the registered office of the Management Company will be changed to 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT 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 to the Fund. The units are listed on the Pakistan Stock Exchange (PSE) formerly listed on Karachi Stock Exchange (KSE).
- 1.4 The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days in maturities.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2+ to the management company dated April 7, 2015 and 4-Star as performance ranking to the Fund dated August 13, 2015 .
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## 2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information has been prepared in accordance with the 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) shall prevail.
- 2.2 This condensed interim financial information comprises of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. 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'. It does not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015. Comparative information of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2015 and December 31, 2014 are un-audited and have been included to facilitate comparison.
- 2.3 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and this condensed interim financial information are being circulated to the unit holders as required under the NBFC Regulations.
- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

- 2.5 The directors of the Management Company declare that this condensed interim financial information give a true and fair view of the Fund.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2015 except as follows:

### Element of Income

The Element of Income arising on issuance and redemption of units is bifurcated in to portion attributable to capital gain / losses (realized and unrealized) and other income appearing in book of accounts of the Funds.

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

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

## 4. FINANCIAL RISK MANAGEMENT

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

## 5. INVESTMENTS

INVESTMENTS		(Unaudited)	(Audited)
		December, 31	June, 30
		2015	2015
	Notes	----- (Rupees in '000) -----	
Available for sale			
Listed equity securities	5.1	6,337,329	5,129,077
Preference shares - unlisted		-	27,788
At fair value through profit or loss - held for trading			
Listed equity securities	5.2	511,552	792,898
Government securities	5.3	-	-
		511,552	792,898
		6,848,881	5,949,763

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

5.1 Listed equity securities - Available for sale

Name of the Investee Company	As at July 1, 2015	Purchases during the period	Bonus / right Issue during the period	Sales during the period	As at December 31, 2015	As at December 31, 2015			Market value as percentage of net assets	Market value as percentage of total investments	Market value as percentage of total paid up capital of the investee company
						Carrying Value	Market value	Appreciation/(diminution)			
-----Rupees in '000'----- % -----											
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise											
<b>AUTOMOBILE ASSEMBLER</b>											
Honda Atlas Cars(Pakistan) Limited	-	68,000	-	-	68,000	16,714	16,248	(466)	0.22%	0.24%	0.00%
Indus Motors Company Limited	114,400	-	-	-	114,400	122,940	115,736	(7,204)	1.58%	1.69%	0.01%
Pak Suzuki Motor Company Limited	223,700	-	-	13,200	210,500	87,303	104,261	16,958	1.43%	1.52%	0.03%
						<b>226,957</b>	<b>236,245</b>	<b>9,288</b>	<b>3.23%</b>	<b>3.45%</b>	
<b>AUTOMOBILES PARTS AND ACCESSORIES</b>											
Thail Limited (Par value of Rs. 5)	-	465,800	-	-	465,800	143,051	118,001	(25,050)	1.61%	1.72%	1.15%
						<b>143,051</b>	<b>118,001</b>	<b>(25,050)</b>	<b>1.61%</b>	<b>1.72%</b>	
<b>CABLE AND ELECTRICAL GOODS</b>											
Pak Elektron Limited	2,897,500	3,425,000	-	4,822,500	1,500,000	112,704	93,810	(18,894)	1.28%	1.37%	0.04%
						<b>112,704</b>	<b>93,810</b>	<b>(18,894)</b>	<b>1.28%</b>	<b>1.37%</b>	
<b>CHEMICALS</b>											
ICI Pakistan Limited	327,850	106,600	-	-	434,450	183,976	210,282	26,306	2.88%	3.07%	0.05%
Linde Pakistan Limited	41,900	-	-	-	41,900	8,524	4,871	(3,653)	0.07%	0.07%	0.02%
						<b>192,500</b>	<b>215,153</b>	<b>22,653</b>	<b>2.95%</b>	<b>3.14%</b>	
<b>CONSTRUCTION AND MATERIALS (CEMENT)</b>											
Cherat Cement Company Limited	-	615,000	-	-	615,000	55,304	55,461	157	0.76%	0.81%	0.03%
D.D.G. Khan Cement Company Limited	1,517,000	100,000	-	1,505,000	112,000	15,531	16,530	999	0.23%	0.24%	0.00%
Fauji Cement Company Limited	3,459,500	1,855,000	-	2,224,500	3,090,000	110,675	113,774	3,099	1.56%	1.66%	0.02%
Kohat Cement Limited	-	91,200	-	-	91,200	20,154	21,968	1,814	0.30%	0.32%	0.01%
Lucky Cement Limited	50,000	631,700	-	1,156,000	681,700	355,236	337,469	(17,767)	4.62%	4.93%	0.02%
Maple Leaf Cement Factory Limited	1,156,500	600,000	-	-	600,500	42,302	44,785	2,483	0.61%	0.65%	0.01%
Pioneer Cement Limited	2,612,000	137,500	-	986,500	1,763,000	158,310	160,186	1,876	2.19%	2.34%	0.08%
						<b>757,512</b>	<b>750,173</b>	<b>(7,339)</b>	<b>10.27%</b>	<b>10.95%</b>	
<b>COMMERCIAL BANKS</b>											
Allied Bank Limited	-	936,300	-	-	936,300	93,176	88,256	(4,920)	1.21%	1.29%	0.01%
Habib Bank Limited	614,688	1,626,000	-	2,211,900	28,788	5,892	5,761	(131)	0.08%	0.08%	0.00%
Habib Metropolitan Bank Limited	1,100,000	-	-	1,100,000	-	-	-	-	-	-	-
JS Bank Limited	9,047,500	4,000,000	-	50,000	12,997,500	100,052	100,731	679	1.38%	1.47%	0.12%
MCB Bank Limited	-	617,800	-	342,800	275,000	67,460	59,634	(7,826)	0.82%	0.87%	0.00%
United Bank Limited	450,000	3,195,000	-	1,985,000	1,660,000	276,683	257,217	(19,466)	3.52%	3.76%	0.01%
						<b>543,263</b>	<b>511,599</b>	<b>(31,664)</b>	<b>7.01%</b>	<b>7.47%</b>	
<b>ENGINEERING</b>											
Amrel Steels Limited	-	1,018,937	-	-	1,018,937	61,831	61,208	(623)	0.84%	0.89%	0.03%
Crescent Steel & Allied Products Limited	300,000	239,500	-	194,000	345,500	28,970	42,970	14,000	0.59%	0.63%	0.04%
Crescent Steel and Allied Products Limited (Right options)	-	-	69,500	69,500	-	-	-	-	-	-	-
International Steels Limited	1,261,000	162,500	-	-	1,423,500	40,038	34,748	(5,290)	0.48%	0.51%	0.03%
Mughal Iron & Steel Industries Limited	1,568,000	600,000	-	200,000	2,203,200	114,956	153,563	38,607	2.10%	2.24%	0.18%
						<b>245,795</b>	<b>292,489</b>	<b>46,694</b>	<b>4.01%</b>	<b>4.27%</b>	
<b>FERTILIZER</b>											
Dawood Hercules Chemicals Limited	-	1,606,200	-	1,606,200	-	-	-	-	-	-	-
Engro Fertilizer Limited	-	3,167,500	-	-	3,167,500	304,016	266,482	(37,534)	3.64%	3.89%	0.02%
Engro Corporation Limited	1,326,700	476,600	-	1,595,000	208,300	62,638	58,197	(4,441)	0.80%	0.85%	0.00%
Fatima Fertilizer Limited	78,000	2,421,000	-	100,000	2,399,000	118,076	107,307	(10,769)	1.47%	1.57%	0.01%
Fauji Fertilizer Company Limited	1,987,800	-	-	1,987,800	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	1,028,500	-	1,028,500	-	-	-	-	-	-	-
						<b>484,730</b>	<b>431,986</b>	<b>(52,744)</b>	<b>5.91%</b>	<b>6.31%</b>	
<b>FOOD AND PERSONAL CARE PRODUCTS</b>											
Al-Shaher Corporation Limited	-	581,000	181,825	61,500	701,325	45,187	43,608	(1,579)	0.60%	0.64%	0.06%
Engro Foods Limited	-	819,500	-	20,900	798,400	128,764	117,037	(11,727)	1.60%	1.71%	0.01%
Quee Food Industries Limited	4,897,500	-	-	2,500,000	2,397,500	19,768	19,492	(276)	0.27%	0.28%	0.02%
						<b>193,719</b>	<b>180,127</b>	<b>(13,592)</b>	<b>2.47%</b>	<b>2.63%</b>	

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

Name of the Investee Company	As at July 1, 2015	Purchases during the period	Bonus / right Issue during the period	Sales during the period	As at December 31, 2015	As at December 31, 2015			Market value as percentage of net assets	Market value as percentage of total investments	Market value as percentage of total paid up capital of the investee company
						Carrying Value	Market value	Appreciation/(diminution)			
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise											
GLASS AND CERAMICS											
Ghani Glass Limited	451,500	-	-	451,500	676,500	-	-	-	-	-	-
Tariq Glass Industries Limited	115,000	561,500	-	-	-	47,385	47,254	(131)	0.65%	0.69%	0.09%
INSURANCE											
Adanijee Insurance Company Limited	-	450,000	-	-	450,000	24,164	25,430	1,266	0.35%	0.37%	0.01%
IGI Insurance Limited	231,100	244,600	-	-	475,700	106,375	112,536	6,161	1.54%	1.64%	0.04%
LEATHER AND TANNERIES											
Bata Pakistan Limited	280	740	-	-	1,020	3,235	3,335	100	0.05%	0.05%	0.00%
OIL AND GAS EXPLOARATION COMPANIES											
Mari Petroleum Company Limited	316,850	-	-	35,700	281,150	164,411	196,001	31,590	2.68%	2.86%	0.03%
Oil & Gas Development Company Limited	2,862,300	1,398,000	-	478,500	3,781,800	631,845	443,756	(188,089)	6.07%	6.48%	0.01%
Pakistan Oilfields Limited	997,100	476,300	-	825,000	648,400	210,421	173,784	(36,637)	2.38%	2.54%	0.03%
Pakistan Petroleum Limited	1,629,000	-	-	382,900	1,246,100	212,030	151,787	(60,243)	2.08%	2.22%	0.01%
OIL AND GAS MARKETING COMPANIES											
Attock Petroleum Limited	-	88,550	-	-	88,550	51,694	44,728	(6,966)	0.61%	0.65%	0.01%
Pakistan State Oil Company Limited	639,500	127,800	-	100,000	667,300	260,731	217,386	(43,345)	2.97%	3.17%	0.02%
Sui Northern Gas Pipelines Limited	-	5,217,000	-	-	5,217,000	185,306	125,417	(59,889)	1.72%	1.83%	0.08%
Sui Southern Gas Company Limited	1,314,500	-	-	1,314,500	-	-	-	-	-	-	-
PAPER AND BOARD											
Chert Packaging Limited	507,300	22,000	39,698	-	568,998	105,265	172,469	67,204	2.36%	2.52%	0.19%
Chert Packaging Limited right options	-	-	39,698	39,698	-	-	-	-	-	-	-
Packages Limited	510,000	351,250	-	-	861,250	490,991	501,342	10,351	6.86%	7.32%	0.10%
PERSONAL GOODS (TEXTILE)											
Nishat Mills Limited	-	1,100,000	-	1,100,000	-	497,731	387,531	(110,200)	5.30%	5.65%	-
POWER GENERATION & DISTRIBUTION											
Altem Energy Limited	-	260,500	-	-	260,500	9,917	8,466	(1,451)	0.12%	0.12%	0.01%
Hub Power Company Limited	99,000	3,686,500	-	1,164,000	2,621,500	272,363	268,966	(3,397)	3.68%	3.93%	0.02%
Kot Adda Power Company Limited	-	2,912,000	-	-	2,912,000	259,231	235,872	(23,359)	2.33%	2.37%	0.03%
K-Electric Limited (Par value of Rs. 3.5)	-	20,319,500	-	-	20,319,500	167,902	151,177	(16,725)	2.07%	2.21%	0.02%
Lalpur Power Limited	6,050,000	2,349,000	-	-	8,399,000	281,579	249,787	(31,792)	3.42%	3.65%	0.22%
Pakgen Power Limited	5,667,500	-	-	-	5,667,500	174,163	166,795	(7,368)	2.28%	2.44%	0.15%
PHARMACEUTICALS											
Searle Company Limited	-	342,230	25,860	200,000	168,090	55,043	66,518	11,475	0.91%	0.97%	0.02%
Searle Company Limited (Right options)	-	-	12,930	12,930	-	55,043	66,518	11,475	0.91%	0.97%	-
REFINERY											
National Refinery Limited	366,600	-	-	366,600	-	-	-	-	-	-	-
SUGAR AND ALLIED INDUSTRIES											
Habib Sugar Mills Limited	163,000	28,000	-	167,000	24,000	1,002	912	(90)	0.01%	0.01%	0.00%
TECHNOLOGY AND COMMUNICATIONS											
Hum Network Limited (Par value of Rs. 1)	-	2,651,000	-	-	2,651,000	47,379	34,834	(12,545)	0.48%	0.51%	0.28%
Systems Limited	1,178,250	554,000	-	-	1,732,250	85,042	109,184	24,142	1.49%	1.59%	0.16%
Total at December 31, 2015											
						6,747,705	6,337,329	(410,376)	87%	93%	
						4,936,924	5,129,077	192,153	84%	86%	
Total at June 30, 2015											

\* These represent transactions with related parties

\*\*

The above include shares with a market value aggregating to Rs. 121.81 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 the SECP.

\*\*\* These represent right share options received and exercised during the period. 7.5% right issue at exercise price of Rs. 140 (inclusive of premium of Rs. 130) was announced by Chert Packaging Limited on October 15, 2015.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

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

Name of the Investee Company	As at July 1, 2015	Purchases during the period	Bonus / right Issue during the period	Sales during the period	As at December 31, 2015	As at December 31, 2015			Market value as percentage of total investments	Market value as percentage of capital of the investee company	
						Carrying Value	Market value	Appreciation/(diminution)			
-----Rupees in '000'----- % -----											
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise											
<b>AUTOMOBILE ASSEMBLER</b>											
Millat Tractors Limited	17,097	-	-	-	17,097	11,725	9,451	(2,274)	0.13%	0.14%	0%
Pak Suzuki Motor Company Limited	309,500	-	-	-	309,500	134,914	153,295	18,381	2.10%	2.24%	0%
						<b>146,639</b>	<b>162,746</b>	<b>16,107</b>	<b>2.23%</b>	<b>2.38%</b>	
<b>AUTOMOBILES PARTS AND ACCESSORIES</b>											
Thall Limited (Par value of Rs. 5)	104,100	-	-	-	104,100	29,713	26,372	(3,341)	0.36%	0.39%	0%
						<b>29,713</b>	<b>26,372</b>	<b>(3,341)</b>	<b>0.36%</b>	<b>0.39%</b>	
<b>CABLE AND ELECTRICAL GOODS</b>											
Pak Elektron Limited	976,000	-	-	976,000	-	-	-	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CONSTRUCTION AND MATERIAL (CEMENT)</b>											
Maple Leaf Cement Factory Limited	3,322,500	-	-	2,529,500	793,000	62,298	59,142	(3,156)	0.81%	0.86%	0%
						<b>62,298</b>	<b>59,142</b>	<b>(3,156)</b>	<b>0.81%</b>	<b>0.86%</b>	
<b>COMMERCIAL BANKS</b>											
Habib Metropolitan Bank Limited	3,050,000	-	-	3,050,000	-	-	-	-	-	-	3%
Soneri Bank Limited	460,500	-	-	174,500	286,000	3,555	4,327	772	0.06%	0.06%	
						<b>3,555</b>	<b>4,327</b>	<b>772</b>	<b>0.06%</b>	<b>0.06%</b>	
<b>ENGINEERING</b>											
International Industries Limited	571,500	-	-	571,500	-	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	1,498,500	2,500	-	119,500	1,381,500	71,873	171,817	99,944	2.35%	2.51%	0%
Crescent Steel and Allied Products Limited (Right options)	-	-	374,625	374,625	-	-	-	-	-	-	-
						<b>71,873</b>	<b>171,817</b>	<b>99,944</b>	<b>2.35%</b>	<b>2.51%</b>	
<b>FERTILIZER</b>											
Engro Corporation Limited	51,700	50,000	-	50,000	51,700	15,834	14,444	(1,390)	0.20%	0.21%	0%
Fauji Fertilizer Bin Qasim Limited	-	600,500	-	600,500	-	-	-	-	-	-	-
						<b>15,834</b>	<b>14,444</b>	<b>(1,390)</b>	<b>0.20%</b>	<b>0.21%</b>	
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>											
Al-Shaheer Corporation Limited	-	12,500	-	12,500	-	-	-	-	-	-	0%
Engro Foods Limited	-	150,000	-	-	150,000	25,047	21,989	(3,058)	0.30%	0.32%	0%
						<b>25,047</b>	<b>21,989</b>	<b>(3,058)</b>	<b>0.30%</b>	<b>0.32%</b>	
<b>INSURANCE</b>											
IGI Insurance Limited	178,067	-	-	-	178,067	36,484	42,125	5,641	0.58%	0.62%	0%
Pakistan Reinsurance Company Limited	125	-	-	-	125	4	4	-	0.00%	0.00%	0%
						<b>36,488</b>	<b>42,129</b>	<b>5,641</b>	<b>0.58%</b>	<b>0.62%</b>	
<b>LEATHER AND TANNERIES</b>											
Bata Pakistan Limited	2,340	-	-	-	2,340	8,736	7,651	(1,085)	0.10%	0.11%	0%
						<b>8,736</b>	<b>7,651</b>	<b>(1,085)</b>	<b>0.10%</b>	<b>0.11%</b>	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

Name of the Investee Company	As at July 1, 2015	Purchases during the period	Bonus / right Issue during the period	Sales during the period	As at December 31, 2015	As at December 31, 2015			Market value as percentage of total investments	Market value as percentage of capital of the investee company
						Carrying Value	Market value	Appreciation/(diminution)		
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise										
-----Rupees in '000'----- %										
<b>OIL AND GAS EXPOLORATION COMPANIES</b>										
Pakistan Petroleum Limited	32	-	-	-	32	5	4	(1)	0.00%	0%
						<b>5</b>	<b>4</b>	<b>(1)</b>	<b>0.00%</b>	
<b>OIL AND GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	552	-	-	-	552	313	279	(34)	0.00%	0%
						<b>313</b>	<b>279</b>	<b>(34)</b>	<b>0.00%</b>	
<b>PAPER AND BOARD</b>										
Cherat Packaging Limited	2,000	-	150	-	2,150	398	652	254	0.01%	0%
Cherat Packaging Limited right options	-	-	150	150	-	-	-	-	-	-
						<b>398</b>	<b>652</b>	<b>254</b>	<b>0.01%</b>	
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
Hub Power Company Limited	424	-	-	424	-	-	-	-	-	-
						-	-	-	-	-
<b>Total at December 31, 2015</b>						<b>400,899</b>	<b>511,552</b>	<b>110,653</b>	<b>7%</b>	<b>7%</b>
<b>Total at June 30, 2015</b>						<b>582,641</b>	<b>792,898</b>	<b>210,257</b>	<b>13%</b>	<b>13%</b>

\* These represent right share options received and exercised during the period. 7.5% right issue at exercise price of Rs. 140 (inclusive of premium of Rs. 130) was announced by Cheral Packaging Limited on October 15, 2015.

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

Issue date	Tenor	Face value				As at December 31, 2015			Market value as percentage of net assets	Market value as percentage of total investments
		As at July 1, 2015	Purchases during the period	Sales / matured during the period	As at December 31, 2015	Cost	Market value	Appreciation / (diminution)		
(Rupees in 000)										
<b>Treasury Bills</b>										
January 8, 2015	12 months	-	137,000	137,000	-	-	-	-	-	-
June 25, 2015	3 months	-	-	500,000	-	-	-	-	-	-
September 17, 2015	3 months	-	200,000	200,000	-	-	-	-	-	-
September 17, 2015	3 months	-	200,000	200,000	-	-	-	-	-	-
<b>Total as at December 31, 2015</b>					-	-	-	-	-	-
<b>Total as at June 30, 2015</b>					-	-	-	-	-	-

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

		(Un-audited) December, 31 2015	(Audited) June, 30 2015
	Note	------(Rupees in '000)-----	
<b>5.4 Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available-for-sale' - net</b>			
Market value of investments	5.1	6,337,329	5,129,077
Cost of investments	5.1	6,747,705	4,936,924
		(410,376)	192,153
Less: Net unrealized appreciation in value of investments classified as 'available for sale' at beginning of the year		192,153	(522)
		(602,529)	192,675
<b>6. ADVANCES AND SECURITY DEPOSITS</b>			
Advance tax		3,896	3,896
Security deposits - National Clearing Company of Pakistan Limited		2,500	3,025
- Central Depository Company of Pakistan Limited		500	500
Others		258	256
		7,154	7,677
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	7.1	107,634	107,634
Federal Excise Duty and related tax on:			
- Management fee	7.2	41,578	28,299
- Sales load		3,332	2,203
Unclaimed dividend		10,002	10,002
Brokerage		6,795	6,889
Auditors' remuneration		481	554
Withholding tax on dividend and others		1,022	26,287
Printing and related expenditure		215	368
Zakat		578	575
Advance against issuance of units		2,500	-
Other		290	329
		174,427	183,140

- 7.1** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' had been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year had been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain Collective Investment Schemes (CISs) through their trustees in the Honourable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 were declared unconstitutional and therefore struck down. However in 2013, the Larger Bench of SHC issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity. In 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding Collective Investment Schemes (CIS) from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 01, 2015. Owing to the fact that the decision of SHC on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to retain provision of WWF in its books of account and financial statements till June 30, 2015 which aggregates to Rs. 107.63 million. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 1.18 per unit.



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

- 7.2** The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 whereby, with effect from June 13, 2013, Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. The Management Company is of the view that since the remuneration and sales load are already subject to provincial sales tax at the rate of 15%, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. 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 Company services after the eighteenth amendment in the Constitution of Pakistan. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending. The management, being prudent, has decided to retain and continue accruing FED and related additional taxes in the books of account aggregating to Rs. 41.57 million as at December 31, 2015 which includes charge for the period amounting to Rs. 13.37 million. In case, the suit is decided against the Fund the funds would be paid to the Management Company, which will be responsible for submitting these to the taxation authorities. Had the said provision of FED and related additional taxes were not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.46 per unit as at December 31, 2015.

### **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2015 and June 30, 2015.

### **9. SINDH SALES TAX ON RENUMERATION OF TRUSTEE**

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

Accordingly the Fund has made an accrual of Rs. 0.55 million on account of Sindh Sales Tax on services chargeable on custodianship services.

### **10. ALLOCATED EXPENSE**

The SECP via SRO 1160 dated November 25, 2015 amended clause 60 of NBFC Regulations, 2008. The said clause entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS up to a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less.

### **11. TAXATION**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

### **12. EARNINGS PER UNIT**

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

### **13. TRANSACTIONS WITH CONNECTED PERSONS**

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
<b>13.1 Details of transactions with related parties / connected persons</b>				
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>				
Remuneration including indirect taxes	91,223	52,640	47,324	27,698
Issue of 256,591 (2014: 541,413) units and Nil (2014: 459,787) units for the half year and quarter ended respectively	19,980	36,996	-	32,000
Redemption of Nil (2014: 99,263 ) units and Nil (2014: 99,236) units for the half year and quarter ended respectively	-	7,000	-	7,000
Payment of conversion cost	1,136	-	-	-
Allocated expense	782	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of the trustee including indirect taxes	4,505	2,477	2,326	1,290
CDS charges	445	381	439	376
<b>Arif Habib Capital Limited</b>				
Brokerage*	742	1,488	63	1,100
<b>Next Capital Limited</b>				
Brokerage*	618	854	208	854
<b>MCB Bank Limited</b>				
Bank charges	83	30	50	19
Mark-up income	3,279	6,406	562	3,151
Dividend income	2,471	1,284	2,471	782
<b>D.G Khan Cement Company Limited</b>				
Dividend income	-	5,486	-	5,486
<b>Nishat Mills Limited</b>				
Dividend income	-	2,900	-	2,900
<b>Nishat Power Limited</b>				
Dividend income	-	299	-	299
<b>Nishat Chunian Limited</b>				
Dividend income	-	2	-	2
<b>Adamjee life Assurance Company Limited - IMF</b>				
Issue of 3,409,133 (2014: 167,411) units and 504,520 (2014: 798,663 ) units for the half year and quarter ended respectively	291,000	12,000	41,000	12,000
Dividend income	675	-	675	-
<b>Directors and executive of the Management Company</b>				
Issue of 239,975 (2014: 179,365) units and 76,322 (2014: 118,551) units for the half year and quarter ended respectively	19,568	11,986	6,125	8,238
Redemption of 106,345 (2014: 121,222) units and 42,867 (2014: 48,845) units for the half year and quarter ended respectively	8,554	7,818	3,413	3,373

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
<b>Mandate Under Discretionary Portfolio Services</b>				
Issue of 1,739,278 (2014: 1,249,926) units and 1,704,386 (2014: 673,744) units for the half year and quarter ended respectively	144,455	81,829	141,435	45,575
Redemption of 5,408,151 (2014: 226,884 ) units and 4,718,085 (2014: 50,529) units for the half year and quarter ended respectively	421,052	14,347	362,859	3,600

**13.2 Amounts outstanding as at the period / year end**

	(Unaudited) December, 31 2015 ----- (Rupees in '000) -----	(Audited) June, 30 2015
<b>MCB - Arif Habib Savings and Investment Limited - Management Company</b>		
Remuneration payable	12,089	10,056
Sales tax payable on management fee	1,692	2,205
Sales load payable including related taxes	805	1,182
Conversion cost payable	545	1,681
Allocated expense payable	782	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	500	500
Remuneration payable	790	591
Sales tax payable	96	-
<b>Summit Bank Limited</b>		
Balance with bank	3,514	3,514
<b>MCB Bank Limited</b>		
Balance with bank	7,276	323,734
Accrued mark-up	245	672
<b>Next Capital Limited</b>		
Brokerage payable	208	382
<b>Arif Habib Limited</b>		
Brokerage payable	62	509
<b>Fatima Fertilizer Company Limited</b>		
2,399,000 shares held (June 30, 2015: 78,000)	107,307	3,047
<b>Mughal Iron &amp; Steel Industries Limited</b>		
2,203,200 shares held (June 30, 2015: 1,568,000)	153,563	88,184
<b>Lalpir Power Limited</b>		
8,399,000 shares held (June 30, 2015: 6,050,000)	249,787	184,525
<b>Pakgen Power Limited</b>		
5,667,500 shares held (June 30, 2015: 5,667,500)	166,795	170,082
<b>D.G. Khan Cement Company Limited</b>		
112,000 shares held (June 30, 2015: 1,517,000 shares)	16,530	216,582
<b>Adamjee Insurance Company Limited</b>		
450,000 shares held (June 30, 2015: Nil shares)	25,430	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	(Unaudited) December, 31 2015 ----- (Rupees in '000) -----	(Audited) June, 30 2015
<b>Adamjee life Assurance Company Limited - IMF</b> 7,497,526 units held (June 30, 2015: 4,088,393 units)	<b>602,426</b>	340,277
<b>MCB Arif Habib Savings and Investment Limited</b> 1,244,827 units held (June 30, 2015: 988,236 units)	<b>100,022</b>	82,251
<b>MCB Employees Provident Fund</b> 4,189,296 units held (June 30, 2015: 4,189,296 units)	<b>336,610</b>	348,675
<b>MCB Employees Pension Fund</b> 3,210,371 units held (June 30, 2015: 3,210,371 units)	<b>257,953</b>	267,199
<b>D.G Khan Cement Company Limited Employees Provident Fund Trust</b> 131,642 units held (June 30, 2015: 131,642 units)	<b>10,577</b>	10,957
<b>Directors and executive of the Management Company</b> 299,085 units held (June 30, 2015: 165,455 units)	<b>24,031</b>	32,705
<b>Mandate Under Discretionary Portfolio Services</b> 2,136,974 units held (June 30, 2015: 5,805,847 units)	<b>171,706</b>	483,221

\* 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.

**14. RECLASSIFICATION OF COMPARATIVE FIGURE**

Following reclassifications have been made in this condensed interim financial information in order to give a better and more appropriate presentation:


	From	To	June 30, 2015 (Rupees in '000)
Conversion Cost	Accrued expenses and other liabilities	Payable to management company	1,681
Sales load	Accrued expenses and other liabilities	Payable to management company	1,182
Payable to legal advisor	Payable to management company	Accrued expenses and other liabilities	100

**15. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 04, 2016.

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

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

As the approval of the appointment of the Chief Executive Officer from the Securities and Exchange Commission of Pakistan is awaited, this condensed interim financial information has been signed by two directors authorized in this behalf by the Board of directors of the Management Company.

Please find us on



by typing: **Bachat Ka Doosra Naam**

## **MCB-Arif Habib Savings and Investments Limited**

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