

Quarterly Report
March 31, 2016
(Unaudited)



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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

COMPANY INFORMATION

Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmed	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
Chief Executive Officer / Company Secretary	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Muhammad Asif Mehdi	
Share Registrar	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21)34326034 Web: www.cdcpkistan.com	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited NIB Bank Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountants (a member firm of PwC network) State Life Building 1-C I.I. Chundrigar Road, Karachi	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C. Lane 13 Bukhari Commercial Area Phase VI D.H.A., Karachi.	
Registered Office	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi. Postal Code: 74900	
Rating	Asset Manager: "AM2+" (PACRA) Entity Ratings: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	

DIRECTOR'S REPORT

FOR THE NINE MONTHS ENDED MARCH 31, 2016

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) is pleased to present the quarterly Report on the affairs of MCBAH for the period ended March 31, 2016.

Company's Performance Review

The Company recorded a gross income of Rs. 576.02 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 324.55 million, the company earned a profit before tax of Rs. 251.47 million. The net profit after tax for the period amounts to Rs. 175.27 million, as compared to net profit of Rs. 211.65 million for the corresponding period ended March 31, 2015. With the increasing trend of funds under management and higher returns, the company is expected to deliver better results going forward.

MARKET & ECONOMIC REVIEW

Economy & Money Market Review

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

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

External account continued to show stability triggered by narrower current account and stable financial flows. Petroleum Group Imports during the 8MFY16 reduced by approximately \$3.5 billion (down 40%) compared to 8MFY15. However, the savings in oil weren't visible in the current account position as it reduced by meager 4.5%. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity vs competitors pushed exports down by 9.9% in 8MFY16. On the other hand, import bill worsened due to higher import of machinery for power and infrastructure while significantly lower cotton production also had to be filled with imports. Remittances remained resilient to weak economic outlook of gulf economies posting an increase of 6%. Overall Balance of payment account however remained in surplus of near USD 1.04 billion due to improved multilateral flows.

DIRECTOR'S REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2016

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

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

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

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

Equities Market Review

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

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

DIRECTOR'S REPORT

FOR THE NINE MONTHS ENDED MARCH 31, 2016

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

MARKET & ECONOMY - FUTURE OUTLOOK

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

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

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

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

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

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction sector is expected to remain the proxy for infrastructure led economic growth.

DIRECTOR'S REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2016

Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at around PKR 444 billion at the end of the 8MFY16. Size of Balanced, Asset Allocation, Fund of Funds (Islamic/Conventional) and Fixed Income funds increased, while assets under management of Equity, money market (Islamic/Conventional) funds decreased in 8MFY16.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 41.54 per cent, followed by Income funds 37.02 per cent and Money Market funds 13.76 per cent as at 8MFY16.

MUTUAL FUND INDUSTRY OUTLOOK

Disconnect between macro environment and equity market performance would enhance attractiveness towards equity funds for an investor with 2 to 3 years investment horizon. Money market funds are expected to remain stable because of lower absolute returns. Opportunities for capital gains remain limited with yields on the lower end and little room for further monetary easing. With lower interest rates, investors are keen to explore avenues to enhance returns and are increasingly becoming open to professional investment advisory services which though extremely competitive yet offers potential to support bottom line growth.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
April 18, 2016

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
		-----Rupees-----	
ASSETS			
Non-current assets			
Fixed assets	4	349,441,971	369,833,385
Long-term investments	5	427,413,376	433,477,071
Long-term loans and receivables		1,239,826	3,108,010
Long-term deposits		2,382,660	1,384,984
		780,477,833	807,803,450
Current assets			
Receivable from related parties		470,953,396	357,749,760
Loans and advances		11,954,394	2,280,786
Deposits, prepayments and other receivables		21,403,411	24,347,871
Accrued mark-up		2,359,378	7,980,335
Short-term investments	6	682,722,146	753,589,772
Taxation - net		74,026,351	49,667,230
Cash and bank balances		16,735,418	15,912,374
		1,280,154,494	1,211,528,128
Asset classified as 'held for sale'	4.1.1	65,631,170	-
		1,345,785,664	1,211,528,128
Total assets		<u>2,126,263,496</u>	<u>2,019,331,578</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (June 30, 2015: 72,000,000) ordinary shares of Rs 10 each		<u>720,000,000</u>	<u>720,000,000</u>
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		713,187,351	773,857,836
Total equity		1,433,187,351	1,493,857,836
Surplus on revaluation of property - net of deferred taxation		10,892,992	11,181,023
		<u>1,444,080,343</u>	<u>1,505,038,859</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation		58,386,898	53,850,439
Current liabilities			
Trade and other payables	7	623,796,255	460,442,280
Total liabilities		682,183,153	514,292,719
Total equity and liabilities		<u>2,126,263,496</u>	<u>2,019,331,578</u>

CONTINGENCIES AND COMMITMENTS

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



Chief Executive Officer



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

Note	Nine months ended		Quarter ended		
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	
-----Rupees-----					
Revenue					
Management fee / investment advisory fee	9	532,500,946	457,448,121	179,023,295	165,377,467
Processing and other related income		2,460,467	4,557,561	777,280	719,525
Profit on bank deposits		1,385,736	1,652,679	428,221	323,240
Income from government securities		19,009,492	18,321,122	4,475,077	1,334,504
Capital gain on sale of investments - net		13,973,059	28,843,026	3,507,005	5,533,222
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		6,661,567	50,911,093	2,159,590	21,313,734
Total income		575,991,267	561,733,602	190,370,468	194,601,692
Expenses					
Administrative expenses	10	(209,017,032)	(190,867,176)	(63,471,876)	(64,250,597)
Selling and distribution expenses		(109,509,752)	(67,553,441)	(35,245,685)	(25,315,743)
Financial charges		(397,533)	(5,579,169)	(217,210)	(28,097)
Other expenses		(5,628,029)	(5,976,000)	(2,315,000)	(2,025,000)
		(324,552,346)	(269,975,786)	(101,249,771)	(91,619,437)
Other income		27,646	1,004,625	7,472	108,234
Profit for the period before taxation		251,466,567	292,762,441	89,128,169	103,090,489
Taxation					
- Current		(69,904,595)	(73,357,075)	(24,508,784)	(24,841,958)
- Prior		(1,753,966)	420,543	-	-
- Deferred		(4,536,459)	(8,177,949)	(3,091,061)	(1,992,421)
		(76,195,020)	(81,114,481)	(27,599,845)	(26,834,379)
Profit for the period after taxation		175,271,547	211,647,960	61,528,324	76,256,110
Earnings per share - basic and diluted (Rupees)		2.43	2.94	0.85	1.06

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



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees-----			
Profit for the period after taxation	175,271,547	211,647,960	61,528,324	76,256,110
Other comprehensive income for the period				
<i>Items that will be reclassified to profit or loss</i>				
Net unrealised (diminution) / appreciation on re-measurement of 'available for sale' investments	(2,230,063)	48,369,772	2,127,784	3,912,078
	(2,230,063)	48,369,772	2,127,784	3,912,078
Total comprehensive income for the period	173,041,484	260,017,732	63,656,108	80,168,188

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



Chief Executive Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2016

	Nine months ended	
	March 31, 2016	March 31, 2015
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	251,466,567	292,762,441
Adjustments for non cash items:		
Depreciation	7,157,591	10,184,670
Amortisation	2,913,125	3,814,567
Loss on sale of fixed assets	1,455,927	91,680
Capital gain on sale of marketable securities	(13,973,059)	(28,843,026)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(6,661,567)	(50,911,093)
Financial charges	397,533	5,579,169
	<u>(8,710,450)</u>	<u>(60,084,033)</u>
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	242,756,117	232,678,408
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Receivable from related parties	(113,203,636)	(140,265,746)
Deposits, prepayments and other receivables	8,565,417	1,717,795
Net proceeds against redemption of investments	95,335,884	3,275,210
Loans and advances	(9,673,608)	(88,032)
	<u>(18,975,943)</u>	<u>(135,360,773)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	163,353,975	176,823,278
NET CASH USED IN WORKING CAPITAL CHANGES	<u>144,378,033</u>	<u>41,462,505</u>
CASH FLOW FROM OPERATING ACTIVITIES	387,134,150	274,140,913
Income tax paid	(96,017,682)	(54,968,016)
Finance cost paid	(397,533)	(5,579,169)
Dividend paid	(234,000,000)	(216,000,000)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>56,718,935</u>	<u>(2,406,272)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(56,766,399)	(3,290,492)
Proceeds from sale of property plant and equipment	-	58,500
Long term loans and receivables	1,868,184	2,329,022
Long term deposits	(997,676)	289,700
NET CASH USED IN INVESTING ACTIVITIES	<u>(55,895,891)</u>	<u>(613,270)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	823,044	(3,019,542)
Cash and cash equivalents at the beginning of the period	15,912,374	10,554,360
Cash and cash equivalents at the end of the period	<u>16,735,418</u>	<u>7,534,818</u>

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


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Issued, subscribed and paid-up capital	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	Unrealised appreciation on re-measurement of 'available for sale' financial assets	Sub-total	Total
	Rupees							
Balance as at July 1, 2014	720,000,000	396,000,000	(60,000,000)	336,000,000	150,182,231	135,913,599	286,095,830	1,342,095,830
Final dividend for the year ended June 30, 2014 @ 15% declared subsequent to the year end	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
Total comprehensive income for the nine months ended March 31, 2015	-	-	-	-	211,647,960	48,369,772	260,017,732	260,017,732
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	426,865	-	426,865	426,865
Interim dividend @ 15% (Rupee 1.25 per share)	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
	-	-	-	-	(3,925,175)	48,369,772	44,444,597	44,444,597
Balance as at March 31, 2015	720,000,000	396,000,000	(60,000,000)	336,000,000	146,257,056	184,283,371	330,540,427	1,386,540,427
Balance as at July 1, 2015	720,000,000	396,000,000	(60,000,000)	336,000,000	213,614,734	224,243,102	437,857,836	1,493,857,836
Final dividend for the year ended June 30, 2015 @ 17.5% declared subsequent to the year end	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Total comprehensive income for the nine months ended March 31, 2016	-	-	-	-	173,041,484	-	173,041,484	173,041,484
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	288,031	-	288,031	288,031
Interim dividend @ 15% (Rupee 1.50 per share)	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
	-	-	-	-	(60,670,485)	-	(60,670,485)	(60,670,485)
Balance as at March 31, 2016	720,000,000	396,000,000	(60,000,000)	336,000,000	152,944,249	224,243,102	377,187,351	1,433,187,351

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


Chief Executive Officer


Director

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

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the Companies Ordinance, 1984. During 2008, the Company was listed on the Karachi Stock Exchange (now merged into Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of the Company was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from May 23, 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 The registered office of the Company is situated at 24th Floor, Centre point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Company has been assigned an Asset Manager rating of AM2+ by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on April 07, 2015. Currently, the Company is managing the following funds under management:

		Net assets value as at	
Note		March 31, 2016	June 30, 2015
		----- Rupees in million -----	
Open-end Collective Investment Scheme (CISs)			
		1,267	1,131
		665	741
		6,860	6,075
		9,087	3,193
		754	804
		753	682
		1,145	1,442
		4,258	969
	1.5	828	666
		1,020	1,261
		3,080	2,640
		10,290	11,273
		4,690	12,533
	1.6	700	-
Pension Funds			
		992	873
		454	439
Discretionary portfolio		19,570	13,814

The Company is also managing investments under discretionary portfolio management agreements, the details of which are given below:

Number of clients	63	40
Total portfolio at cost (Rs in millions)	19,005	12,553
Total portfolio at market value (Rs in millions)	19,021	13,062
Fee earned (Rs in millions)	20	29

- 1.5 During the period, the name of the "Pakistan Strategic Allocation Fund" was changed to "MCB Pakistan Islamic Stock Fund".
- 1.6 MCB Pakistan Frequent Payout Fund (MCBPFPF) was launched during the period. MCBPFPF is an open-ended asset allocation scheme with an objective to provide investors regular monthly payments by investing fund's assets in debt and equity instruments.
- 1.7 In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained insurance coverage against any loss that may be incurred as a result of employees' fraud or gross negligence from Jubilee General Insurance Company Limited. The Insurance Company has a credit rating of AA+ by the Pakistan Credit Rating Agency Limited (PACRA).

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

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- a) This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- b) The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2015.
- c) This condensed interim financial information is unaudited.
- d) As more fully explained in note 3.4.1 the SECP has directed that the requirements of IFRS 10 'Consolidated Financial Statements' are not applicable in case of investments by companies in mutual funds established under Trust structure.

2.2 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention except that investments have been marked to market and are carried at their respective fair values and building has been stated at revalued amount.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupee which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

- 3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Company for the year ended June 30, 2015. Certain standards, interpretations and amendments to published approved accounting standards are effective in the current period which have been disclosed in note 3.4.

- 3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2015.

- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company for the year ended June 30, 2015.

- 3.4 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

- 3.4.1 IFRS 10 'Consolidated Financial Statements' - effective for annual periods beginning on or after January 1, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance on control. However, the SECP vide S.R.O. 56 (I) / 2016 has directed that the requirements of IFRS 10 are not applicable in case of investments made by companies in mutual funds established under Trust structure. Accordingly the requirements of this standard are not applicable on investments made by the Company in mutual funds managed by it.

- 3.4.2 There are certain other amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2015. None of those amendments have a significant effect on this condensed interim financial information.

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

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
4 FIXED ASSETS		Rupees	
Property and equipment	4.1	52,032,760	86,981,586
Intangible assets	4.2	284,337,671	282,851,799
Capital work in progress	4.4	13,071,540	-
		<u>349,441,971</u>	<u>369,833,385</u>

4.1 Property and equipment

Following is a statement of property and equipment:

Un-audited							
Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
Rupees							
As at July 1, 2015							
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267	155,044,146
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)	(68,062,560)
Net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>	<u>86,981,586</u>
Nine months ended March 31, 2016							
Opening net book value	6,952,097	67,314,021	4,484,667	6,366,124	1,864,677	-	86,981,586
Additions during the period	2,571,244	-	4,851,600	31,873,018	-	-	39,295,862
Disposals / transfers - note 4.1.1	-	(84,494,665)	-	-	(2,725,000)	-	(87,219,665)
Cost / revaluation	-	18,863,495	-	-	1,269,073	-	20,132,568
Accumulated depreciation	-	(65,631,170)	-	-	(1,455,927)	-	(67,087,097)
Depreciation for the period - note 4.3	(1,616,361)	(1,682,851)	(1,898,325)	(1,551,304)	(408,750)	-	(7,157,591)
Closing net book value	<u>7,906,980</u>	<u>-</u>	<u>7,437,942</u>	<u>36,687,838</u>	<u>-</u>	<u>-</u>	<u>52,032,760</u>
As at March 31, 2016							
Cost / revaluation	33,250,383	-	18,430,608	47,777,085	-	7,662,267	107,120,343
Accumulated depreciation	(25,343,403)	-	(10,992,666)	(11,089,247)	-	(7,662,267)	(55,087,583)
Net book value	<u>7,906,980</u>	<u>-</u>	<u>7,437,942</u>	<u>36,687,838</u>	<u>-</u>	<u>-</u>	<u>52,032,760</u>
Depreciation rates (% per annum)	25%	5%	20%	10%	20%	25%	
Audited							
Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
Rupees							
As at July 1, 2014							
Cost / revaluation	29,871,094	84,494,665	13,064,852	15,602,037	2,725,000	7,662,267	153,419,915
Accumulated depreciation	(21,125,175)	(13,637,343)	(7,258,661)	(8,253,478)	(315,323)	(5,886,171)	(56,476,151)
Net book value	<u>8,745,919</u>	<u>70,857,322</u>	<u>5,806,191</u>	<u>7,348,559</u>	<u>2,409,677</u>	<u>1,776,096</u>	<u>96,943,764</u>
Year ended June 30, 2015							
Opening net book value	8,745,919	70,857,322	5,806,191	7,348,559	2,409,677	1,776,096	96,943,764
Additions during the year	2,459,355	-	734,780	329,574	-	-	3,523,709
Disposals / transfers	(1,651,310)	-	(220,624)	(27,544)	-	-	(1,899,478)
Cost	1,546,612	-	193,734	8,952	-	-	1,749,298
Accumulated depreciation	(104,698)	-	(26,890)	(18,592)	-	-	(150,180)
Depreciation for the year	(4,148,479)	(3,543,301)	(2,029,414)	(1,293,417)	(545,000)	(1,776,096)	(13,335,707)
Closing net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>	<u>86,981,586</u>
As at June 30, 2015							
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267	155,044,146
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)	(68,062,560)
Net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>	<u>86,981,586</u>
Depreciation rates (% per annum)	25%	5%	20%	10%	20%	25%	

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

- 4.1.1** During the period the Company has agreed to dispose of its existing office premises (including equipment, fixtures and fittings) situated at 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi to Bank Al-Habib Limited (BAHL) through an agreement, dated September 14, 2015 at an agreed price of Rs 90 million. The sale is subject to certain terms and conditions which will be fulfilled shortly. The Company has received Rs 64.95 million as advance payment from BAHIL and the remaining amount will be settled once the sale is finalised.

In accordance with the requirements of IFRS 5 'Non-Current Assets held for sale and Discontinued Operations' property having net book value of Rs 65.631 million has been shown separately in the balance sheet as 'Asset classified as held for sale'.

The equipment, fixtures and fittings which form part of the disposal have not been identified and agreed with BAHIL. Therefore these assets are currently shown as part of operating fixed assets and will be classified as assets 'held for sale' when they are identified and agreed between the parties.

- 4.1.2** During the period the Company has shifted office from Techno City, Corporate Tower, Hasrat Mohani Road, Karachi to Centre point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan and Rs. 22.6 million has been capitalized while some portion will be capitalized once the amount is finalised.

4.2 Intangible assets

Following is a statement of intangible assets:

Particulars	-----Un-audited-----			Total
	Computer software	Goodwill	Management rights	
	-----Rupees-----			
As at July 1, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	8,724,866	82,126,933	192,000,000	282,851,799
Nine months ended March 31, 2016				
Opening net book value	8,724,866	82,126,933	192,000,000	282,851,799
Additions during the period	4,398,997	-	-	4,398,997
Disposals / transfers				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the period - note 4.3	(2,913,125)	-	-	(2,913,125)
Closing net book value	10,210,738	82,126,933	192,000,000	284,337,671
As at March 31, 2016				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(21,816,281)	-	-	(21,816,281)
Net book value	10,210,738	82,126,933	192,000,000	284,337,671
Amortisation rates (% per annum)	25%			

Particulars	-----Audited-----			Total
	Computer software	Goodwill	Management rights	
	-----Rupees-----			
As at July 1, 2014				
Cost	27,486,381	82,126,933	192,000,000	301,613,314
Accumulated amortisation	(13,810,739)	-	-	(13,810,739)
Net book value	13,675,642	82,126,933	192,000,000	287,802,575
Year ended June 30, 2015				
Opening net book value	13,675,642	82,126,933	192,000,000	287,802,575
Additions during the year	141,641	-	-	141,641
Disposals / transfers				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the year	(5,092,417)	-	-	(5,092,417)
Closing net book value	8,724,866	82,126,933	192,000,000	282,851,799
As at June 30, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	8,724,866	82,126,933	192,000,000	282,851,799
Amortisation rates (% per annum)	25%			

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

4.3 Depreciation and amortisation is allocated as follows:

	Note	(Unaudited) March 31, 2016		(Unaudited) March 31, 2015	
		Depreciation	Amortisation	Depreciation	Amortisation
		Rupees			
Charged to profit and loss	10	6,974,848	2,307,955	10,184,670	3,814,567
Charged to Collective investment Schemes under management	10.1	182,743	605,170	-	-
		<u>7,157,591</u>	<u>2,913,125</u>	<u>10,184,670</u>	<u>3,814,567</u>

4.4 It includes certain capital expenditure being incurred on newly rented premises and IT related developments.

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
		Rupees	
5 LONG-TERM INVESTMENTS			
Investments in units of mutual funds - related parties			
Available-for-sale investments	5.1	<u>427,413,376</u>	<u>433,477,071</u>

5.1 Available-for-sale

Name of the Investee fund	As at July 01, 2015	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at March 31, 2016	As at March 31, 2016			As at June 30, 2015		
						Un-audited			Audited		
						Cost	Market value	Unrealised appreciation on re-measurement of investments	Cost	Market value	Unrealised appreciation on re-measurement of investments
						Number of units					
						Rupees					
Pakistan Pension Fund	852,196	-	-	46,891	805,305	102,112,651	210,316,185	108,203,534	108,396,061	214,253,990	105,857,929
Pakistan Islamic Pension Fund	905,160	-	-	29,031	876,129	108,787,629	217,087,191	108,309,562	112,534,000	219,223,081	106,689,081
						<u>210,900,280</u>	<u>427,413,376</u>	<u>216,513,096</u>	<u>220,930,061</u>	<u>433,477,071</u>	<u>212,547,010</u>

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
6 SHORT-TERM INVESTMENTS			
At fair value through profit or loss - related parties	6.1	382,755,352	38,025,601
Available-for-sale investments	6.2	<u>299,966,794</u>	<u>715,564,171</u>
		<u>682,722,146</u>	<u>753,589,772</u>

6.1 At fair value through profit or loss

Name of the Investee Fund	As at July 01, 2015	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at March 31, 2016	As at March 31, 2016			As at June 30, 2015		
						Un-audited			Audited		
						Carrying value	Market value	Unrealised appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
						Number of units					
						Rupees					
MCB Cash Management Optimizer	379,880	2,458,593	-	2,838,473	-	-	-	-	38,000,000	38,025,601	25,601
MCB DCF Income Fund	-	499,349	-	-	499,349	55,000,000	55,357,824	357,824	-	-	-
MCB Pakistan Asset Allocation Fund	-	1,516,906	-	549,625	967,281	75,341,613	74,667,232	(674,381)	-	-	-
MCB Pakistan Sovereign Fund	-	11,131,184	-	6,631,802	4,499,382	245,752,172	252,730,296	6,978,124	-	-	-
						<u>376,093,785</u>	<u>362,755,352</u>	<u>6,661,567</u>	<u>38,000,000</u>	<u>38,025,601</u>	<u>25,601</u>

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
6.2 Available-for-sale investments			
		Rupees	
Investment in units of mutual funds - related parties	6.3	98,764,602	82,250,918
Investments in Government Securities			
Pakistan Investment Bonds	6.4	103,281,292	162,005,253
Market Treasury Bills	6.5	<u>97,920,900</u>	<u>471,308,000</u>
		<u>299,966,794</u>	<u>715,564,171</u>

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

6.3 Investment in units of mutual funds

Name of the Investee Fund	As at July 01, 2015	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at March 31, 2016	As at March 31, 2016			As at June 30, 2015		
						Un-audited			Audited		
						Carrying value	Market value	Unrealised appreciation on re-measurement	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
Number of units						Rupees					
MCB Pakistan Stock Market Fund	988,236	256,591			1,244,827	93,211,651	98,764,602	5,552,951	73,231,442	82,250,918	9,019,476
						93,211,651	98,764,602	5,552,951	73,231,442	82,250,918	9,019,476

6.4 Pakistan Investment Bonds

Particulars	Face Value				As at March 31, 2016			As at June 30, 2015		
					Un-audited			Audited		
	As at July 01, 2015	Purchased during the period	Disposed during the period	As at March 31, 2016	Carrying Value	Market value	Unrealised appreciation on re-measurement	Carrying Value	Market value	Unrealised appreciation on re-measurement of investments
Rupees										
GOP - PIB - 19 July 2012 to 19 July 2022	50,000,000	-	50,000,000	-	-	-	-	55,786,400	55,898,400	112,000
GOP - PIB - 18-March-2013 to 18-July-2016	101,800,000	-	-	101,800,000	103,475,324	103,281,292	(194,032)	103,475,324	106,106,853	2,631,529
					103,475,324	103,281,292	(194,032)	103,475,324	106,005,262	2,743,529

6.4.1 These Pakistan Investment Bonds have a cost of Rs.103.47 million (30 June 2015: 159.26 million) and a coupon rate of 11.25% (30 June 2015: 12%) per annum.

6.5 Treasury Bills

Particulars	Face Value				As at March 31, 2016			As at June 30, 2015		
					Un-audited		Audited			
	As at July 01, 2015	Purchased during the period	Disposed during the period	As at March 31, 2016	Carrying Value	Market value	Unrealised appreciation/(diminution) on re-measurement	Carrying Value	Market value	Unrealised appreciation/(diminution) on re-measurement of investments
Rupees										
GOP M. T-Bills - 3 months - 28-May-15 - 20-Aug-15	375,000,000	-	375,000,000	-	-	-	-	371,522,332	371,460,000	(62,332)
GOP M. T-Bills - 6 months - 06-Jan-15 - 09-Jul-15	100,000,000	-	100,000,000	-	-	-	-	99,852,581	99,848,000	(4,581)
GOP M. T-Bills - 12 months - 06-Aug-15 - 04-Aug-16	-	100,000,000	-	100,000,000	97,779,876	97,920,900	141,024	471,374,913	471,308,000	(66,913)

6.5.1 Market treasury bills carry effective interest rate 6.2% (June 30, 2015 : 6.94% to 6.96%) .

6.6 The above investments include Pakistan Investment Bonds having face value of Rs 66.8 million and Treasury Bills having face value of Rs 100 million which have been pledged in favour of MCB Bank Limited against a running finance facility provided by the bank. Further, as discussed in detail in note 16.1.2, Pakistan Investment Bonds having face value of Rs 35 million have been pledged with the Central Depository Company of Pakistan Limited in its capacity as Trustee of Pakistan Sarmaya Mahfooz Fund.

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015	
7	TRADE AND OTHER PAYABLES	-----Rupees-----		
	Accrued expenses	7.1	181,975,287	115,202,564
	Withholding tax payable		2,406,461	549,648
	Indirect taxes and duties payable	7.2	385,328,819	262,903,048
	Payable to facilitators/distributors		43,092,341	79,330,469
	Unclaimed dividend		10,300,923	2,105,842
	Others		692,424	350,709
			623,796,255	460,442,280

7.1 Worker's welfare fund

The Company is liable to contribute to Worker's Welfare Fund (WWF) in accordance with the amendments introduced in Finance Act, 2008. The Company has filed a constitutional petition (CP No.1391/2014) dated March 20, 2014 with the Honorable High Court of Sindh to challenge the applicability of Worker's Welfare Fund on the management Company. The Honorable High Court of Sindh has passed the restraining order for not taking any coercive action to the extent of WWF. The matter is still subjudice to the Court. However, the Company as a matter of abundant caution has decided to retain the provision for WWF amounting to Rs 28.10 million as at March 31, 2016 (June 30, 2015: Rs 22.47 million).

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

7.2 Federal excise duty payable on remuneration of the management company

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on September 4, 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Funds have stopped making payments for FED to their respective management companies. However, full provision in respect of FED effective June 13, 2013 is being made in the financial statements of the respective funds.

8 RUNNING FINANCE - RELATED PARTY

The running finance facility amounting to Rs 500 million obtained from MCB Bank Limited, a related party. The facility carried mark-up at one month KIBOR+0.5% payable on quarterly basis (June 30, 2015 : KIBOR+0.5%). The facility was secured against pledge over government securities. The facility will expire on May 31, 2016.

9 MANAGEMENT FEE / INVESTMENT ADVISORY FEE

	Note	Nine months ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		-----Rupees-----		-----Rupees-----	
From Collective Investment Schemes - related parties	9.1	678,424,476	592,739,695	227,583,735	213,933,512
From Discretionary Portfolio		25,754,775	17,496,097	9,156,670	6,680,028
		704,179,251	610,235,792	236,740,405	220,613,540
Less: Indirect taxes and duties on management fees		(171,678,305)	(152,787,671)	(57,717,110)	(55,236,073)
		532,500,946	457,448,121	179,023,295	165,377,467

9.1 From Collective Investment Schemes - related parties

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees-----		-----Rupees-----	
MCB Cash Management Optimizer	57,191,618	115,591,698	16,760,649	30,812,740
MCB Pakistan Asset Allocation Fund	63,509,106	20,603,934	20,960,266	9,222,575
MCB DCF Income Fund	186,028,820	186,880,317	56,939,055	66,686,821
MCB Islamic Income Fund	7,373,040	15,246,853	2,138,421	4,951,396
MCB Pakistan Sovereign Fund	79,825,282	59,235,439	30,729,668	31,187,145
Pakistan Capital Market Fund	15,627,245	8,641,404	4,994,468	3,425,903
Pakistan Cash Management Fund	8,590,702	26,250,535	2,349,797	5,986,595
Pakistan Income Enhancement Fund	42,492,983	23,601,409	18,860,082	8,277,738
Pakistan Income Fund	18,156,664	15,416,009	5,935,173	5,166,472
Pakistan International Element Islamic Asset Allocation Fund	16,009,082	8,744,519	4,776,849	3,312,684
Pakistan Pension Fund	14,060,844	10,035,351	4,766,743	3,640,625
Pakistan Islamic Pension Fund	6,809,677	5,330,301	2,273,479	1,925,213
MCB Pakistan Stock Market Fund	137,364,054	87,189,432	46,140,711	34,551,642
MCB Pakistan Islamic Stock Fund	15,228,416	7,373,490	5,210,452	2,433,483
Pakistan Sarmaya Mahfooz Fund	6,921,818	2,599,004	2,203,865	2,352,480
MCB Pakistan Frequent Payout Fund	3,235,125	-	2,544,057	-
	<u>678,424,476</u>	<u>592,739,695</u>	<u>227,583,735</u>	<u>213,933,512</u>

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

10 ADMINISTRATIVE AND OPERATING EXPENSES

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees-----	-----Rupees-----	-----Rupees-----	-----Rupees-----
Salaries, allowances and other benefits	126,278,249	125,896,418	35,992,787	41,614,210
Legal and professional charges	10,900,593	9,346,892	2,500,938	3,935,622
Travelling and conveyance charges	2,885,697	1,993,198	1,260,157	680,815
Rent, repairs and maintenance	33,118,387	16,371,236	11,834,539	5,203,391
Office supplies	546,686	375,717	282,442	63,874
Auditors' remuneration	1,350,000	1,700,000	450,000	300,000
Directors' meeting fee	675,000	550,000	250,000	100,000
Insurance	1,219,923	1,323,978	504,278	424,465
Depreciation	7,394,464	10,184,670	2,545,276	3,258,230
Amortisation	1,888,337	3,814,567	193,260	1,271,351
Stamp duty and taxes	107,750	175,863	75,750	156,334
Registrar fee	393,697	551,298	72,418	162,493
Printing and stationery	2,858,516	3,057,997	689,214	903,448
Utilities	6,326,683	4,317,426	1,375,372	1,798,586
Telephone expenses	3,007,547	2,955,810	1,189,494	1,146,570
Entertainment expenses	1,637,480	1,660,371	687,241	652,426
Books, periodicals and subscription	6,851,262	6,008,792	2,102,783	2,341,652
Miscellaneous expenses	1,576,761	582,943	1,465,927	237,130
	<u>209,017,032</u>	<u>190,867,176</u>	<u>63,471,876</u>	<u>64,250,597</u>

- 10.1 In the current period, the SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC Regulations. As a result of these amendments, the management company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CISs) upto a maximum of 0.1% of average annual net assets of the scheme. Accordingly, effective from November 27, 2015, expenses amounting to Rs 16.63 million have been charged by the Company to the respective CISs under its management.

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

11 CONTINGENCIES AND COMMITMENTS

- 11.1 The Punjab Revenue Authority issued a Show Cause Notice No. PRA/AM.70/14/18 dated June 20, 2014 to MCB- Arif Habib Savings and Investment Limited requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a petition on July 8, 2014 in the SHC challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated July 10, 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax is already made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.
- 11.2 The Company has launched a capital protected fund namely "Pakistan Sarmaya Mehfooz Fund" on December 19, 2014. In accordance with the terms of the agreement, the Company has guaranteed the Gap Risk through a Guarantee Agreement signed between Trustee of the Fund and the Company. According to the agreement, the Company is liable to provide Gap Risk coverage of the initial fund size (adjusted for redemptions, if any, during the life of the Fund, and inclusive of any front-end load) upto a maximum of 5% of the total subscription amount. In compliance with the above mentioned requirement, the Company has pledged Pakistan Investment Bonds with a face value of Rs 35 million and having maturity of July 18, 2016 with the Trustee as at March 31, 2016.
- 11.3 The income tax affairs of the Company for the tax year 2009 were selected for the audit under section 177 of the Income Tax Ordinance, 2001 by the Commissioner Inland Revenue vide intimation letter No.CIR/Z-3/LTU/T.Y.2009/392 dated November 08, 2013. The Taxation Officer passed an order under section 122(1)(5) of the Income Tax Ordinance, 2001 dated June 29, 2015 and made certain additions in the profit & loss account. The Company has filed an appeal before the CIR Appeals against the above order. During the period, favorable order has received in favor of the Management Company where tax liability has been withdrawal of Rs 7.72 million (June 30, 2015: Rs 7.72 million).
- 11.4 The Additional Commissioner Inland Revenue (ACIR) issued a notice to the Company under section 122(5A) of the Income Tax Ordinance, 2001 vide letter No.Addl.CIR/AR-A/Z-III/LTU/2014-15 dated November 14, 2014 relating to tax year 2013. The ACIR was of the view that the deemed assessment order for tax year 2013 was erroneous and is prejudicial to the interest of revenue. The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated August 28, 2015 and made certain additions / disallowances in the profit & loss account, and created a demand of Rs 39.38 million. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals against the above order and has also filed a constitution petition of stay of demand as well as legal issue. The Company has paid Rs13.5 million under protest to the taxation authorities. The management and the tax advisor of the Company are confident that the good grounds exist to contest the additions / disallowances made by the ACIR at the appellate forums and these additions are not maintainable. No provision has been made in this condensed interim financial information against the above order. The potential tax liability in this respect amounts to Rs 39.38 million.
- 11.5 The Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 122 (1) of the Income Tax Ordinance, 2001 dated February 29, 2016 relating to tax year 2010 of MCB Asset Management Company and made certain additions / disallowances in the profit & loss account. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals against the above order. The management and the tax advisor of the Company are confident that the good grounds exist to contest the additions / disallowances made by the ACIR at the appellate forums and these additions are not maintainable. No provision has been made in this condensed interim financial information against the above order. The potential tax liability in this respect amounts to Rs 1.05 million.

12 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as the period end. Therefore, all its subsidiaries and associated undertakings of MCB are related parties of the Company. Other related parties comprise of Arif Habib Corporation Limited with a holding percentage of 30%, Arif Habib Limited and collective investment schemes managed by the Company, directors, key management personnel and their close family members and retirement benefit plan. Transactions with related parties are in the normal course of business and carried out at contracted rates and terms. Details of such transaction are as follows:

	Nine months ended	
	March 31, 2016	March 31, 2015
	-----Rupees-----	
	-----Un-audited-----	
12.1 Transactions with related parties during the period		
CONTRIBUTIONS TO PENSION FUND	2,972,927	2,444,659
MCB BANK LIMITED		
Profit on bank deposits	875,544	1,492,390
Dividend paid	120,109,496	110,870,304
Branch sharing expenses	2,795,967	2,340,000
Reimbursement of expenses	8,250,000	9,000,000
Commission on distribution of units	50,492,147	30,730,000
Mark-up on running finance	-	5,270,143
Bank charges	249,636	309,026

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

	Nine months ended	
	March 31, 2016	March 31, 2015
	-----Rupees-----	
	-----Un-audited-----	
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Advisory income	14,432,226	9,013,016
ADAMJEE INSURANCE COMPANY LIMITED		
Amount paid against vehicles' and other insurance	5,592,902	4,314,098
Dividend paid	1,518,720	9,532,770
MCB FINANCIAL SERVICES LIMITED		
Reimbursement of expenses	704,034	1,807,813
Trustee fee	1,800,000	1,403,171
ARIF HABIB CORPORATION LIMITED		
Dividend paid	70,408,542	64,992,500
ARIF HABIB LIMITED		
Dividend paid	-	5,258,216
KEY MANAGEMENT PERSONNEL	17,180,331	42,661,386
EXECUTIVE DIRECTORS	11,132,151	12,004,047
MCB DCF INCOME FUND		
Remuneration income	140,675,151	140,090,193
Sales load	91,226	200,751
Investments in units	55,000,000	7,000,000
Redemption of units	-	189,000,000
Reimbursement of expenses	4,147,543	
MCB PAKISTAN ASSET ALLOCATION FUND		
Remuneration income	48,025,640	15,445,228
Sales load	153,948	106,937
Investments in units	118,151,955	-
Redemption of units	43,000,000	-
Reimbursement of expenses	1,111,854	
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration income	43,248,350	86,650,448
Sales load	-	-
Investments in units	249,740,000	277,987,698
Redemption of units	288,502,287	278,503,660
Reimbursement of expenses	2,329,030	-
MCB ISLAMIC INCOME FUND		
Remuneration income	5,575,499	11,429,425
Sales load	15,145	17,388
Reimbursement of expenses	361,923	-
Sharia fee paid on behalf of the fund	415,443	-
MCB PAKISTAN STOCK MARKET FUND		
Remuneration income	103,874,814	65,359,394
Sales load	618,674	329,380
Investments in units	19,980,209	61,995,537
Redemption of units	-	7,000,000
Reimbursement of expenses	2,430,469	-
Amount received against conversion cost	1,135,912	1,135,912

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Nine months ended	
	March 31, 2016	March 31, 2015
	-----Rupees-----	
	-----Un-audited-----	
PAKISTAN INCOME FUND		
Remuneration income	13,730,085	11,556,229
Sales load	5,437	11,246
Reimbursement of expenses	420,795	-
MCB PAKISTAN SOVERIGN FUND		
Remuneration income	60,363,946	44,404,377
Sales load	104,530	17,488
Investments in units	605,000,000	301,287,037
Redemption of units	364,276,715	117,600,000
Reimbursement of expenses	3,216,614	-
PAKISTAN CAPITAL MARKET FUND		
Remuneration income	11,817,336	6,477,814
Sales load	81,008	67,862
Reimbursement of expenses	267,507	-
MCB PAKISTAN ISLAMIC STOCK FUND		
Remuneration income	11,515,741	5,527,354
Sales load	30,199	6,587
Reimbursement of expenses	268,872	-
Amount received against conversion cost	1,520,031	1,520,031
Sharia fee paid on behalf of the fund	302,646	-
PAKISTAN PENSION FUND		
Remuneration income	10,632,822	7,522,752
Sales load	105,255	332,877
Redemption of units	10,000,000	-
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration income	12,106,081	6,555,112
Sales load	168,538	77,684
Reimbursement of expenses	263,588	-
Sharia fee paid on behalf of the fund	302,852	-
PAKISTAN ISLAMIC PENSION FUND		
Remuneration income	5,149,483	3,995,728
Sales load	44,183	67,188
Redemption of units	5,000,000	-
PAKISTAN CASH MANAGEMENT FUND		
Remuneration income	6,496,296	19,678,062
Reimbursement of expenses	202,355	-
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration income	32,133,230	17,692,211
Sales load	81,801	38,507
Investments in units	-	91,000,000
Redemption of units	-	92,033,856
Reimbursement of expenses	1,203,898	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

		Nine months ended	
		March 31, 2016	March 31, 2015
		-----Rupees-----	
		-----Un-audited-----	
PAKISTAN SARMAYA MAHFOOZ FUND			
Remuneration income		5,234,285	1,948,279
Sales load		-	3,283,666
Reimbursement of expenses		232,448	-
MCB PAKISTAN FREQUENT PAYOUT FUND			
Management fee		2,446,404	-
Share of sales load		960,523	-
Reimbursement of expenses		176,301	-
Payment made on behalf of fund		2,660,000	-
Formation Cost		733,077	-
		(Unaudited) March 31, 2016	(Audited) June 30, 2015
12.2	Amount outstanding as at period end	----- Rupees -----	
MCB BANK LIMITED			
Bank balance		10,359,143	12,610,032
Receivable as share of expense		-	206,162
Other payable		11,222,157	15,329,829
Commission payable		12,264,258	43,670,412
Mark-up receivable		7,203	118,641
ADAMJEE LIFE ASSURANCE COMPANY LIMITED			
Advisory fee receivable		10,511,769	6,839,432
MCB FINANCIAL SERVICES LIMITED			
Payable against monthly reimbursement		-	150,000
Payable against trustee fee		312,000	200,000
MCB DCF INCOME FUND			
Remuneration receivable		108,520,754	85,283,263
Sales load receivable		28,037,947	40,743,932
Closing balance of investment in units		55,357,824	-
Receivable against lawyer fee for stay order		-	100,000
Receivable against reimbursement of expenses		1,827,842	-
MCB PAKISTAN ASSET ALLOCATION FUND			
Remuneration receivable		22,280,736	12,521,169
Sales load receivable		19,004,426	19,507,800
Closing balance of investment in units		74,667,232	-
Receivable against lawyer fee for stay order		-	100,000
Receivable against reimbursement of expenses		503,194	-
MCB CASH MANAGEMENT OPTIMIZER			
Remuneration receivable		57,461,458	49,524,722
Sales load receivable		-	21,708
Receivable against lawyer fee for stay order		-	100,000
Closing balance of investment in units		-	38,025,601
Receivable against reimbursement of expenses		1,029,603	-

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

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	----- Rupees -----	
MCB ISLAMIC INCOME FUND		
Remuneration receivable	9,084,381	8,182,100
Sales load receivable	3,021,966	3,221,943
Receivable against lawyer fee for stay order		100,000
Receivable against reimbursement of expenses	167,069	-
Receivable against shariah fee	101,663	-
MCB PAKISTAN STOCK MARKET FUND		
Remuneration receivable	61,547,534	40,558,798
Sales load receivable	3,995,915	3,381,885
Other receivable	19,976	8,988
Conversion cost receivable	544,939	1,680,851
Closing balance of investment in units	98,764,602	82,250,918
Receivable against reimbursement of expenses	1,145,228	-
PAKISTAN INCOME FUND		
Remuneration receivable	10,165,354	7,546,726
Sales load receivable	254,544	270,282
Receivable against lawyer fee for stay order	-	100,000
Other receivable	-	5,090
Receivable against reimbursement of expenses	193,158	-
MCB PAKISTAN SOVEREIGN FUND		
Remuneration receivable	34,877,258	20,633,825
Sales load receivable	6,312,262	4,149,995
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	252,730,296	-
Receivable against reimbursement of expenses	1,544,930	-
PAKISTAN CAPITAL MARKET FUND		
Remuneration receivable	6,699,964	4,229,404
Sales load receivable	385,070	200,633
Receivable against lawyer fee for stay order	-	100,000
Other receivable	44,841	-
Receivable against reimbursement of expenses	123,033	-
MCB PAKISTAN ISLAMIC STOCK FUND		
Remuneration receivable	6,385,360	3,449,290
Sales load receivable	204,770	150,975
Receivable against lawyer fee for stay order	-	100,000
Conversion cost receivable	562,733	2,082,764
Receivable against reimbursement of expenses	131,176	-
Receivable against shariah fee	79,641	-
PAKISTAN PENSION FUND		
Remuneration receivable	6,686,339	4,618,717
Sales load receivable	787,771	285,813
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	210,316,185	214,253,990
Short-term receivable	-	-
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration receivable	6,592,028	4,480,481
Sales load receivable	1,132,630	1,082,236
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	122,283	-
Receivable against shariah fee	73,389	-

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

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	----- Rupees -----	
PAKISTAN ISLAMIC PENSION FUND		
Remuneration receivable	3,375,896	2,297,687
Sales load receivable	249,130	285,095
Receivable against lawyer fee for stay order	-	100,000
Closing balance of investment in units	217,097,191	219,223,081
Short-term receivable	-	-
PAKISTAN SARMAYA MAHFOOZ FUND		
Remuneration receivable	2,294,131	1,439,611
Back-end load receivable	-	305,168
Sales load receivable	2,307,278	2,261,634
Receivable against lawyer fee for stay order	-	100,000
Formation Cost	-	4,313,850
Receivable against reimbursement of expenses	109,478	-
PAKISTAN CASH MANAGEMENT FUND		
Remuneration receivable	12,245,605	11,662,842
Other payable	142,977	106,971
Other receivable	-	25,015
Receivable against reimbursement of expenses	202,355	-
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration receivable	19,618,533	9,533,074
Sales load receivable	5,998,017	1,325,040
Receivable against lawyer fee for stay order	-	100,000
Other receivable	3,530	13,560
Receivable against reimbursement of expenses	666,210	-
MCB PAKISTAN FREQUENT PAYOUT FUND		
Remuneration receivable	1,407,883	-
Sales load receivable	6,658,129	-
Formation cost	733,077	-
Other receivable	2,660,000	-
Receivable against reimbursement of expenses	102,177	-

13 DATE OF AUTHORISATION FOR ISSUE

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

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison or better presentation. No significant reclassification was made in this condensed interim financial information during the current period.

15 GENERAL

Amounts have been rounded off to the nearest Rupee unless otherwise stated.



Chief Executive Officer



Director

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