

Half Year Report
December 31, 2015
(Unaudited)



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

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.

PAKISTAN CAPITAL MARKET 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 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 |
| Audit Committee | Mr. Haroun Rashid | Chairman |
| | Mr. Ahmed Jahangir | Member |
| | Mr. Samad A. Habib | Member |
| Human Resource & Remuneration Committee | Dr. Syed Salman Ali Shah | Chairman |
| | Mr. Nasim Beg | Member |
| | Mr. Haroun Rashid | Member |
| | Mr. Ahmed Jahangir | Member |
| Company Secretary & Acting Chief Executive Officer | Mr. Muhammad Saqib Saleem | |
| Chief Financial Officer | Mr. 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 Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Standard Chartered Bank Pakistan Limited Bank Al Habib Limited | |
| Auditors | Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350 | |
| Legal Advisor | Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi. | |
| Transfer Agent | MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi. | |
| Rating | AM2 + Asset Manager Rating assigned by PACRA | |

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Capital Market Fund's** accounts review for the first half year ended December 31st, 2015.

ECONOMY AND MONEY MARKET OVERVIEW

Overall economic score card continued to gather stability with the significant drop in Int'l Crude Oil Prices. Inflation continued to soften despite a small portion of recent decline in oil prices is passed through as other commodity prices and overall food sector also contributed to the overall slowdown. Recent drop in crude oil has deferred the earlier anticipated uptick in inflation as the full year FY16 average inflation is now expected to remain below 3%.

External account continued to remain stable where Petroleum Group Imports during the 1HFY16 are lower by approx 39% compared to 1HFY15. However, sizeable increase in imports of food and machinery groups and a significant decline in exports (down 14.5% in 1HFY15 YoY) shaved off approximately the two third of the benefit of drop oil prices. Suffering from weak global demand and relative in-competitiveness the decline was most visible in the other manufacturing sector followed by food and textile sectors. Overall Balance of payment account reported a surplus of near USD 1.5 billion supported by a narrower current account and inflows in financial account. Overall positive external account impact and strong foreign exchange reserves balance of near USD 20.76 Billion along with strict vigilance of SBP kept the rupee relatively stable.

M2 growth returned to positive territory on FY16 to date basis (25-Dec) which reflects the seasonal adjustment where Net Domestic Assets continually supported by a net government borrowing of about PKR 95 billion with a contribution from Net Financial Asset of PKR 168 billion. Money markets remained optimistic about further cut in discount rate and its sustainability in later half of the year. Yield Curve has thus recently witnessed a slight increase in slope with longer dated bonds remaining relatively less responsive to the expected change in policy rate.

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 under review, the fund posted a loss of 2.18% compared to the loss of 2.23% posted by the benchmark.

On the equities front, the overall allocation was increased to 66.6% after the equity market correction. The fund increased its exposure in the defensive sectors primarily in Electricity sector while exposure was reduced in Oil and Gas sector.

On the fixed income side, the fund had increased its exposure in T-Bills to 18.1% as of 31st December, 2015. However, the fund's exposure in TFCs was marginally reduced from 0.5% to 0.4%.

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

The Net Assets of the Fund as at December 31, 2015 stood at Rs. 805 million as compared to Rs. 682 million as at June 30, 2015 registering an increase of 18.0%.

The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs. 10.32 as compared to opening NAV of Rs. 10.55 per unit as at June 30, 2015 showing a marginal decline of Rs. 0.23 per unit.

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.

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,



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



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL 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 Pakistan Capital 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**

Deloitte.

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

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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 Pakistan Capital Market Fund (the 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**

Deloitte.

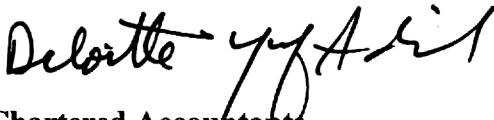
Deloitte Yousuf Adil
Chartered Accountants

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.

Other matter

The financial statements of the Fund for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who vide their report dated August 07, 2015 issued an unqualified opinion thereon.


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) ----- | |
| ASSETS | | |
| Balances with banks | 55,268 | 240,948 |
| Dividend and profit receivables | 3,670 | 1,314 |
| Investments | 760,791 | 468,715 |
| Advances deposits and prepayments | 5,037 | 5,001 |
| Receivable against sale of investment | 3,634 | - |
| Total assets | 828,400 | 715,978 |
| LIABILITIES | | |
| Payable to the Management Company | 1,758 | 1,291 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 158 | 96 |
| Payable to the Securities and Exchange Commission of Pakistan | 342 | 394 |
| Payable against purchase of investment | 909 | 8,512 |
| Payable against redemption of units | 216 | 216 |
| Accrued expenses and other liabilities | 19,692 | 23,582 |
| Total liabilities | 23,075 | 34,091 |
| NET ASSETS | 805,325 | 681,887 |
| Unit holders' funds (as per statement attached) | 805,325 | 681,887 |
| Contingencies and commitments | 7 | |
| | (Number of units) | |
| NUMBER OF UNITS IN ISSUE | 78,010,750 | 64,639,267 |
| | ----- (Rupees) ----- | |
| NET ASSETS VALUE PER UNIT | 10.32 | 10.55 |

The annexed notes from 1 to 14 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) ----- | | | |
| INCOME | | | | | |
| Dividend income | | 14,283 | 5,461 | 7,129 | 3,446 |
| Income from government securities | | 6,743 | 2,901 | 3,036 | 1,734 |
| Profit on bank deposits | | 2,700 | 2,543 | 1,555 | 1,387 |
| Income from term finance certificate | | 300 | 1,371 | 150 | 558 |
| Capital (loss) / gain on sale of investments - net | | (343) | 20,966 | (5,273) | 19,289 |
| Income on deposit with NCCPL against exposure margin | | 11 | 12 | 4 | 5 |
| | | 23,694 | 33,254 | 6,601 | 26,419 |
| Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net | 5.6 | 9,807 | 28,562 | 10,360 | 19,876 |
| Total income | | 33,501 | 61,816 | 16,961 | 46,295 |
| EXPENSES | | | | | |
| Remuneration of the Management Company | | 8,040 | 3,935 | 4,124 | 2,082 |
| Sindh Sales tax and Federal Excise Duty on remuneration of the Management Company | | 2,592 | 1,314 | 1,329 | 695 |
| Remuneration of the Central Depository Company of Pakistan Limited - Trustee | | 805 | 393 | 413 | 208 |
| Sales tax on remuneration of the trustee | 8 | 113 | - | 57 | - |
| Securities and Exchange Commission of Pakistan - fee | | 342 | 167 | 175 | - |
| Allocated expense | 9 | 90 | - | 90 | 88 |
| Securities transaction cost | | 518 | 1,193 | 259 | 797 |
| Settlement and bank charges | | 242 | 194 | 125 | 98 |
| Fees and subscription | | 134 | 127 | 73 | 69 |
| Auditors' remuneration | | 329 | 290 | 161 | 166 |
| Printing and related cost | | 181 | 171 | 115 | 102 |
| Legal and professional charges | | 38 | - | 38 | - |
| Total expenses | | 13,424 | 7,784 | 6,959 | 4,305 |
| | | 20,077 | 54,032 | 10,002 | 41,990 |
| Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed | 3.1 | | | | |
| -from realized / unrealized capital gain / (loss) | | 1,345 | 4,948 | 1,270 | 5,040 |
| -from other income | | 105 | (36) | (725) | (5) |
| | | 1,450 | 4,912 | 545 | 5,035 |
| Provision for Workers' Welfare Fund | 6.1 | - | (1,179) | - | (941) |
| Net income for the period before taxation | | 21,527 | 57,765 | 10,547 | 46,084 |
| Taxation | 10 | - | - | - | - |
| Net income for the period after taxation | | 21,527 | 57,765 | 10,547 | 46,084 |
| Other comprehensive income for the period | | | | | |
| <i>Items that may be reclassified to profit and loss account</i> | | | | | |
| Unrealised (diminution) / appreciation in value of investments classified as available for sale - net | 5.7 | (40,134) | 232 | 9,584 | 146 |
| Total comprehensive income for the period | | (18,607) | 57,997 | 20,131 | 46,230 |
| Earnings per unit | 11 | | | | |

The annexed notes from 1 to 14 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) ----- | | | |
| Undistributed income / (losses) brought forward | 22,062 | (37,684) | 40,153 | (24,994) |
| Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred from unit holders' fund | 8,331 | (4,010) | 1,220 | (5,019) |
| Net income for the period | 21,527 | 57,765 | 10,547 | 46,084 |
| | 29,858 | 53,755 | 11,767 | 41,065 |
| Undistributed income carried forward | 51,920 | 16,071 | 51,920 | 16,071 |

The annexed notes from 1 to 14 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 MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

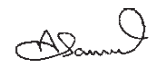
| | Half year ended December 31, | | Quarter ended December 31, | |
|---|---------------------------------|----------------|-------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| ----- (Rupees in '000) ----- | | | | |
| Net assets at beginning of the period | 681,887 | 364,636 | 759,557 | 371,534 |
| Issue of 23,740,905 units (2014: 10,079,256 units) and 9,832,591 units (2014: 2,820,268 units) for the half year and quarter ended respectively | 251,702 | 98,268 | 103,388 | 72,287 |
| Redemption of 10,369,422 units (2014: 5,365,062 units) and 7,405,435 units (2014: 3,378,259 units) for the half year and quarter ended respectively | (108,207) | (50,521) | (77,206) | (19,548) |
| | 143,495 | 47,747 | 26,182 | 52,739 |
| Net element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed | | | | |
| - amount representing (income) / loss and (Capital gains) / losses transferred to the Income Statement | | | | |
| Arising from capital gain and unrealised gain | (1,345) | (4,948) | (1,270) | (5,040) |
| Arising from other income | (105) | 36 | 725 | 5 |
| - amount representing (income)/ loss that form part of unit holders' fund transferred to the Distribution Statement | (8,331) | 4,010 | (1,220) | 5,019 |
| | (9,781) | (902) | (1,765) | (16) |
| Net element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income | 8,331 | (4,010) | 1,220 | (5,019) |
| Capital (loss) / gain on sale of investments - net | (343) | 20,966 | (5,273) | 19,289 |
| Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net | 9,807 | 28,562 | 10,360 | 19,876 |
| Other income for the period - net | 12,063 | 8,237 | 5,460 | 6,919 |
| Unrealised (diminution) / appreciation on re-measurement of investments classified as available for sale - net | (40,134) | 232 | 9,584 | 146 |
| Total comprehensive income for the period | (18,607) | 57,997 | 20,131 | 46,230 |
| Net assets at end of the period | 805,325 | 465,468 | 805,325 | 465,468 |

The annexed notes from 1 to 14 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 CASHFLOW 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) ----- | | | |

A. CASH FLOWS FROM OPERATING ACTIVITIES

| | | | | |
|--|---------|----------|----------|----------|
| Net income for the period | 21,527 | 57,765 | 10,547 | 46,084 |
| <i>Adjustments for:</i> | | | | |
| Unrealised appreciation in value of investments classified as at fair value through profit or loss - net | (9,807) | (28,562) | (10,360) | (19,876) |
| Net element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed | | | | |
| Arising from capital gain and unrealised gain | (1,345) | (4,948) | (1,270) | (5,040) |
| Arising from other income | (105) | 36 | 725 | 5 |
| Provision for Workers' Welfare Fund | - | 1,179 | - | 941 |
| | 10,270 | 25,470 | (358) | 22,114 |

(Increase) / decrease in assets

| | | | | |
|---------------------------------------|-----------|----------|---------|----------|
| Investments | (322,403) | (81,196) | (1,209) | (90,820) |
| Dividend and profit receivables | (2,356) | 1,250 | 3,981 | 1,948 |
| Advances deposits and prepayments | (36) | 4,421 | 22 | 22 |
| Receivable against issue of units | - | - | - | (9,941) |
| Receivable against sale of investment | (3,634) | 9,473 | (3,634) | 9,473 |
| | (328,429) | (66,052) | (840) | (89,318) |

Increase / (decrease) in liabilities

| | | | | |
|---|----------|--------|-------|--------|
| Payable to the Management Company | 467 | 239 | 119 | 255 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 62 | 16 | 12 | 14 |
| Payable to the Securities and Exchange Commission of Pakistan | (52) | (137) | 175 | 88 |
| Payable against purchase of investment | (7,603) | 17,695 | 909 | 17,695 |
| Accrued expenses and other liabilities | (3,890) | 1,005 | 904 | 302 |
| | (11,016) | 18,818 | 2,119 | 18,354 |

| | | | | | |
|---|----------|------------------|-----------------|------------|-----------------|
| Net cash (used in) / generated from operating activities | A | (329,175) | (21,764) | 921 | (48,850) |
|---|----------|------------------|-----------------|------------|-----------------|

B. CASH FLOWS FROM FINANCING ACTIVITIES

| | | | | |
|-------------------------------|-----------|----------|----------|----------|
| Cash received from units sold | 251,702 | 98,268 | 103,388 | 72,287 |
| Cash paid on units redeemed | (108,207) | (50,521) | (77,206) | (19,548) |

| | | | | | |
|---|----------|----------------|---------------|---------------|---------------|
| Net cash generated from financing activities | B | 143,495 | 47,747 | 26,182 | 52,739 |
|---|----------|----------------|---------------|---------------|---------------|

| | | | | | |
|---|------------|------------------|---------------|---------------|--------------|
| Net (decrease) / increase in cash and cash equivalents during the period | A+B | (185,680) | 25,983 | 27,103 | 3,889 |
|---|------------|------------------|---------------|---------------|--------------|


| | | | | | |
|--|--|---------|--------|--------|--------|
| Cash and cash equivalents at beginning of the period | | 240,948 | 41,664 | 28,165 | 63,758 |
|--|--|---------|--------|--------|--------|

| | | | | | |
|---|--|---------------|---------------|---------------|---------------|
| Cash and cash equivalents at end of the period | | 55,268 | 67,647 | 55,268 | 67,647 |
|---|--|---------------|---------------|---------------|---------------|

The annexed notes from 1 to 14 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 Pakistan Capital 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 on October 27, 2003. The Investment Adviser of PCMF obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on November 5, 2003.
- 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 During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange, formerly listed on Karachi / Lahore / Islamabad stock exchange.
- 1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse purchase transactions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned as asset manager of "AM2+" dated April 7, 2015 to the Management Company and long term stability rating of 3-star and short term rating of 4-star to the Fund.
- 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 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). 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 comprise 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 statement 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 is being circulated to the unit holders as required under the NBFC Regulations.

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

2.4 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

2.5 The directors of the Management Company declare that this condensed interim financial information gives 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 therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

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

| | | (Unaudited) December 31, 2015 | (Audited) June 30, 2015 | |
|--------------------------------------|--------------------------|-------------------------------------|-------------------------------|---------|
| | | ---- (Rupees in '000) ---- | | |
| 5. | INVESTMENTS | Note | | |
| At fair value through profit or loss | | | | |
| | Listed equity securities | 5.1 | 52,478 | 91,252 |
| | Government securities | 5.2 | 149,601 | 29,954 |
| | Unlisted debt securities | 5.3 | 3,338 | 3,736 |
| | | | 205,417 | 124,942 |
| Available for sale | | | | |
| | Listed equity securities | 5.4 | 499,340 | 319,134 |
| | Government securities | 5.5 | 56,034 | 24,639 |
| | | | 555,374 | 343,773 |
| | | | 760,791 | 468,715 |

**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 'at fair value through profit or loss'

| 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 a percentage of total assets | Market value as a 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'----- | | | | | | | | | | | |
| -----Number of shares----- | | | | | | | | | | | |
| ------%----- | | | | | | | | | | | |
| Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise | | | | | | | | | | | |
| AUTOMOBILE AND PARTS | | | | | | | | | | | |
| Pak Suzuki Motor Company Limited | 33,000 | - | - | - | 33,000 | 14,385 | 16,345 | 1,960 | 2.03 | 2.15 | 0.04 |
| | | | | | | 14,385 | 16,345 | 1,960 | 2.03 | 2.15 | |
| GENERAL INDUSTRIALS | | | | | | | | | | | |
| Thal Limited (Par value of Rs. 5 each) | 22,800 | - | - | - | 22,800 | 6,508 | 5,776 | (732) | 0.72 | 0.76 | 0.03 |
| Packages Limited | 150 | - | - | - | 150 | 89 | 87 | (2) | 0.01 | 0.01 | 0.00 |
| | | | | | | 6,597 | 5,863 | (734) | 0.73 | 0.77 | |
| HOUSEHOLD GOODS | | | | | | | | | | | |
| Pak Elektron Limited | 139,500 | - | - | 139,500 | - | - | - | - | - | - | - |
| | | | | | | - | - | - | - | - | |
| CONSTRUCTION AND MATERIAL | | | | | | | | | | | |
| Maple Leaf Cement Factory Limited | 341,500 | - | - | 311,500 | 30,000 | 2,357 | 2,237 | (120) | 0.28 | 0.29 | 0.01 |
| | | | | | | 2,357 | 2,237 | (120) | 0.28 | 0.29 | |
| COMMERCIAL BANKS | | | | | | | | | | | |
| Habib Metropolitan Bank Limited | 325,500 | - | - | 325,500 | - | - | - | - | - | - | - |
| Soneri Bank Limited | 40,000 | - | - | 40,000 | - | - | - | - | - | - | - |
| | | | | | | - | - | - | - | - | |
| INDUSTRIAL METALS AND MINING | | | | | | | | | | | |
| Crescent Steel & Allied Products Limited | 135,500 | 500 | - | 500 | 135,500 | 7,058 | 16,852 | 9,794 | 2.09 | 2.22 | 0.18 |
| Crescent Steel & Allied Products Limited (Right option) | - | - | 33,875 | 33,875 | - | - | - | - | - | - | - |
| International Industries Limited | 28,500 | - | - | 28,500 | - | - | - | - | - | - | - |
| | | | | | | 7,058 | 16,852 | 9,794 | 2.09 | 2.22 | |
| CHEMICALS | | | | | | | | | | | |
| Engro Corporation Limited | 5,600 | - | - | - | 5,600 | 1,662 | 1,565 | (97) | 0.19 | 0.21 | 0.00 |
| | | | | | | 1,662 | 1,565 | (97) | 0.19 | 0.21 | |
| PERSONAL GOODS | | | | | | | | | | | |
| Bata Pakistan Limited | 2,880 | - | - | - | 2,880 | 10,752 | 9,417 | (1,335) | 1.17 | 1.24 | 0.04 |
| | | | | | | 10,752 | 9,417 | (1,335) | 1.17 | 1.24 | |
| OIL AND GAS | | | | | | | | | | | |
| Pakistan Petroleum Limited | 1,630 | - | - | - | 1,630 | 268 | 199 | (69) | 0.03 | 0.03 | 0.00 |
| | | | | | | 268 | 199 | (69) | 0.03 | 0.03 | |
| Total - December 31, 2015 | | | | | | | | | | | |
| | | | | | | 43,079 | 52,478 | 9,399 | 6.52 | 6.90 | |
| Total - June 30, 2015 | | | | | | | | | | | |
| | | | | | | 63,128 | 91,252 | 28,124 | 13.38 | 19.47 | |

**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 Government securities - 'at fair value through profit or loss'

| Issue date | Face value | | | | As at December 31, 2015 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|--------------------------------------|--------------------|-----------------------------|----------------------------|---------------------------|-------------------------|----------------|---------------------------|--|---|
| | As at July 1, 2015 | Purchased during the period | Disposed during the period | Matured during the period | As at December 31, 2015 | Carrying value | Market value (Diminution) | | |
| | | | | | | | | | |
| Treasury bills - 12 months | - | 100,000 | - | - | 100,000 | 99,898 | 99,896 | (2) | 12.40 |
| Treasury bills - 6 months | 30,000 | - | - | 30,000 | - | - | - | - | - |
| Treasury bills - 3 months | - | 430,000 | 175,000 | 205,000 | 50,000 | 49,713 | 49,705 | (8) | 6.17 |
| Total as at December 31, 2015 | | | | | | 149,611 | 149,601 | (10) | 18.57 |
| | | | | | | | | | |
| Total as at June 30, 2015 | | | | | | 29,958 | 29,954 | (4) | 4.39 |

5.3 Unlisted debt securities - term finance certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

| Name of investee company | Number of Certificates | | | | As at December 31, 2015 | | | Market value as a percentage of net assets | Market value as a percentage of total investment |
|---|------------------------|-----------------------------|---------------------------|----------------------------|-------------------------|----------------|---------------------------|--|--|
| | As at July 1, 2015 | Purchased during the period | Matured during the period | Disposed during the period | As at December 31, 2015 | Carrying value | Market value Appreciation | | |
| | | | | | | | | | |
| Maple Leaf Cement Factory Limited - Sukuk | 2,000 | - | - | - | 2,000 | 2,920 | 3,338 | 418 | 0.41 |
| Total as at December 31, 2015 | 2,000 | - | - | - | 2,000 | 2,920 | 3,338 | 418 | 0.44 |
| | | | | | | | | | |
| Total as at June 30, 2015 | 2,000 | - | - | - | 2,000 | 3,223 | 3,736 | 513 | 0.80 |

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

5.4 Listed equity securities - 'Available for sale'

Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise

| 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 a percentage of total paid up capital of the investee company |
|---|--------------------|-----------------------------|---------------------------------------|-------------------------|-------------------------|-------------------------|---------------|-----------------------------|--|---|
| | | | | | | Cost | Market value | Appreciation / (diminution) | Market value as a percentage of net assets | |
| | | | | | | Rupees in '000' | | | | % |
| AUTOMOBILE AND PARTS | | | | | | | | | | |
| Indus Motors Company Limited | 15,000 | - | - | - | 15,000 | 15,756 | 15,175 | (581) | 1.88 | 1.99 |
| | | | | | | 15,756 | 15,175 | (581) | 1.88 | 1.99 |
| GENERAL INDUSTRIALS | | | | | | | | | | |
| Thal Limited (Par value of Rs. 5 each) | - | 25,000 | - | - | 25,000 | 7,958 | 6,333 | (1,625) | 0.79 | 0.83 |
| Cherat Packaging Limited | 34,600 | - | 2,595 | - | 37,195 | 6,705 | 11,274 | 4,569 | 1.40 | 1.48 |
| Packages Limited | 29,000 | 24,000 | - | - | 53,000 | 29,790 | 30,852 | 1,062 | 3.83 | 4.06 |
| Ghani Glass Limited | 105,000 | - | - | 25,000 | 80,000 | 5,407 | 7,042 | 1,635 | 0.87 | 0.93 |
| *** Ghani Glass Limited (Right option) | - | - | 56,000 | - | 56,000 | - | 4,759 | 4,759 | 0.59 | 0.63 |
| | | | | | | 49,860 | 60,261 | 10,401 | 7.48 | 7.93 |
| HOUSEHOLD GOODS | | | | | | | | | | |
| Pak Elektron Limited | 13,000 | 275,000 | - | 175,500 | 112,500 | 8,453 | 7,036 | (1,417) | 0.87 | 0.92 |
| | | | | | | 8,453 | 7,036 | (1,417) | 0.87 | 0.92 |
| CONSTRUCTION AND MATERIAL | | | | | | | | | | |
| Cherat Cement Company Limited | - | 100,000 | - | - | 100,000 | 8,908 | 9,018 | 110 | 1.12 | 1.19 |
| ** D.G. Khan Cement Company Limited | 90,000 | 35,000 | - | 49,700 | 75,300 | 10,471 | 11,114 | 643 | 1.38 | 1.46 |
| Lucky Cement Limited | - | 30,000 | - | - | 30,000 | 15,955 | 14,851 | (1,104) | 1.84 | 1.95 |
| Maple Leaf Cement Factory Limited | 100,000 | 125,000 | - | 75,000 | 150,000 | 10,211 | 11,817 | 976 | 1.39 | 1.47 |
| Pioneer Cement Limited | 110,000 | 215,000 | - | 100,000 | 225,000 | 20,759 | 20,444 | (316) | 2.54 | 2.69 |
| | | | | | | 66,304 | 66,613 | 309 | 8.27 | 8.76 |
| CHEMICALS | | | | | | | | | | |
| ICI Pakistan Limited | 31,000 | 9,900 | - | - | 40,900 | 17,353 | 19,796 | 2,443 | 2.46 | 2.60 |
| Dawood Hercules Corporation Limited | - | 122,000 | - | 122,000 | - | - | - | - | 0.00 | 0.00 |
| Engro Corporation Limited | 77,200 | 44,000 | - | 111,000 | 10,200 | 3,013 | 2,850 | (163) | 0.35 | 0.37 |
| Engro Fertilizer Limited | - | 340,000 | - | - | 340,000 | 33,089 | 28,604 | (4,485) | 3.55 | 3.76 |
| ** Fatima Fertilizer Company Limited | - | 300,000 | - | 59,500 | 240,500 | 11,565 | 10,758 | (807) | 1.34 | 1.41 |
| Fauji Fertilizer Bin Qasim Limited | - | 564,000 | - | 564,000 | - | - | - | - | 0.00 | 0.00 |
| Fauji Fertilizer Company Limited | 165,700 | - | - | 165,700 | - | - | - | - | 0.00 | 0.00 |
| Linde Pakistan Limited | 3,000 | - | - | - | 3,000 | 622 | 349 | (273) | 0.04 | 0.05 |
| | | | | | | 65,642 | 62,357 | (3,285) | 7.74 | 8.19 |
| COMMERCIAL BANKS | | | | | | | | | | |
| Allied Bank Limited | - | 75,000 | - | - | 75,000 | 7,739 | 7,070 | (670) | 0.88 | 0.93 |
| Bank Al Habib Limited | - | 189,500 | - | - | 189,500 | 8,163 | 7,883 | (280) | 0.98 | 1.04 |
| Habib Bank Limited | 216 | 133,700 | - | 97,200 | 36,716 | 7,656 | 7,348 | (308) | 0.91 | 0.97 |
| ** MCB Bank Limited | - | 2,200 | - | - | 2,200 | 529 | 477 | (52) | 0.06 | 0.06 |
| United Bank Limited | 50,000 | 204,300 | - | 205,300 | 49,000 | 8,111 | 7,593 | (518) | 0.94 | 1.00 |
| | | | | | | 32,198 | 30,370 | (1,828) | 3.77 | 4.00 |
| INDUSTRIAL METALS AND MINING | | | | | | | | | | |
| Amreli Steels Limited | - | 5,863 | - | - | 5,863 | 299 | 352 | 53 | 0.04 | 0.05 |
| Crescent Steel and Allied Products Limited | - | 79,500 | - | 45,000 | 34,500 | 3,646 | 4,291 | 645 | 0.53 | 0.56 |
| Crescent Steel and Allied Products Limited (Right option) | - | - | 8,625 | 8,625 | - | - | - | - | 0.00 | 0.00 |
| | | | | | | 3,945 | 4,643 | 698 | 0.58 | 0.61 |
| ENGINEERING | | | | | | | | | | |
| Mughal Iron and Steel Industries Limited | - | 100,000 | - | - | 100,000 | 7,865 | 6,970 | (895) | 0.87 | 0.92 |
| | | | | | | 7,865 | 6,970 | (895) | 0.87 | 0.92 |
| FOOD & PERSONAL CARE PRODUCTS | | | | | | | | | | |
| Al-Shaheer Corporation Limited | - | 40,000 | 14,000 | - | 54,000 | 3,617 | 3,358 | (259) | 0.42 | 0.44 |
| Engro Foods Limited | - | 100,000 | - | 30,000 | 70,000 | 11,430 | 10,261 | (1,169) | 1.27 | 1.35 |
| Shezan International Limited | 3,500 | - | - | - | 3,500 | 4,429 | 2,141 | (2,288) | 0.27 | 0.28 |
| | | | | | | 19,476 | 15,760 | (3,716) | 1.96 | 2.07 |

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 a percentage of total paid up capital of the investee company |
|---|--------------------|-----------------------------|---------------------------------------|-------------------------|-------------------------|-------------------------|--------------|-----------------------------|--|---|---|
| | | | | | | Cost | Market value | Appreciation / (diminution) | Market value as percentage of net assets | Market value as a percentage of total investments | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Rupees in '000' | | | | | | | | | | | |
| Number of shares | | | | | | | | | | | |
| % | | | | | | | | | | | |
| GLASS & CERAMICS | | | | | | | | | | | |
| Tariq Glass Industries Limited | 110,000 | 100,000 | - | - | 210,000 | 13,713 | 14,669 | 955 | 1.82 | 1.93 | 0.29 |
| | | | | | | 13,713 | 14,669 | 955 | 1.82 | 1.93 | |
| NON LIFE INSURANCE COMPANIES | | | | | | | | | | | |
| Adamjee Insurance Company Limited | - | 70,000 | - | 70,000 | - | - | - | - | 0.00 | 0.00 | 0.00 |
| IGI Insurance Limited | 30,000 | 30,000 | - | 16,800 | 43,200 | 10,135 | 10,220 | 85 | 1.27 | 1.34 | 0.04 |
| | | | | | | 10,135 | 10,220 | 85 | 1.27 | 1.34 | |
| MISCELLANEOUS | | | | | | | | | | | |
| Shifa International Hospitals Limited | - | 25,400 | - | - | 25,400 | 6,978 | 7,798 | 820 | 0.97 | 1.02 | 0.05 |
| ** Shifa International Hospitals Limited (Right option) | - | - | 2,023 | - | 2,023 | - | 110 | 110 | 0.01 | 0.01 | 0.00 |
| | | | | | | 6,978 | 7,908 | 930 | 0.98 | 1.03 | |
| OIL AND GAS | | | | | | | | | | | |
| Attock Petroleum Limited | 20,000 | 13,000 | - | 6,000 | 27,000 | 14,945 | 13,638 | (1,307) | 1.69 | 1.79 | 0.03 |
| * Oil & Gas Development Company Limited | 155,000 | - | - | 15,000 | 140,000 | 25,752 | 16,428 | (9,324) | 2.04 | 2.16 | 0.00 |
| * Pakistan Oilfields Limited | 94,800 | 45,000 | - | 89,800 | 50,000 | 17,143 | 13,401 | (3,742) | 1.66 | 1.76 | 0.02 |
| Pakistan Petroleum Limited | 96,000 | - | - | 87,600 | 8,400 | 1,431 | 1,023 | (408) | 0.13 | 0.13 | 0.00 |
| Pakistan State Oil Company Limited | 25,000 | - | - | - | 25,000 | 10,208 | 8,144 | (2,064) | 1.01 | 1.07 | 0.01 |
| | | | | | | 69,479 | 52,634 | (16,845) | 6.54 | 6.91 | |
| OIL AND GAS MARKETING COMPANIES | | | | | | | | | | | |
| Sui Northern Gas Pipeline Limited | - | 318,000 | - | - | 318,000 | 11,166 | 7,645 | (3,521) | 0.95 | 1.00 | 0.05 |
| | | | | | | 11,166 | 7,645 | (3,521) | 0.95 | 1.00 | |
| ELECTRICITY | | | | | | | | | | | |
| Hub Power Company Limited | 46,513 | 400,000 | - | - | 446,513 | 46,030 | 45,812 | (218) | 5.69 | 6.02 | 0.04 |
| K-Electric Limited (Par value of Rs. 3.5 each) | 630 | 1,600,000 | - | - | 1,600,630 | 13,479 | 11,909 | (1,570) | 1.48 | 1.57 | 0.01 |
| Kot Addu Power Company Limited | - | 364,000 | - | - | 364,000 | 32,684 | 29,484 | (3,200) | 3.66 | 3.88 | 0.04 |
| ** Lalpur Power Limited | 365,000 | 150,000 | - | - | 515,000 | 17,123 | 15,316 | (1,807) | 1.90 | 2.01 | 0.14 |
| ** Pakgen Power Limited | 300,000 | 230,000 | - | - | 530,000 | 16,532 | 15,598 | (934) | 1.94 | 2.05 | 0.14 |
| | | | | | | 125,848 | 118,119 | (7,729) | 14.67 | 15.53 | |
| FOOD PRODUCERS | | | | | | | | | | | |
| Habib Sugar Mills Limited | 350,000 | - | - | 350,000 | - | - | - | - | 0.00 | 0.00 | 0.00 |
| | | | | | | - | - | - | 0.00 | 0.00 | |
| TECHNOLOGY & COMMUNICATIONS | | | | | | | | | | | |
| Hum Network Limited (Par value of Rs. 1 each) | - | 513,000 | - | - | 513,000 | 8,919 | 6,741 | (2,178) | 0.84 | 0.89 | 0.05 |
| Systems Limited | 117,165 | 33,500 | - | - | 150,665 | 6,673 | 9,496 | 2,823 | 1.18 | 1.25 | 0.14 |
| | | | | | | 15,592 | 16,237 | 645 | 2.02 | 2.14 | |
| TEXTILE COMPOSITE | | | | | | | | | | | |
| Nishat Mills Limited | - | 50,000 | - | 50,000 | - | - | - | - | 0.00 | 0.00 | 0.00 |
| | | | | | | - | - | - | 0.00 | 0.00 | |
| TRANSPORT | | | | | | | | | | | |
| Pakistan National Shipping Corporation Limited | 30,600 | - | - | - | 30,600 | 3,373 | 2,723 | (650) | 0.34 | 0.36 | 0.02 |
| | | | | | | 3,373 | 2,723 | (650) | 0.34 | 0.36 | |
| Total - December 31, 2015 | | | | | | | | | | | |
| | | | | | | 525,783 | 499,340 | (26,443) | 62.00 | 65.63 | |
| Total - June 30, 2015 | | | | | | | | | | | |
| | | | | | | 305,490 | 319,134 | 13,644 | 46.80 | 68.09 | |

* The above include shares with a market value aggregating to Rs. 16,588 million (June 30, 2015: Rs. 29,153) 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 Securities and Exchange Commission of Pakistan.

** These represent transactions with related parties.

*** These represent option of 70% rights shares announced by Ghani Glass Limited on December 01, 2015 and 7.9% right shares announced by Board of Directors of Shifa International Hospitals Limited on December 03, 2015.

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

5.5 Government securities - 'Available for sale'

| Issue date | Face value | | | | As at December 31, 2015 | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|--------------------------------------|--------------------|-----------------------------|----------------------------|---------------------------|-------------------------|---------------|--|---|
| | As at July 1, 2015 | Purchased during the period | Disposed during the period | Matured during the period | As at December 31, 2015 | Carrying cost | | |
| | | | | | | | Appreciation/(diminution) | |
| | | | | | | | | |
| Pakistan Investment Bond - 03 years | - | 50,000 | - | - | 50,000 | 56,130 | (96) | 7.37 |
| Pakistan Investment Bond - 05 years | 25,000 | - | - | - | - | - | - | - |
| Pakistan Investment Bond - 10 years | - | - | 25,000 | - | - | - | - | - |
| Total as at December 31, 2015 | | | | | | 56,130 | (96) | 7.37 |
| Total as at June 30, 2015 | | | | | | 24,688 | (49) | 5.26 |

**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) ---- | |
| 5.6 Unrealised (diminution)/ appreciation in value of investments at fair value through profit or loss - net | | | |
| Market value of investments | 5.1, 5.2 & 5.3 | 205,417 | 124,942 |
| Carrying value of investments | 5.1, 5.2 & 5.3 | <u>(195,610)</u> | <u>(96,309)</u> |
| | | <u>9,807</u> | <u>28,633</u> |
| 5.7 Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale' - net | | | |
| Market value of investments | 5.4 & 5.5 | 555,374 | 343,773 |
| Cost of investments | 5.4 & 5.5 | <u>581,913</u> | <u>330,178</u> |
| | | <u>(26,539)</u> | <u>13,595</u> |
| Less: Net unrealized appreciation in value of investments classified as 'available for sale' at beginning of the period | | <u>13,595</u> | <u>(92)</u> |
| | | <u>(40,134)</u> | <u>13,687</u> |
| 6. ACCRUED EXPENSES AND OTHER LIABILITIES | | | |
| Provision for Workers' Welfare Fund | 6.1 | 10,732 | 10,732 |
| Provision for Federal Excise Duty and related tax | | | |
| - On management fee | 6.2 | 4,576 | 3,109 |
| - Sales load | | 345 | 99 |
| Withholding tax payable | | 12 | 5,767 |
| Dividend payable | | 2,783 | 2,783 |
| Auditors' remuneration | | 286 | 368 |
| Zakat | | 125 | 125 |
| Brokerage | | 548 | 292 |
| Other | | <u>285</u> | <u>307</u> |
| | | <u>19,692</u> | <u>23,582</u> |

6.1 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 Honorable 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. These amendments are applicable for the financial years starting 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 till June 30, 2015 in its books of account and condensed interim financial information which aggregates to Rs. 10.732 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. 0.14 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

6.2 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 14%, 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. 4.576 million as at December 31, 2015 which includes charge for the period amounting to Rs. 1.467 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 them 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. 0.06 per unit as at December 31, 2015.

7. CONTINGENCIES AND COMMITMENTS

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

8. SINDH SALES TAX ON REMUNERATION OF THE 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% is applicable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill 2010 (amended upto 2015). Accordingly, the Fund has made an accrual of Rs. 0.113 million on account of Sindh Sales Tax on custodianship services.

9. ALLOCATED EXPENSE

The SECP via its SRO 1160 dated November 25, 2015 has 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 upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Fund has made an accrual of Rs. 0.09 million since November 27, 2015 at a rate of 0.1% of average annual net assets as the information related to actual expenses allocable to the Fund was not available at that time.

10. TAXATION

10.1 The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) 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. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Ordinance. As the management intends to distribute at least 90% of income earned during current year to the unit holders, therefore, no provision for taxation has been made in this condensed interim financial information.

11. 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.

12. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties 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 undertakings 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 Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

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

12.1 Details of transactions with connected persons are as follows:

| | Half year ended December 31, | | Quarter ended December 31, | |
|---|---------------------------------|-------|-------------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Rupees in '000) | | | |
| MCB-Arif Habib Savings and Investment - Management Company | | | | |
| Remuneration for the period including indirect tax | 10,632 | 3,935 | 5,454 | 2,082 |
| Allocated expense | 90 | - | 90 | - |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Remuneration of the trustee including indirect tax | 918 | 393 | 470 | 208 |
| CDS charges | 39 | 29 | 22 | 18 |
| Arif Habib Limited - Brokerage House | | | | |
| Brokerage* | 42 | 109 | 7 | 84 |
| Summit Capital Pvt. Ltd | | | | |
| Brokerage * | 5 | - | 5 | - |
| Next Capital Private Limited - Brokerage House | | | | |
| Brokerage * | 63 | - | 11 | - |
| MCB Bank Limited | | | | |
| Bank charges | 26 | 14 | 15 | 8 |
| Profit on bank deposit | 953 | 2,059 | 211 | 1,153 |
| Dividend income | 9 | 56 | 9 | 47 |
| Nishat Mills Limited | | | | |
| Dividend income | - | 180 | - | 180 |
| D.G. Khan Cement Limited | | | | |
| Dividend income | 202 | 466 | 202 | 466 |
| Lalpir Power Limited | | | | |
| Dividend income | 515 | - | 515 | - |
| Pakgen Power Limited | | | | |
| Dividend income | 530 | - | 530 | - |
| Directors, executives and employees of the Management Company | | | | |
| Redemption of 16,362 units (2014: 8,871 units) and Nil units (2014: Nil units) for the half year and quarter ended respectively | 170 | 80 | - | - |

* 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 the connected persons.

**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 |
|--|--|------------------------------|
| 12.2 Amounts outstanding as at period / year end: | | |
| MCB-Arif Habib Savings and Investment - Management Company | | |
| Remuneration payable | 1,389 | 977 |
| Sales tax payable on management fee | 194 | 147 |
| Sales load payable, including related taxes | 85 | 67 |
| Legal and professional charges | - | 100 |
| Allocated expense payable | 90 | - |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration payable | 139 | 96 |
| Sindh sales tax payable on remuneration of Trustee | 19 | - |
| Security deposit | 300 | 300 |
| MCB Bank Limited | | |
| Bank balance | 8,869 | 228,970 |
| Profit receivable on bank deposits | 116 | 301 |
| 2,200 shares held (June 30, 2015: Nil) | 477 | - |
| Arif Habib Limited - Brokerage House | | |
| Brokerage payable | 6 | 8 |
| Summit Capital Pvt. Ltd | | |
| Brokerage payable | 5 | - |
| Next Capital Private Limited - Brokerage House | | |
| Brokerage payable | 21 | 13 |
| Nishat Mills Limited Employees Provident Fund Trust | | |
| Units held 15,507,222 (June 30, 2015: 15,507,222) | 160,035 | 163,601 |
| Pakgen Power Limited | | |
| 530,000 shares held (June 30, 2015: 300,000 shares) | 15,598 | 9,003 |
| D.G. Khan Cement Limited | | |
| 75,300 shares held (June 30, 2015: 90,000 shares) | 11,114 | 12,849 |
| Lalpir Power Limited | | |
| 515,000 shares held (June 30, 2015: 365,000 shares) | 15,316 | 11,133 |
| Fatima Fertilizer Company Limited | | |
| 240,500 shares held (June 30, 2015: Nil shares) | 10,758 | - |
| Directors, executives and employees of the Management Company | | |
| Units held 1,182 (June 30, 2015: 17,544) | 12 | 185 |

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

13. RECLASSIFICATION

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

| | From | To | December 31, 2014 (000) |
|---|-----------------------------|--|-------------------------------|
| Reclassification of printing and related expense | Securities transaction cost | Printing and related cost | 171 |
| Reclassification of other expenses into Settlement and bank charges and Fees and subscription | Other expenses | Settlement and bank charges Fees and subscription | 194 127 |


14. DATE OF AUTHORISATION FOR ISSUE

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

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**

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