

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 INCOME ENHANCEMENT FUND

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FUND'S INFORMATION

| | | |
|---|---|---|
| Management Company | MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepoin, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi. | |
| Board of Directors | Mian Mohammad Mansha Mr. Nasim Beg Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad | Chairman Executive Vice Chairman Director Director Director Director Director |
| Audit Committee | Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib | Chairman Member Member |
| Human Resource & Remuneration Committee | Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir | Chairman Member Member Member |
| Company Secretary & Acting Chief Executive Officer | Mr. Muhammad Saqib Saleem | |
| Chief Financial Officer | Mr. Asif Mehdi | |
| Trustee | Central Despository 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 Faysal Bank Limited United Bank Limited NIB Bank 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, Centrepoin, 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 Income Enhancement Fund's** accounts review for the first half 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.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 9.58% as against its benchmark return of 7.73%. Active trading strategies along with updated outlook on macro environment allowed the fund to outperform its benchmark.

The fund decreased its exposure in PIBs and TFCs at end of the period with a focus on booking capital gains amid market expectations of further monetary easing. At period-end, the fund was 0.6% invested in Treasury Bills, 10.0% in TFCs and 47.2% in PIBs.

The Net Assets of the Fund as at December 31, 2015 stood at Rs. 2,774 million as compared to Rs. 969 million as at June 30, 2015 registering an increase of 186.27%.

The Net Asset Value (NAV) per unit as at December 31, 2015 was Rs. 55.56 as compared to opening NAV of Rs. 53.00 per unit as at June 30, 2015 registering an increase of Rs. 2.56 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.

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

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.

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 INCOME ENHANCEMENT 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 Income Enhancement 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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www.deloitte.com

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 Income Enhancement 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.

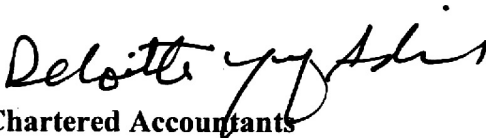
Deloitte Yousuf Adil
Chartered Accountants

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

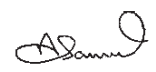
AS AT DECEMBER 31, 2015

| | Note | (Unaudited) December 31, 2015 ---- (Rupees in '000) ---- | (Audited) June 30, 2015 |
|---|------|---|-------------------------------|
| ASSETS | | | |
| Balances with banks | | 637,492 | 114,375 |
| Investments | 5 | 1,984,264 | 873,759 |
| Advance against purchase of Term Finance Certificates | | 125,000 | - |
| Income and profit receivable | | 73,902 | 24,754 |
| Deposits, prepayments and other receivables | | 372 | 637 |
| Total assets | | 2,821,030 | 1,013,525 |
| LIABILITIES | | | |
| Payable to the Management Company | | 10,352 | 2,021 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | | 300 | 156 |
| Payable to the Securities and Exchange Commission of Pakistan | | 889 | 1,187 |
| Payable against redemption of units | | 2,079 | 4,589 |
| Accrued expenses and other liabilities | 6 | 33,467 | 36,864 |
| Total liabilities | | 47,087 | 44,817 |
| NET ASSETS | | 2,773,943 | 968,708 |
| Unit holders' funds (as per statement attached) | | 2,773,943 | 968,708 |
| Contingencies and commitments | 7 | | |
| (Number of units) | | | |
| Number of units in issue | | 49,924,747 | 18,276,832 |
| (Rupees) | | | |
| NET ASSET VALUE PER UNIT | | 55.56 | 53.00 |

The annexed notes 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 | | | | | |
| | | 83,393 | 66,134 | 44,971 | 29,003 |
| | | 19,654 | 3,794 | 17,099 | 4,856 |
| | | 10,824 | 19,818 | 3,809 | 7,464 |
| | | 15,297 | 4,169 | 11,835 | 1,808 |
| | | 129,168 | 93,915 | 77,714 | 43,131 |
| | | | | | |
| | 5.7 | (989) | 26,836 | (1,060) | 17,671 |
| | | | | | |
| | | 3,166 | (3,893) | 2,857 | - |
| | | 131,345 | 116,858 | 79,511 | 60,802 |
| Total income | | | | | |
| EXPENSES | | | | | |
| | | 17,867 | 11,544 | 10,120 | 5,185 |
| | | | | | |
| | | 5,766 | 3,856 | 3,262 | 1,732 |
| | | | | | |
| | | 1,439 | 1,083 | 693 | 508 |
| | 8 | 201 | - | 201 | - |
| | | 889 | 577 | 506 | 259 |
| | 9 | 289 | - | 289 | - |
| | | 473 | 220 | 253 | 52 |
| | | 150 | 205 | 70 | 100 |
| | | 91 | 115 | 46 | 58 |
| | | 314 | 267 | 160 | 143 |
| | | 93 | 79 | 53 | 68 |
| | | 27,572 | 17,946 | 15,653 | 8,105 |
| | | 103,773 | 98,912 | 63,858 | 52,697 |
| | | | | | |
| | 3.1 | | | | |
| | | 6,974 | (1,991) | 1,265 | (4,336) |
| | | 10,810 | (9,536) | (481) | (10,173) |
| | | | | | |
| | 6.1 | - | (1,748) | - | (764) |
| | | | | | |
| | | 121,557 | 85,637 | 64,642 | 37,424 |
| Net income for the period before taxation | | | | | |
| | 10 | - | - | - | - |
| | | | | | |
| | | 121,557 | 85,637 | 64,642 | 37,424 |
| Net income for the period after taxation | | | | | |
| Other comprehensive income for the period | | | | | |
| <i>Items that may be reclassified to profit and loss account</i> | | | | | |
| | | | | | |
| | | (1,618) | 13,638 | (21,932) | 12,310 |
| | | | | | |
| | | 119,939 | 99,275 | 42,710 | 49,734 |
| Total comprehensive income for the period | | | | | |


Earnings per unit

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The annexed notes 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 brought forward | 59,260 | 33,808 | 220,470 | 83,905 |
| Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred from unit holder's fund | 102,900 | (8,727) | (1,395) | (10,611) |
| Net Income for the period | 121,557 | 85,637 | 64,642 | 37,424 |
| | 224,457 | 76,910 | 63,247 | 26,813 |
| Undistributed income carried forward | 283,717 | 110,718 | 283,717 | 110,718 |

The annexed notes 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 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (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 | 968,708 | 1,677,166 | 2,737,503 | 1,815,466 |
| Issue of 49,105,360 units (2014: 15,890,279 units) and 12,298,222 units (2014: 6,752,344 units) for the six months and quarter ended respectively | 2,661,322 | 836,145 | 679,702 | 363,689 |
| Redemption of 17,457,445 units (2014: 23,767,136 units) and 12,395,723 units (2014: 16,366,678 units) for the six months and quarter ended respectively | (958,242) | (1,250,241) | (685,188) | (869,526) |
| | 1,703,080 | (414,096) | (5,486) | (505,837) |
| Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed: | | | | |
| - amount representing accrued loss and capital losses arising from capital loss and unrealised loss on investments transferred to Income Statement | (6,974) | 1,991 | (1,265) | 4,336 |
| - amount representing accrued loss and capital losses arising from other income transferred to Income Statement | (10,810) | 9,536 | 481 | 10,173 |
| - amount representing unrealised capital (gains) / losses - transferred to the Distribution Statement | (102,900) | 8,727 | 1,395 | 10,611 |
| | (120,684) | 20,254 | 611 | 25,120 |
| Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealized income | 102,900 | (8,727) | (1,395) | (10,611) |
| Capital gain on sale of investments - net | 19,654 | 3,794 | 17,099 | 4,856 |
| Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss' - net | (989) | 26,836 | (1,060) | 17,671 |
| Other net operating income | 102,892 | 55,007 | 48,603 | 14,897 |
| Unrealised (diminution) / appreciation on re-measurement of investment classified as "available for sale" | (1,618) | 13,638 | (21,932) | 12,310 |
| Total comprehensive income for the period | 119,939 | 99,275 | 42,710 | 49,734 |
| Net assets at end of the period | 2,773,943 | 1,373,872 | 2,773,943 | 1,373,872 |

The annexed notes 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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

| Half year ended December 31, 2015 | 2014 | Quarter ended December 31, 2015 | 2014 |
|---|------|---------------------------------------|------|
|---|------|---------------------------------------|------|

----- (Rupees in '000) -----

CASH FLOWS FROM OPERATING ACTIVITIES

| | | | | |
|---|--------------------|----------------|----------------|----------------|
| Net income for the period before taxation | 121,557 | 85,637 | 64,642 | 37,424 |
| <i>Adjustments for non cash and other items:</i> | | | | |
| Unrealised diminution / (appreciation) in value of investments classified as 'at fair value through profit or loss' - net | 989 | (26,836) | 1,060 | (17,671) |
| Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed | | | | |
| -Arising from capital gain and unrealised gain | (6,974) | 1,991 | (1,265) | 4,336 |
| -Arising from other income | (10,810) | 9,536 | 481 | 10,173 |
| Provision reversed / (charged) against non-performing debt securities | (3,166) | 3,893 | (2,857) | - |
| | <u>101,596</u> | <u>74,221</u> | <u>62,061</u> | <u>34,262</u> |
| (Increase) / decrease in assets | | | | |
| Investments | (1,109,946) | 226,054 | 684,951 | 468,180 |
| Advance against subscription of Term Finance Certificates | (125,000) | 18,083 | (125,000) | - |
| Income and profit receivable | (49,148) | 11,260 | (47,472) | (16,184) |
| Deposits, prepayments and other receivables | 265 | 89 | (12) | 57 |
| | <u>(1,283,829)</u> | <u>255,486</u> | <u>512,467</u> | <u>452,053</u> |

Increase / (decrease) in liabilities

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Payable to the Management Company | 8,331 | 1,404 | 5,557 | 1,952 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 144 | (16) | 3 | (222) |
| Payable to the Securities and Exchange Commission of Pakistan | (298) | (290) | 506 | 259 |
| Payable against redemption of units | (2,510) | - | - | - |
| Accrued expenses and other liabilities | (3,397) | 3,786 | 3,308 | 624 |
| | <u>2,270</u> | <u>4,884</u> | <u>9,374</u> | <u>2,613</u> |

Net cash (used in) / generated from operating activities

A (1,179,963) 334,591 583,902 488,928

CASH FLOWS FROM FINANCING ACTIVITIES

| | | | | |
|---|------------------|------------------|----------------|------------------|
| Receipts from issuance of units | 2,661,322 | 836,145 | 679,702 | 363,690 |
| Payments on redemption of units | (958,242) | (1,250,241) | (685,188) | (869,526) |
| Net cash generated from / (used in) financing activities | <u>1,703,080</u> | <u>(414,096)</u> | <u>(5,486)</u> | <u>(505,836)</u> |

Net increase / (decrease) in cash and cash equivalents during the period

A + B 523,117 (79,505) 578,416 (16,908)

Cash and cash equivalents at beginning of the period

114,375 315,888 59,076 253,291


Cash and cash equivalents at end of the period

637,492 236,383 637,492 236,383

The annexed notes 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 Income Enhancement Fund ("the Fund") was established through 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 July 14, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 26, 2008 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is 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 is an open-ended mutual fund and has been categorised as "Aggressive Fixed Income Scheme" by the Board of Directors of the Management Company in pursuant to Circular 7 of 2009, dated 6 March 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan "A" and plan "B". The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend. The units are listed on Pakistan Stock Exchange, formerly listed on 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 Management quality rating of AM2+ dated April 7, 2015 to the Management Company and "A+(f)" as stability rating dated December 31, 2015 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 cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund 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 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.

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

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.

| | | (Un-audited) December 31, 2015 (Rupees in '000) | (Audited) June 30, 2015 |
|----|---|--|-------------------------------|
| 5. | INVESTMENTS | | |
| | <i>Available for sale</i> | | |
| | Government securities | 5.1 1,331,698 | 468,553 |
| | <i>At fair value through profit or loss</i> | | |
| | Government securities | 5.2 16,650 | 67,838 |
| | Listed debt securities | 5.3 75,752 | 75,267 |
| | Unlisted debt securities | 5.4 80,164 | 112,101 |
| | | 172,566 | 255,206 |
| | <i>Loans and receivables</i> | | |
| | Term deposit receipts | 5.5 480,000 | 150,000 |
| | | <u>1,984,264</u> | <u>873,759</u> |

5.1 Government securities - Available for Sale

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

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**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 | --- |
| --- | --- |
| 5.3.1 | 139,983 |
| (64,716) | (59,618) |

| | |
|---------|----------|
| 4,939 | 9,878 |
| (7,488) | (14,976) |
| (2,549) | (5,098) |
| 75,752 | 75,267 |

5.3 Listed debt securities

Less: Provision at July 1

Less: Provision charged / (reversed) during the period

Pace Pakistan Limited

- Reversal against carrying value matured

- Charge against face value receivable

5.3.1 Listed 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 | | | | | At December 31, 2015 | | | Market value*** as a percentage of total investment % |
|--|------------------------|-----------------------------|---------------------------|--------------------------------|----------------------|----------------------|----------------|-----------------------------|---|
| | At July 1, 2015 | Purchased during the period | Matured during the period | Disposed off during the period | At December 31, 2015 | Carrying value** | Market value | Appreciation / (diminution) | |
| | | | | | | | | | |
| Rupees in '000 | | | | | | | | | |
| Commercial banks | | | | | | | | | |
| Askari Bank Limited (23-12-11 issue)* | 45 | - | - | - | 45 | 45,332 | 45,332 | - | 0.02 |
| Bank Al Falah Limited (20-02-13 issue) | 5,981 | - | - | - | 5,981 | 29,920 | 30,420 | 500 | 0.01 |
| Real Estate investment and services | | | | | | | | | |
| Pace Pakistan Limited (15-02-08 issue) | 15,000 | - | - | - | 15,000 | 14,819 | 14,819 | - | - |
| - Redeemable amount | | | | | | 52,446 | 52,446 | - | - |
| - Due but not received | | | | | | 67,265 | 67,265 | - | - |
| As at December 31, 2015 | | | | | | 142,517 | 143,017 | 500 | 0.03 |
| As at June 30, 2015 | | | | | | 134,608 | 139,983 | 5,375 | 0.03 |
| | | | | | | | | | 0.09 |

* Face value of the investment is Rs. 1,000,000 each

** Carrying value before provision

*** Market value after provision

**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 | | |
| 5.4.1 | 101,844 | 139,496 |
| | (27,395) | (26,051) |
| | 80,164 | 112,101 |

5.4 Unlisted debt securities

Less: Provision as at July 01

Less: Provision charged / (reversed) during the period
Pak Electron Limited - Sukuk
- Charge against face value receivable
- Reversal against carrying value matured

5.4.1 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 / (diminution) |
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| Rupees in '000 | | | | | | | | | | |
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* Carrying value before provision - Provision detail is specified in note 5.6

** Market value after provision

**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 Loans and Receivables

| Particulars | Profit / Mark - up rate | Maturity Date | At December 31, 2015 | Market value as a percentage of net assets | Market value as a percentage of total investments |
|--------------------------------------|-------------------------|---------------|----------------------|--|---|
| NIB Bank Limited | 7.00% | 11-Jan-16 | 250,000 | 0.09 | 0.13 |
| JS Bank Limited | 7.10% | 2-Feb-16 | 100,000 | 0.04 | 0.05 |
| Allied Bank Limited | 6.95% | 4-Feb-16 | 130,000 | 0.05 | 0.07 |
| Total as at December 31, 2015 | | | 480,000 | 0.17 | 0.24 |
| Total as at June 30, 2015 | | | 150,000 | 0.15 | 0.17 |

5.6 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with Clause (v) of the investment criteria laid down for 'Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2015, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

| Category of non-compliant investment | Type of Investment / Name of Company | Value of investment before provision | Provision held, if any | Value of investment after provision | Percentage of net assets | Percentage of gross assets |
|--------------------------------------|--------------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|------------------------------|
| | | -----Rupees in '000'----- | | | ----- % ----- | |
| Investment in debt securities | a) Pace Pakistan Limited (note 5.3) | 67,265 | 67,265 | - | - | - |
| | b) Eden Housing Limited (note 5.4) | 10,252 | 10,252 | - | - | - |
| | c) Pak Electron Limited (note 5.4) | 11,428 | 11,428 | - | - | - |
| | | | | | (Un-audited) December 31, 2015 | (Audited) 30 June 2015 |
| | | | | | (Rupees in '000) | |
| | | | | Note | | |

5.7 Net unrealised appreciation in value of investments at fair value through profit or loss

| | | | |
|-------------------------------|-------------------|---------|---------|
| Market value of investments | 5.2, 5.3.1, 5.4.1 | 261,511 | 347,317 |
| Carrying value of investments | 5.2, 5.3.1, 5.4.1 | 262,500 | 333,788 |
| | | (989) | 13,529 |

6. ACCRUED EXPENSES AND OTHER LIABILITIES

| | | | |
|---|-----|--------|--------|
| Provision for Workers' Welfare Fund | 6.1 | 18,228 | 18,228 |
| Federal excise duty and related tax on remuneration to the Management Company | 6.2 | 11,019 | 7,755 |
| Federal excise duty on sales load | | 2,859 | 1,195 |
| Brokerage | | 212 | 184 |
| Auditors' remuneration | | 286 | 367 |
| Withholding tax payable | | - | 8,281 |
| Printing and related expenditure | | 74 | 101 |
| Capital gain tax | | 78 | 47 |
| Zakat | | 695 | 695 |
| Other | | 16 | 11 |
| | | 33,467 | 36,864 |

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

- 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 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 condensed interim financial information which aggregates to Rs. 18.23 million. Had the said provision of WWF till June 30, 2015 not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.37 per unit.

- 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 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. 11.06 million as at June 30, 2015. 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. 0.22 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 other than those stated in note 10.2 to this condensed interim financial information.

8. SINDH SALES TAX ON REMUNERATION OF TRUSTEE

The Sindh Revenue Board through Circular No. SRB-3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services within the purview of Sindh Sales Tax. 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. 0.18 million on account of Sindh Sales Tax on services chargeable on custodianship services.

9. ALLOCATED EXPENSE

SRO 1160 dated November 25, 2015 issued by SECP has amended Clause 60 of NBFC Regulations, 2008. The new regulation has entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS 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. 0.29 million since November 27, 2015 for such expenses 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.

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

10. TAXATION

10.1 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.

10.2 The income tax returns till the tax year 2014 have been filed and are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) except for tax years 2008 and 2012 for which assessment order under section 122(5A) of the Ordinance has been received that the Fund is not entitled to the exemption from income tax on the basis that the distribution of bonus shares should not be included in calculation of distribution of 90% of declared profit required to claim exemption from income tax. This issue has also been raised by the department in other mutual funds. The Fund filed a petition in the Sindh High Court (SHC) against the demands raised in this respect and has obtained a stay order against the payment of tax demand. Other Mutual Funds are also contesting the same at different appellate forums of Federal Board of Revenue. The Commissioner Inland Revenue (Appeals), in case of certain mutual funds including this Fund has also given decision in favour of these funds wherein the earlier notices served by Tax authorities have been annulled. The management, based on the tax advice obtained by Mutual Funds Association of Pakistan from various tax advisors, is confident that the case would ultimately be decided in favour of the Fund and therefore no provision is required to be 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 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 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 are carried out on agreed terms.

12.1 Detail of transaction 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 Limited | | | | |
| - Management Company | | | | |
| Remuneration including indirect taxes | 23,633 | 15,400 | 13,382 | 6,917 |
| Allocated expense | 289 | - | 289 | - |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Remuneration including indirect taxes | 1,640 | 1,083 | 894 | 508 |
| CDS Charges | 8 | 12 | 3 | - |

**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) ----- | | | |
| MCB Bank Limited | | | | |
| Profit on Bank Deposit | 666 | 1,194 | 210 | 601 |
| Bank Charges | 32 | 22 | 21 | 15 |
| Adamjee Insurance Company Limited | | | | |
| Issue of 20,485,589 units (2014: 6,733,104 units) and Nil units (2014: Nil units) for the six months and quarter ended respectively | 1,100,000 | 350,000 | - | - |
| Redemption of Nil Units (2014: 11,457,261 units) and Nil units (2014: 7,556,344 units) for the six months period and quarter ended respectively | - | 600,000 | - | 400,000 |
| Directors and Executive of the Management Company | | | | |
| Issue of 27,670 units (2014: 51,286 units) and Nil units (2014: 27,484 units) for six months and quarter ended respectively. | 1,500 | 2,727 | - | 1,497 |
| Redemption of 26,742 units (2014: 51,964 units) and 26,742 units (2014: 7,500 units) for the six months period and quarter ended respectively | 1,450 | 2,748 | 1,450 | 1,422 |
| Mandate under discretionary portfolio | | | | |
| Issue of 246,905 units (2014: Nil units) and Nil units (2014: Nil units) for six months and quarter ended respectively. | 13,402 | - | - | - |
| Redemption of 246,905 units (2014: Nil units) and 26,742 units (2014: Nil units) for the six months period and quarter ended respectively | 13,676 | - | 13,676 | - |
| Next Capital Limited | | | | |
| Brokerage expense* | 82 | 8 | 6 | 8 |
| Arif Habib Limited | | | | |
| Brokerage expense* | 3 | - | 3 | - |
| Summit Capital Private Limited | | | | |
| Brokerage expense | 6 | - | 6 | - |

* 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 transaction with connected persons as the ultimate counter parties are not the connected persons.

12.2 Amount outstanding as at period end / year end

| | (Un-audited) December 31, 2015 | (Audited) June 30 2015 |
|---|--------------------------------------|------------------------------|
| | -----000----- | |
| MCB - Arif Habib Savings & Investment Limited - Management Company | | |
| Remuneration payable | 3,369 | 1,546 |
| Sale tax payable on remuneration to the Management Company | 472 | 232 |
| Legal and professional charges payable | - | 100 |
| Sales load payable including related taxes | 6,222 | 143 |
| Allocated expense payable | 289 | - |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration including indirect taxes payable | 263 | 156 |
| Sindh Sales tax payable on remuneration of Trustee | 37 | - |
| Security deposits | 200 | 200 |

**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 |
|---|--------------------------------------|------------------------------|
| | -----000----- | |
| Arif Habib Limited | | |
| Brokerage payable | 3 | 4 |
| Next Capital Limited | | |
| Brokerage payable | 6 | - |
| MCB Bank Limited | | |
| Bank deposit held | 26,865 | 6,717 |
| Accrued profit on bank deposit | 49 | 82 |
| Directors and Executives of the Management Company | | |
| 928 units held (2014: Nil units) | 52 | - |
| Adamjee Insurance Company Limited | | |
| 20,485,592 units held (2014: Nil units) | 1,138,180 | - |

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 | June 30, 2015 (000) |
|---|--|--------------------------------------|------------------------|
| Sales tax on FED payable on management fee | Federal excise duty and related tax payable | Federal excise duty on sales load | 1,195 |


14. DATE OF AUTHORISATION

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**

MCB-Arif Habib Savings and Investments Limited

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