

Quarterly Report
September 30, 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 Mr. Nasim Beg	Chairman Member 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	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Asif Mehdi Rizvi	
Company Secretary	Mr. Abdul Basit	
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) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited NIB Bank Limited MCB Islamic Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountant 1st Floor, Shaikh Sultan Trust, Building No.2, Beamount Road, Karachi - 75530	
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, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi - 74900	
Rating	Asset Manager: "AM2++" (PACRA) Entity Ratings: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	

DIRECTORS' REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 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 September 30, 2016.

The Company recorded a gross income of Rs. 170.82 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 121.79 million, the company earned a profit before tax of Rs. 49.02 million. The net profit after tax for the period amounts to Rs. 35.47 million, as compared to net profit of Rs. 48.85 million for the corresponding period ended September 30, 2015. With stability in funds under management and improved performance expectations, the company is expected to deliver better results going forward.

MARKET & ECONOMIC REVIEW

Economy & Money Market Review

The fiscal year kicked off on a positive note with most of major macroeconomic indicators showing signs of stabilization. Inflation as measured by CPI averaged at 3.9% for 1QFY17 compared to 3.5% witnessed during the preceding quarter. Government decision to maintain petroleum prices helped to contain the inflation in low single digits. Alongside, government's renewed focus towards agricultural sector also assisted in controlling food inflation.

Monetary Policy Committee ("MPC") in its first meeting of the current fiscal year maintained a status quo stance, keeping the discount rate at 5.75%. The MPC highlighted encouraging macroeconomic environment supported by record high foreign exchange reserves behind its decision. However, it raised certain red flags on widening of current account deficit owing to declining exports and rising imports.

Current account ("CA") balance witnessed a deficit of USD 1,316 million in the 2MFY17 compared to USD 686 million witnessed during the same period of last year, on the back of rising imports and falling exports. Alongside, remittances came under pressure as they fell by 5.4% YoY to USD 4.7 billion during the 1QFY17. The slowdown in remittances was inevitable owing to a weak global GDP growth along with poor economic dynamics of gulf economies where most of the Pakistani expatriates are employed. Nevertheless, the hit on current account did not affect foreign exchange reserves as strong financial inflows especially CPEC led inflows, managed to offset the impact of weakening current account. Foreign Exchange Reserves increased by USD 500 million during the quarter, to USD 23.6 billion.

PIB yields during the quarter inched up by ~30 bps for 3 year, 5 year and 10 year bonds. Inflation beat the market expectations during most of the months causing the yield curve to shift upwards. Furthermore, the bearish sentiment was also backed by SBP in its MPS, which highlighted its concerns on external account as exports dwindled, while remittances witnessed a slowdown.

Equity Market Review

The start of the new fiscal year was promising, as the local bourse continued to cherish the inclusion of Pakistan in the MSCI Emerging Market Index. The benchmark as measured by KSE-100 Index gained 7.3% during 1QFY17. While, the Indo-Pak border tension triggered some volatility in the market; overall, the Pakistan Stock Exchange continued its positive momentum, ending at all time high of 40,541 points at the end of September 2016.

Mutual funds and NBFC's were the major buyers during the quarter, buying USD 76 million and 36 million worth of equities respectively. While, foreigners remained net sellers of USD 38 million during the quarter, the selling was specifically limited to certain scrips. Liquidity in the market improved, with average trading volumes going up by 37%, increasing to 310 million shares compared to 226 million shares witnessed during the preceding quarter. A broad based rally in third tier stocks contributed significantly towards this strong volume increase during the end of quarter.

Auto Sector lead the charts during the quarter, gaining a massive 45% as strong demand outlook emanating from renewed interest in auto financing created exuberance. The launch of a new model by Honda also continued to capture investor attention as expectations of robust demand materialized.

DIRECTORS' REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

Alongside, some of the auto manufacturers raised their prices to pass on the earlier impact of yen's appreciation. Oil & Gas Marketing Companies also rallied by 22% during the period, as petroleum sales continued to beat market expectations. The sale of petroleum products broke all the records during the quarter, after they witnessed an increase of 20.6% YoY.

The index heavy weight Commercial Banks also managed to outperform the benchmark by posting a gain of 10%. Foreigners' interest was tilted towards Commercial Banks, after their inclusion in the Emerging Market Index. The performance of cement sector matched the benchmark as local dispatches kept posting growth in double digits. However, the price performance of the sector during the later part of the quarter was partly subdued, owing to skepticism on a wave of expansion announced by a large number of cement companies. Furthermore, potential acquisition of a local cement manufacturer by a Chinese player was viewed negatively by the investors.

On the flip side, Oil & Gas exploration sector underperformed the benchmark, posting a nominal gain of 3%. Underperformance came in after average international crude oil prices retreated by 2% during the quarter to USD 47/BBL. Fertilizer sector also underperformed due to rising urea inventories. ECC's approval for reduction in NFML's imported fertilizer prices also kept the investors interest at bay in the fertilizer sector. Alongside, lower than expected dividend by Engro Corp turned to be a major mood dampener for the sector.

MARKET & ECONOMY - FUTURE OUTLOOK

With a more stabilized economy now on board, the government has unveiled an ambitious plan to revive the growth of the country. For the current fiscal year, the government is envisaging an ambitious growth target of 5.7% compared to 4.7% witnessed during the preceding year. The prospects of improvement in Pakistan's economy look increasingly promising on the back of improved power situation, rising business confidence, and initiation of projects under the USD 46 billion CPEC program.

The average Consumer Price Index is expected to remain below 5% for the year. Stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.0%-5.0% thus a stable monetary policy environment looks likely.

As of recent, current account has remained vulnerable owing to weak exports and a slowdown in remittances. While this has been offset by strong financial inflows recently, further deterioration in external account can pose threat to the currency and could result in more than expected PKR depreciation, which we consider the only major risk to economy at this juncture of time.

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

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

On the fixed income front, market is expected to remain cautious on back of uptick in inflation trajectory and cross border tensions. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry increased by PKR 32.5 billion during 1QFY16 and stood at PKR 484.5 billion at the end of the period. Size of Balanced, Asset Allocation, Equity (Islamic/Conventional), Fund of Funds (Islamic/Conventional) and Fixed Income funds increased, while assets under management of money market (Conventional) funds decreased in 1QFY17.

In terms of the segment share, Equity funds continued to be the leader with a share of ~41%, followed by Income funds ~28% at 1QFY17.

DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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.

For & on behalf of the Board,



Muhammad Saqib Saleem
Chief Executive Officer
October 21, 2016

Mutual فنڈ کی صنعت کا جائزہ

Open end mutual فنڈ کی صنعت کے Net اثاثہ جات مالی سال 2016ء کی پہلی سہ ماہی میں 32.5 بلین روپے اضافہ کے بعد اختتام مدت پر 484.5 بلین روپے تھے۔ مالی سال 2017ء کی پہلی سہ ماہی میں Asset، Balanced، ایکویٹی (اسلامی / کنونیٹنل)، فنڈ آف فنڈز (اسلامی / کنونیٹنل) اور فکسڈ انکم فنڈز میں اضافہ ہوا، جبکہ بازار زر (کنونیٹنل) کے زیر انتظام اثاثہ جات میں کمی واقع ہوئی۔

شعبہ جاتی share کے اعتبار سے ایکویٹی فنڈز 41% share کے ساتھ بدستور قائدانہ حیثیت کے حامل تھے، جبکہ انکم فنڈز 28% share کے ساتھ دوسرے نمبر پر رہے۔

Mutual فنڈ کی صنعت - مستقبل کی صورتحال

کلاں معاشیات کے ماحول اور ایکویٹی مارکیٹ کی کارکردگی کے درمیان انقطاع سے ایکویٹی فنڈز میں 2 سے 3 سال کے دائرہ کار والے سرمایہ کار کے لئے کشش میں اضافہ ہوگا۔ بازار زر کے فنڈز متوقع طور پر پست حتمی منافعوں کے سبب بدستور مستحکم رہیں گے۔ Capital پر منافعوں کے مواقع محدود رہیں گے؛ پیداوار کی سطح کم ہوگی اور مزید مانیٹری تسہیل کی گنجائش کم ہے۔ انٹریسٹ کی پست شرحوں کے سبب سرمایہ کار منافعوں میں اضافے کے نئے مواقع تلاش کر رہے ہیں اور ان میں سرمایہ کاری کی پیشہ ورانہ مشاورتی خدمات حاصل کرنے کا رجحان تیزی سے بڑھ رہا ہے۔

برائے بورڈ، اور بورڈ کی جانب سے



محمد ثاقب سلیم

چیف ایگزیکٹو

کراچی، 21 اکتوبر 2016ء

دوسری جانب آئل اینڈ گیس ایکسپلوریشن کے شعبے نے صرف 3% ترقی کر کے مقررہ معیار سے کم کارکردگی کا مظاہر کیا۔ اس ناقص کارکردگی کا آغاز اُس وقت ہوا جب خام تیل کی اوسط قیمتیں 2% کم ہو کر 47/BBL ڈالر ہو گئیں۔ کھاد کے شعبے نے بھی مقررہ معیار سے کم کارکردگی کا مظاہرہ کیا جس کی وجہ یورپ کے تجارتی ذخائر میں اضافہ ہے۔ ECC کی طرف سے NFML کی درآمد شدہ کھاد کی قیمتوں میں کمی کی منظوری کے باعث بھی کھاد کے شعبے میں سرمایہ کاروں کی دلچسپی کم رہی۔ مزید برآں، اینگرو کارپوریشن کا متوقع سے کم ڈیویڈنڈ بھی کھاد کے شعبے کی حوصلہ شکنی کا بڑا سبب بنا۔

مارکیٹ اور معیشت - مستقبل کی صورتحال

معیشت کی صورتحال پہلے کے مقابلے میں مستحکم ہونے پر حکومت نے ملکی ترقی کے احیاء کا پُر جوش منصوبہ ظاہر کیا ہے۔ رواں مالی سال کے لئے حکومت نے 5.7% ترقی کا ہدف مقرر کیا ہے جبکہ گزشتہ برس یہ ہدف 4.7% تھا۔ پاکستانی معیشت میں بہتری کے امکانات بہت اُمید افزا نظر آتے ہیں جس کی بناءً بجلی کی بہتر صورتحال، کاروباری اعتماد میں اضافہ اور 46 بلین ڈالر کے CPEC پروگرام کے تحت پرائیکٹس کا آغاز ہے۔

کنزیومر پرائس انڈیکس کے اوسط کے اس سال 5% سے کم رہنے کا امکان ہے۔ تیل کی قیمتوں اور زر مبادلہ کی شرح میں استحکام کی بدولت افراط زر کو ابھی چند ماہوں میں 4.0% سے 5.0% کے درمیان قابو میں رکھنے میں مدد ملے گی۔ چنانچہ مانیٹرنگ پالیسی کے لئے ایک مستحکم ماحول کی اُمید کی جاسکتی ہے۔

فی الوقت کرنٹ اکاؤنٹ کو خفیف برآمدات اور سست ترسیلات زر کے باعث خطرہ لاحق ہے، جو اگرچہ حالی ہی میں مضبوط مالی آمدات سے زائل ہو گیا ہے، لیکن اگر خارجی اکاؤنٹ میں مزید کمزوری ہوئی تو کرنسی کو خطرہ لاحق ہو سکتا ہے اور اس کے نتیجے میں پاکستانی روپے کی قدر میں متوقع سے زیادہ کمی آئے گی، اور اسے ہم وقت کے اس موثر پرمعیشیت کو لاحق واحد بڑا خطرہ سمجھتے ہیں۔

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی چکر اور اس کے ساتھ ساتھ انٹریٹ کی شرح کے مستحکم ماحول سے دیگر ابھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر کا شعبہ متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنا رہے گا۔

تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر پاکستان انویسٹمنٹ بینڈز (PIBs) کی maturity واضح ہونے کے بعد منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی توجہ مرکوز ہے۔ ابھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے KSE-100 انڈیکس میں تیزی آسکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین اور اس میں اضافے کی راہ ہموار ہوگی۔

مقررہ آمدنی کے میدان میں مارکیٹ متوقع طور پر افراط زر میں اضافے اور سرحدوں پر کشیدگی کے باعث مختار رہے گی۔ معاشی میدان میں، خاص طور پر ادائیگیوں کے توازن کے حوالے سے، واضح صورتحال سے مقررہ آمدنی کی مارکیٹوں میں مزید شرکت کی طرف راہنمائی حاصل ہوگی۔

پاکستان انویسٹمنٹ بانڈز (PIB) کے 3 سالہ، 5 سالہ اور 10 سالہ بانڈز کی Yields میں دوران سہ ماہی 30 bps اضافہ ہوا۔ افراط زر کے سبب اکثر مہینوں کے دوران مارکیٹ کی توقعات پوری نہیں ہو سکیں، چنانچہ غم پیداوار اور پرکری طرف حرکت کر گیا۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے بھی اس غیر ہموار صورتحال کی توثیق کی اور اپنے MPS میں برآمدات میں کمی اور ترسیلات زر میں سُستی کے باعث خارجی اکاؤنٹ پر خدشات کا اظہار کیا۔

ایکویٹی مارکیٹ کا جائزہ

سال کا آغاز امید افزا تھا کیونکہ MSCI امریکن مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت مقامی اسٹاک مارکیٹ کو ہونے والے فوائد کا سلسلہ جاری رہا۔ KSE-100 کا پینائش کردہ معیار میں مالی سال 2017ء کی پہلی سہ ماہی کے دوران 7.3% اضافہ ہوا۔ اگرچی پاک بھارت سرحد پر کشیدگی کے باعث مارکیٹ میں تھوڑا بہت عدم استحکام پیدا ہوا لیکن مجموعی طور پر پاکستان اسٹاک ایکسچینج کی مثبت رفتار جاری رہی جو ستمبر 2016ء کے اختتام پر اب تک کے بلند ترین 40,541 پوائنٹس پر ختم ہوئی۔

دوران سہ ماہی Mutual فنڈز اور NBFCs اہم ترین خریدار تھے جنہوں نے بالترتیب 76 ملین ڈالر اور 36 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ اگرچہ دوران سہ ماہی 38 ملین ڈالر کی فروخت کے ساتھ بدستور غیر ملکیوں کے ہاتھوں ہونے والی فروخت کا پلڑا بھاری رہا، لیکن یہ فروخت کچھ خاص scrips تک محدود تھی۔ اوسط تجارتی حجم میں 37% اضافے کی بدولت مارکیٹ میں قابلیت نقد میں بہتری ہوئی، چنانچہ 310 ملین حصص کی خرید و فروخت ہوئی جبکہ گزشتہ سہ ماہی کے دوران 226 ملین حصص کی خرید و فروخت ہوئی تھی۔ دوران اختتام سہ ماہی حجم میں اس بھر پور اضافے میں تیسرے درجے کے اسٹاکس میں وسیع پیمانے پر اضافے کا اہم کردار ہے۔

دوران سہ ماہی آؤٹسکٹر 45% ترقی کر کے سب سے آگے رہا کیونکہ آؤٹانسٹنگ میں انٹریسٹ کی تازہ شرحوں نے ایک نئی روح پھونک دی۔ ہڈانے ایک نیا ماڈل متعارف کرایا جس کی بدولت پختہ مانگ کی توقعات پوری ہوئیں اور سرمایہ کاروں کی توجہ بدستور قائم رہی۔ ساتھ ہی ساتھ کچھ آؤٹمینوفیکچررز نے yen کی قدر میں اضافے کے سابقہ اثر کو زائل کرنے کے لئے اپنی قیمتوں میں اضافہ کر دیا۔ آئل اینڈ گیس مارکیٹنگ کمپنیز نے بھی دوران مدت 22% ترقی کی کیونکہ پٹرولیم کی فروخت مارکیٹ کی توقعات سے کہیں زیادہ ہوئیں۔ پٹرولیم مصنوعات کی فروخت میں دوران سہ ماہی 20.6% YoY اضافہ ہوا جس نے تمام ریکارڈ توڑ دیئے۔

بھاری انڈیکس والے کمرشل بینکوں نے 10% ترقی کی، چنانچہ وہ بھی مقررہ معیار سے بہتر کارکردگی کا مظاہرہ کرنے میں کامیاب ہوئے۔ امریکن مارکیٹ انڈیکس میں کمرشل بینکوں کی شمولیت کے بعد غیر ملکیوں کی دلچسپی کمرشل بینکوں کی طرف مائل رہی۔ سینٹ کے شعبے کی کارکردگی مقررہ معیار کے مطابق تھی کیونکہ مقامی ترسیلات کی ترقی کے اعداد و شمار مسلسل بلند رہے۔ تاہم سینٹ کمپنیز کی بڑی تعداد کی اعلان کردہ توسیع کی لہر پر شکوک و شبہات کے باعث سہ ماہی کے اواخر کے دوران اس شعبے کی کارکردگی کا اعتبار قیمت پست رہی۔ مزید برآں، ایک چینی ادارے کے ایک مقامی سینٹ مینوفیکچرر کے متوقع حصول کو سرمایہ کاروں نے متفی نظر سے دیکھا۔

ایم سی بی۔ عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ (MCBAH) کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016ء کو اختتام پذیر ہونے والی مدت کے لئے MCBAH کے معاملات کی سہ ماہی رپورٹ پیش خدمت ہے۔

کمپنی کی مجموعی آمدنی 170.82 ملین روپے ہے جس میں منجمنٹ / انویسٹمنٹ ایڈوائزری فیس اور دیگر آپریٹنگ آمدنی شامل ہے۔ ایڈمنسٹریٹو، آپریٹنگ اور فنانشل اخراجات اور 121.79 ملین روپے آمدنی کی شرکت داری کو منہا کرنے کے بعد کمپنی کا منافع قبل از ٹیکس 49.02 ملین روپے ہے۔ حتیٰ منافع بعد از ٹیکس 35.47 ملین روپے ہے جبکہ 30 ستمبر 2015ء کو اختتام پذیر ہونے والی مقابل مدت کا حتیٰ منافع 48.85 ملین روپے تھا۔ زیر انتظام مالیات میں استحکام اور بہتر کارکردگی کی توقعات کے ساتھ کمپنی بہترین نتائج حاصل کرنے کے لئے پُر امید ہے۔

مارکیٹ اور معیشت کا جائزہ

معیشت اور بازار زر کا جائزہ

مالی سال کا آغاز خوش آئند تھا اور کلاں معیشت کی نشاندہی کرنے والے اہم عوامل استحکام کی علامات ظاہر کر رہے تھے۔ CPI کی پیمائش کردہ افراط زر کا اوسط مالی سال 2017ء کی پہلی سہ ماہی میں 3.9% تھا، جبکہ گزشتہ سہ ماہی میں 3.5% تھا۔ پٹرولیم کی قیمتوں کو مستحکم رکھنے کے حکومتی فیصلے سے بھی افراط زر کے اعداد و شمار پست رکھنے میں معاونت حاصل ہوئی۔ مزید برآں، زراعت کے شعبے کی طرف حکومت کی تازہ توجہ کی بدولت اشیائے خورد و نوش کے افراط زر کو قابو میں رکھنے میں مدد ملی۔

مانیٹری پالیسی کمیٹی (MPC) نے رواں مالی سال کے پہلے اجلاس میں ڈسکاؤنٹ کی شرح کو 5.75% کی سطح پر قائم رکھ کر اپنا سابقہ مؤقف برقرار رکھا۔ MPC نے کلاں معاشیات کے حوصلہ افزا ماحول اور غیر ملکی زرمبادلہ کے ذخائر کی اب تک کی بلند ترین سطح کو اپنے فیصلے کے خصوصی اسباب قرار دیا، تاہم برآمدات میں کمی اور درآمدات میں اضافے کو خطرے کی گھنٹی قرار دیا۔

کرنٹ اکاؤنٹ (CA) میں مالی سال 2017ء کے (2M) میں 1,316 ملین ڈالر خسارہ ہوا، جبکہ گزشتہ سال اسی مدت کے دوران 586 ملین ڈالر خسارہ ہوا تھا، اور اس کی وجہ درآمدات میں اضافہ اور برآمدات میں کمی ہے۔ مزید برآں، ترسیلات زر پر دباؤ پڑا؛ مالی سال 2017ء کی پہلی سہ ماہی کے دوران ترسیلات زر میں 5.4% YoY کمی ہوئی اور یہ 4.7 بلین ڈالر کی سطح پر آگئیں۔ عالمی سطح پر مجموعی ملکی پیداوار (GDP) کی تیز ترقی اور خلیج معاشیات، جہاں بیرون ملک مقیم پاکستانیوں کی اکثریت برسرِ روزگار ہے، کے ناتواں محرکات کی وجہ سے ترسیلات زر میں یہ سُست روی ناگزیر تھی۔ لیکن کرنٹ اکاؤنٹ پر اس ضرب سے غیر ملکی زرمبادلہ کے ذخائر متاثر نہیں ہوئے کیونکہ مضبوط مالیاتی آمدیات، بالخصوص CPEC پر مبنی مالیات، کی بدولت کمزور ہوتے ہوئے کرنٹ اکاؤنٹ کے اثر کو زائل کر دیا۔ غیر ملکی زرمبادلہ کے ذخائر دوران سہ ماہی 500 ملین ڈالر اضافے کے ساتھ 23.6 بلین ڈالر کی سطح تک پہنچ گئے۔

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

		Unaudited September 30, 2016	Audited June 30, 2016
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Fixed assets	4	344,642,747	339,731,158
Long-term investments	5	483,287,259	456,022,751
Long-term loans and receivables		1,063,382	1,272,138
Long-term deposits		2,721,712	2,721,712
		831,715,100	799,747,759
Current assets			
Receivable from related parties		487,775,131	484,256,904
Loans and advances		22,159,017	4,909,746
Deposits, prepayments and other receivables		27,561,246	24,692,036
Accrued mark-up		1,856,221	5,243,237
Short-term investments	6	814,840,123	757,711,173
Taxation - net		63,155,943	55,442,878
Cash and bank balances		9,534,654	41,867,164
		1,426,882,335	1,374,123,138
Total assets		2,258,597,435	2,173,870,897
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (2016: 72,000,000) ordinary shares of Rs 10 each		720,000,000	720,000,000
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		901,341,652	829,228,787
Total equity		1,621,341,652	1,549,228,787
Non-current liabilities			
Deferred taxation		49,077,733	47,237,901
Current liabilities			
Trade and other payables		588,178,050	577,404,209
Total liabilities		637,255,783	624,642,110
Total equity and liabilities		2,258,597,435	2,173,870,897

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 QUARTER ENDED SEPTEMBER 30, 2016**

		Quarter ended	
	Note	September 30, 2016	September 30, 2015
		-----Rupees-----	
Revenue			
Management fee / Investment advisory fee	8	154,724,154	168,301,013
Processing and other related income		1,174,090	549,775
Profit on bank deposits		376,574	504,309
Income from Government Securities		3,373,950	9,955,290
Capital gain on sale of investments - net		5,016,622	3,141,204
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		6,052,074	174,201
Other income		99,833	18,425
Total income		170,817,297	182,644,217
Expenses			
Administrative and operating expenses	9	(95,711,449)	(75,038,088)
Management fee /Investment Advisory fee / processing fee and other related income sharing		(26,051,379)	(33,613,412)
Financial charges		(27,968)	(154,563)
Total expenses		(121,790,796)	(108,806,063)
Profit for the quarter before taxation		49,026,502	73,838,154
Taxation			
- Current		(11,718,032)	(21,948,996)
- Deferred		(1,839,832)	(3,041,597)
		(13,557,864)	(24,990,593)
Profit for the quarter after taxation		35,468,638	48,847,561
Earnings per share - basic and diluted		0.49	0.68

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 QUARTER ENDED SEPTEMBER 30, 2016**

	Quarter ended		
	September 30, 2016	September 30, 2015	
	-----Rupees-----		
Profit for the quarter after taxation	35,468,638	48,847,561	
Other Comprehensive income for the quarter			
Items that may be re-classified subsequently to profit or loss			
Unrealised appreciation/(diminution) on re-measurement of 'available-for-sale' financial assets - related parties	5.1 & 6.3	37,649,821	(16,481,191)
Unrealised (diminution) on re-measurement of 'available-for-sale' financial assets - Government Securities	6.4 & 6.5	(1,005,593)	(170,289)
		36,644,228	(16,651,480)
Total comprehensive income for the quarter		72,112,865	32,196,081

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 QUARTER ENDED SEPTEMBER 30, 2016**

	Quarter ended	
	September 30, 2016	September 30, 2015
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	49,026,502	73,838,154
Adjustments for non cash and other items:		
Depreciation	2,439,147	2,397,719
Amortisation	1,141,653	934,417
Capital gain on sale of investments-Net	(5,016,622)	(3,141,204)
(Gain) on fixed assets	(44,986)	-
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(6,052,074)	(174,201)
	<u>(7,532,882)</u>	<u>16,731</u>
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	<u>41,493,620</u>	<u>73,854,885</u>
WORKING CAPITAL CHANGES		
(Increase) / Decrease in current assets		
Receivable from related parties	(3,518,227)	(18,807,128)
Deposits, prepayments and other receivables	517,807	4,725,753
Loan and advances	(17,249,271)	(18,492,562)
	<u>(20,249,692)</u>	<u>(32,573,937)</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	10,773,841	(26,741,656)
NET CASH USED IN WORKING CAPITAL CHANGES	<u>(9,475,850)</u>	<u>(59,315,593)</u>
CASH GENERATED FROM OPERATIONS	<u>32,017,769</u>	<u>14,539,292</u>
Income tax paid	(19,431,097)	(29,697,184)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	<u>12,586,672</u>	<u>(15,157,892)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,107,108)	(1,897,440)
Additions in capital work in progress	(5,385,296)	-
Proceeds from sale of property and equipment	45,000	-
Investment made - net	(36,680,534)	11,570,303
Long term loans and receivables	208,756	1,981,066
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	<u>(44,919,182)</u>	<u>11,653,929</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(32,332,510)</u>	<u>(3,503,963)</u>
Cash and cash equivalents at the beginning of the period	41,867,164	15,912,374
Cash and cash equivalents at the end of the period	<u>9,534,654</u>	<u>12,408,411</u>

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



Chief Executive Officer



Director

Rupees

Mr. Sarsfield.

7

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1 LEGAL 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 requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (now integrated into the 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 AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On January 19, 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for the transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on May 21, 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being June 27, 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended June 30, 2011 which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into 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 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3** During the year ended June 30, 2016, the registered office of the Company has been shifted to 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. Previously, the registered office of the Company was situated at 8th Floor, Techno City, Corporate Tower, Molana Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** The Pakistan Credit Rating Agency Limited (PACRA) has harmonised the asset manager rating of the Company to the new scale introduced during the year. Accordingly, the Company has been assigned a long-term rating of "AM2++" with a stable outlook (2015: AM2+). The rating was determined by PACRA on June 8, 2016. Currently, the Company has the following funds under management:

	Net assets value as at	
	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	----- Rupees in million -----	
Open Open-end Collective Investment Schemes (CISs)		
MCB Cash Management Optimizer	6,008	3,958
MCB DCF Income Fund	6,926	6,849
MCB Islamic Income Fund	1,025	968
MCB Pakistan Asset Allocation Fund	2,293	2,718
MCB Pakistan Frequent Payout Fund	1,134	796
MCB Pakistan Islamic Stock Fund	1,437	1,123
MCB Pakistan Sovereign Fund	7,782	8,691
MCB Pakistan Stock Market Fund	8,841	8,018
Pakistan Capital Market Fund	603	627
Pakistan Cash Management Fund	1,323	1,993
Pakistan Income Enhancement Fund	2,320	2,463
Pakistan Income Fund	1,070	1,050
Pakistan International Element Islamic Asset Allocation Fund	1,014	821
Pakistan Sarmaya Mehfooz Fund	656	666
Pension Funds		
Pakistan Pension Fund	1,210	1,107
Pakistan Islamic Pension Fund	553	513
Discretionary and non-discretionary portfolios	20,944	20,868

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

Number of clients	59	62
Total portfolio at cost (Rs in millions)	21,702	20,232
Total portfolio at market value (Rs in millions)	22,170	20,611
	September 30, 2016	September 30, 2015
Fee earned (Rs in millions)	7	6

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

- 1.5 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 from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ (2015: AA+) by the Pakistan Credit Rating Agency Limited (PACRA).

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- a) This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. 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 financial statements of the Company for the year ended June 30, 2016.
- c) This condensed interim financial information is unaudited. The Board of Directors of the Company declares that this condensed interim financial information gives a true and fair view of the state of the Company's affairs.
- 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 value.

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, 2016.

- 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 judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements 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, judgements 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, 2016

- 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, 2016.

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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	(Unaudited) September 30, 2016	(Audited) June 30, 2016
		----- Rupees -----	
4 FIXED ASSETS			
Property and equipment	4.1	49,665,606	48,997,660
Intangible assets	4.2	281,721,054	282,862,707
Capital work in progress	4.4	13,256,087	7,870,791
		<u>344,642,747</u>	<u>339,731,158</u>

4.1 Property and equipment

Following is a statement of property and equipment:

----- Unaudited -----							
Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvement	Vehicles	Total
	----- Rupees -----						
As at July 1, 2016							
Cost / revaluation	31,702,035	-	12,704,062	9,776,101	30,259,863	7,662,267	92,104,328
Accumulated depreciation	(25,188,074)	-	(7,454,615)	(1,743,281)	(1,058,431)	(7,662,267)	(43,106,668)
Net book value	<u>6,513,961</u>	<u>-</u>	<u>5,249,447</u>	<u>8,032,820</u>	<u>29,201,432</u>	<u>-</u>	<u>48,997,660</u>
Quarter ended September 30, 2016							
Opening net book value	6,513,961	-	5,249,447	8,032,820	29,201,432	-	48,997,660
Additions during the period	371,500	-	597,423	-	2,138,185	-	3,107,108
Disposals							
Cost	(9,575,035)	-	-	-	-	-	(9,575,035)
Accumulated depreciation	9,575,020	-	-	-	-	-	9,575,020
	(15)	-	-	-	-	-	(15)
Depreciation for the period	(782,186)	-	(573,126)	(219,582)	(864,253)	-	(2,439,147)
Closing net book value	<u>6,103,260</u>	<u>-</u>	<u>5,273,744</u>	<u>7,813,238</u>	<u>30,475,364</u>	<u>-</u>	<u>49,665,606</u>
As at September 30, 2016							
Cost	22,498,500	-	13,301,485	9,776,101	32,398,048	7,662,267	85,636,401
Accumulated depreciation	(16,395,240)	-	(8,027,741)	(1,962,863)	(1,922,684)	(7,662,267)	(35,970,795)
Net book value	<u>6,103,260</u>	<u>-</u>	<u>5,273,744</u>	<u>7,813,238</u>	<u>30,475,364</u>	<u>-</u>	<u>49,665,606</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>5%</u>	<u>20%-50%</u>	<u>10%</u>	<u>10%</u>	<u>25%</u>	
	----- Audited -----						
Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvement	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>
Year ended June 30, 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 year	3,201,745	-	4,900,450	8,222,120	30,259,863	-	46,584,178
Disposals / transfers							
Cost	-	(84,494,665)	(2,920,659)	(14,250,186)	(2,725,000)	-	(104,390,510)
Accumulated depreciation	-	18,862,962	2,295,264	10,375,033	1,269,073	-	32,802,332
	-	(65,631,703)	(625,395)	(3,875,153)	(1,455,927)	-	(71,588,178)
Write-offs							
Cost	(2,178,849)	-	(2,854,737)	(99,900)	-	-	(5,133,486)
Accumulated depreciation	2,172,937	-	2,837,600	49,950	-	-	5,060,487
	(5,912)	-	(17,137)	(49,950)	-	-	(72,999)
Depreciation for the year	(3,609,963)	(1,682,318)	(3,266,874)	(2,133,936)	(1,467,181)	-	(12,160,272)
Impairment Loss	(24,006)	-	(226,264)	(496,385)	-	-	(746,655)
Closing net book value	<u>6,513,961</u>	<u>-</u>	<u>5,249,447</u>	<u>8,032,820</u>	<u>29,201,432</u>	<u>-</u>	<u>48,997,660</u>
As at June 30, 2016							
Cost	31,702,035	-	12,704,062	9,776,101	30,259,863	7,662,267	92,104,328
Accumulated depreciation	(25,188,074)	-	(7,454,615)	(1,743,281)	(1,058,431)	(7,662,267)	(43,106,668)
Net book value	<u>6,513,961</u>	<u>-</u>	<u>5,249,447</u>	<u>8,032,820</u>	<u>29,201,432</u>	<u>-</u>	<u>48,997,660</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>5%</u>	<u>20%-50%</u>	<u>10%</u>	<u>10%-20%</u>	<u>25%</u>	

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

4.2 Intangible assets

Following is a statement of intangible assets:

Particulars	Computer software	Goodwill	Management rights	Total
Rupees				
As at July 1, 2016				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(23,291,245)	-	-	(23,291,245)
Net book value	<u>8,735,774</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,862,707</u>
Quarter ended September 30, 2016				
Opening net book value	8,735,774	82,126,933	192,000,000	282,862,707
Additions during the period	-	-	-	-
Disposals / transfers				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the period	(1,141,653)	-	-	(1,141,653)
Closing net book value	<u>7,594,121</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>281,721,054</u>
As at September 30, 2016				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(24,432,898)	-	-	(24,432,898)
Net book value	<u>7,594,121</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>281,721,054</u>
Amortisation rates (% per annum)	<u>25%</u>			
Particulars	Computer software	Goodwill	Management rights	Total
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	<u>8,724,866</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,851,799</u>
Year ended June 30, 2016				
Opening net book value	8,724,866	82,126,933	192,000,000	282,851,799
Additions during the year	4,398,997	-	-	4,398,997
Disposals / transfers				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the year	(4,388,089)	-	-	(4,388,089)
Closing net book value	<u>8,735,774</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,862,707</u>
As at June 30, 2016				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(23,291,245)	-	-	(23,291,245)
Net book value	<u>8,735,774</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,862,707</u>

4.3 Depreciation and amortisation is allocated as follows:

	Note	(Unaudited) September 30, 2016		(Unaudited) September 30, 2015	
		Depreciation	Amortisation	Depreciation	Amortisation
		Rupees			
Charged to profit and loss	9	2,383,479	705,668	2,397,719	934,417
Charged to Collective investment Schemes under management	9.1	55,668	435,985	-	-
		<u>2,439,147</u>	<u>1,141,653</u>	<u>2,397,719</u>	<u>934,417</u>

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)FOR THE QUARTER ENDED SEPTEMBER 30, 2016

5 LONG TERM INVESTMENTS

In Collective Investment Schemes - related parties

Available-for-sale investments

5.1 Available-for-sale investments

Note	Un-audited September 30 2016		Audited June 30 2016	
	(Rupees)		(Rupees)	
5.1	483,287,259		456,022,751	

Name of the Investee Fund	Note	As at July 01, 2016	Redemptions during the period	As at September 30, 2016	As at September 30, 2016				As at June 30, 2016				
					Cost	Market value	Unrealised appreciation on re-measurement of investments	Unrealised appreciation on re-measurement of investments	Cost	Market value	Unrealised appreciation on re-measurement of investments	Unrealised appreciation on re-measurement of investments	
Units										(Rupees)			

Open end mutual funds

Pakistan Pension Fund	5.1.1	805,305	-	805,305	102,112,651	221,228,697	119,116,046
Pakistan Islamic Pension Fund	5.1.1	876,129	-	876,129	108,787,629	234,794,054	126,006,425
					210,900,280	456,022,751	245,122,471

5.1.1 Net unrealized appreciation / (diminution) on re-measurement of investments classified as available for sale'

Market value of investments
Less: Cost of investments

Un-audited September 30 2016	Audited June 30 2016	
	(Rupees)	
483,287,259	456,022,751	
(210,900,280)	(210,900,280)	

272,386,979	245,122,471
(245,122,471)	(212,547,010)
-	4,970,219
27,264,508	37,545,680

Less: Net unrealised appreciation in fair value of investments at the beginning of the period/year
Less: amount realised on redemption

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

6 SHORT-TERM INVESTMENTS

At fair value through profit or loss
Available-for-sale investments

Note	September 30, 2016	June 30, 2016
	Rupees	
6.1	463,091,121	388,799,299
6.2	351,749,002	368,911,874
	814,840,123	757,711,173

6.1 At fair value through profit or loss

Name of the Investee Fund	As at July 01, 2016	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at September 30, 2016	As at June 30, 2016			
						Rupees			
						Carrying value	Market value	Unrealised appreciation (diminution) on re-measurement of investments	Unrealised appreciation (diminution) on re-measurement of investments
MCB Cash Management Optimizer	-	4,872,919	-	2,106,695	2,767,224	280,221,770	281,101,555	879,785	-
MCB Pakistan Asset Allocation Fund	974,696	-	-	-	974,696	77,053,509	81,255,719	4,200,410	77,053,309
MCB Pakistan Sovereign Fund	5,859,849	2,340,394	-	6,327,171	1,873,072	99,761,968	100,733,847	971,879	311,743,900
						457,039,047	463,091,121	6,052,074	388,799,299
									1,391,171

6.2 Available-for-sale investments

Units of Mutual Funds

Note	September 30, 2016	June 30, 2016
	Rupees	
6.3	156,478,052	167,398,815

Investments in Government Securities

Pakistan Investment Bonds
Market Treasury Bills

6.4	52,053,650	102,057,759
6.5	143,217,300	99,455,300
	351,749,002	368,911,874

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)FOR THE QUARTER ENDED SEPTEMBER 30, 2016

Name of the Investor Fund	As at July 01, 2016	Purchases during the period	Bonus units issued during the period	Redemptions during the period	As at September 30, 2016	As at September 30, 2016			As at June 30, 2016		
						Carrying value	Market value	Unrealised appreciation/(diminution) on re-measurement of investments	Carrying value	Market value	Unrealised appreciation/(diminution) on re-measurement of investments

MCB Pakistan Stock Market Fund	1,02,116	-	-	266,899	1,65,327	132,186,428	156,478,052	24,291,624	153,692,894	167,398,815	13,906,311	167,398,815	13,906,311
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Issue date	Tenor	Face Value				As at September 30, 2016				As at June 30, 2016			
		As at July 01, 2016	Purchased during the year	Disposed during the year	As at September 30, 2016	Carrying Value	Market value	Unrealized appreciation (diminution) on re-measurement of investments	Carrying Value	Market value	Unrealized appreciation (diminution) on re-measurement of investments		
Rupees													

21 April 2016	5 years	-	50,000,000	-	50,000,000	52,648,850	52,053,650	(595,200)	-	-	-	-	-
July 18, 2013	3 years	101,800,000	-	101,800,000	-	-	-	-	101,871,106	102,057,759	186,653	102,057,759	186,653
July 19, 2012	10 years	-	50,000,000	50,000,000	-	-	-	-	-	-	-	-	-
These Pakistan Investment Bonds have a cost of Rs.52 million (30 June 2016: 105 million) and carry interest at the rate of 7.75% (30 June 2016: 11.25%) per annum.						52,648,850	52,053,650	(595,200)	101,871,106	102,057,759	186,653	102,057,759	186,653

Issue date	Tenor	Face Value				As at September 30, 2016				As at June 30, 2016			
		As at July 01, 2015	Purchased during the year	Disposed/ matured during the year	As at June 30, 2016	Carrying Value	Market value	Unrealised appreciation/(diminution) on re-measurement of investments	Carrying Value	Market value	Unrealised appreciation/(diminution) on re-measurement of investments		
Rupees													

July 21, 2016	12 months	-	150,000,000	-	150,000,000	143,381,868	142,217,200	(1,164,668)	-	-	-	-	-
August 6, 2015	12 months	100,000,000	-	100,000,000	-	-	-	-	99,396,128	99,455,300	59,172	99,455,300	59,172
Market treasury bills carry effective interest rates at 5.84% (June 30, 2016: 5.89%).						143,381,868	142,217,200	(1,164,668)	99,396,128	99,455,300	59,172	99,455,300	59,172

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

7 RUNNING FINANCE

During the year ended June 30, 2015, the Company had obtained a short-term finance facility under mark-up arrangement with MCB Bank Limited (a related party) amounting to Rs 500 million (June 30, 2016: Rs 500 million). The facility carried mark-up at one month KIBOR+0.5% (2016: KIBOR+0.5%) per annum. The facility was secured against pledge of government securities and will be expired on May 31, 2017.

8 MANAGEMENT FEE / INVESTMENT ADVISORY FEE

Note	QUARTER ENDED	
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
	-----Rupees-----	
From Collective Investment Schemes - related parties	166,579,406	214,845,274
From Discretionary Portfolio	8,258,888	7,715,986
	174,838,294	222,561,260
Less : Indirect taxes and duties on management fee	(20,114,140)	(54,260,247)
	<u>154,724,154</u>	<u>168,301,013</u>

8.1 From Collective Investment Schemes - related parties

MCB Cash Management Optimizer	9,023,786	21,466,380
MCB Pakistan Asset Allocation Fund	14,561,548	20,252,838
MCB DCF Income Fund	28,419,508	62,157,825
MCB Islamic Income Fund	1,641,000	2,879,790
MCB Pakistan Sovereign Fund	18,514,370	19,747,799
Pakistan Capital Market Fund	3,550,850	5,178,660
Pakistan Cash Management Fund	2,472,063	3,390,005
Pakistan Income Enhancement Fund	11,164,443	10,250,674
Pakistan Income Fund	4,537,350	5,883,662
Pakistan International Element Islamic Asset Allocation Fund	5,229,215	5,582,305
Pakistan Islamic Pension Fund	2,286,317	2,250,011
Pakistan Pension Fund	4,968,746	4,554,404
MCB Pakistan Stock Market Fund	48,804,625	43,899,697
MCB Pakistan Islamic Stock Fund	6,859,151	4,939,582
Pakistan Sarmaya Mahfooz Fund	1,900,016	2,411,642
MCB Pakistan Frequent Payout Fund	2,646,418	-
	<u>166,579,406</u>	<u>214,845,274</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

9 ADMINISTRATIVE AND OPERATING EXPENSES

	QUARTER ENDED	
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
	-----Rupees-----	
Salaries, allowances and other benefits	42,437,172	44,276,896
Marketing and advertising expenses	25,209,682	3,480,928
Legal and professional charges	3,089,204	3,362,410
Traveling and conveyance charges	991,460	678,960
Rent, utilities, repairs and maintenance	13,050,734	12,686,921
Office supplies	115,232	88,023
Auditors' remuneration	700,000	500,000
Directors' meeting fee	1,100,000	225,000
Insurance	371,990	386,493
Depreciation	2,383,479	2,397,719
Amortisation	705,668	934,416
Printing and stationery	806,861	1,105,062
Telephone expenses	1,285,921	978,130
Entertainment expenses	343,944	616,140
Books, periodicals and subscription	2,091,937	1,594,770
Registrar fee	82,414	149,469
Miscellaneous expenses	945,750	1,576,751
	95,711,449	75,038,088

- 9.1** 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 10.757 million (2015: Nil) have been charged by the Company to the respective CISs under its management.

10 CONTINGENCIES AND COMMITMENTS

- 10.1** On June 20, 2014, the Punjab Revenue Authority issued a show cause notice to the Company to pay Sales Tax on management fee earned in Punjab under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013.

The Management Company jointly with other Asset Management Companies through the trustees of their Collective Investment Schemes challenged the above notice vide a petition filed on July 8, 2014 in the Sindh High Court (SHC). The SHC has ordered suspension of the show cause notice in its order dated July 10, 2014 till the date of the next hearing of appeals. The management is expecting no outflow of economic resources in this respect as the payments relating to sales tax have already been made to the Sindh Revenue Board and in case decision is made against the Company, the same is required to be settled between the two authorities.

- 10.2** On December 19, 2014, the Company launched a capital protected fund namely "Pakistan Sarmaya Mehfooz Fund". In accordance with the terms of the agreement, the Company has guaranteed the Gap Risk through a Guarantee Agreement signed between the 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 requirements, the Company has pledged mutual fund units with an investment value of Rs 35 million with the trustee of the Fund as at September 30, 2016.

- 10.3** 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 was prejudicial to the interest of revenue necessitating amendment of assessment. The ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated August 28, 2015 after making certain additions / disallowances in the profit and loss account and created a demand of Rs 39.38 million. These additions / disallowances mainly pertained to apportionment of expenses, management fee/processing fee and related income sharing, workers' welfare fund, etc. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the above order and has also filed a constitution petition for a stay of demand. An amount of Rs 13.50 million has been paid under protest to the taxation authorities. However, no provision has been made in these financial statements against the above order as the management and the tax advisor of the Company are confident that good grounds exist to contest the additions / disallowances made by the ACIR at the appellate forums and these additions are not maintainable. The potential tax liability in this respect amounts to Rs 39.38 million.

- 10.4** On February 29, 2016, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 122 (1) of the Income Tax Ordinance, 2001 relating to tax year 2010 of MCB AMC making certain additions / disallowances in the return filed by the Company. The assessing officer adjusted the impact of disallowances and reduced the amount refundable in respect of that tax year to Rs 1.947 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order. Subsequently, the Company again received a notice of demand amounting to Rs 0.980 million on May 4, 2016 from the Additional Commissioner Inland Revenue (ACIR) against which it filed an appeal before the CIR(A) which is pending adjudication. As at September 30, 2016, no provision has been made in these financial statements in respect of these orders as the management is confident that the Company has good grounds to contest the amendments made by the tax authorities.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

11 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as at the period end. Therefore, all subsidiaries and associated undertakings of MCB are related parties of the Company. Other related parties comprise of collective investment schemes managed by the Company, directors, key management personnel and their close family members and the defined contribution 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:

	Quarter ended	
	September 30, 2016	September 30, 2015
	-----Rupees-----	
11.1 Transactions with related parties during the period		
MCB BANK LIMITED		
Profit in bank deposits	186,839	461,123
Reimbursement of expenses	2,500,000	3,000,000
Commission and other expenses	12,674,457	17,250,600
Branch sharing expenses	1,863,960	810,000
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Investment advisory income	6,081,460	4,336,013
Amount paid against insurance	57,022	-
ADAMJEE INSURANCE COMPANY LIMITED		
Amount paid against insurance	126,172	676,434
MCB FINANCIAL SERVICES LIMITED		
Reimbursement of expenses	-	511,794
Trustee fee	600,000	600,000
MCB DCF INCOME FUND		
Remuneration income	28,419,508	62,157,825
Share of sale load	67,497	8,392
Reimbursement of expenses	1,676,667	-
MCB PAKISTAN ASSET ALLOCATION FUND		
Remuneration income	14,561,548	20,252,838
Share of sale load	69,787	94,664
Reimbursement of expenses	644,316	-
Investment in units	-	118,151,955
Redemption of units	-	43,000,000
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration income	9,023,786	21,466,380
Reimbursement of expenses	1,330,050	-
Investment in units	492,137,553	105,000,000
Redemption of units	212,090,525	143,231,654
MCB ISLAMIC INCOME FUND		
Remuneration income	1,641,000	2,879,790
Share of sale load	8,786	10,307
Reimbursement of expenses	253,786	-
Sharia advisor fee	225,000	-
MCB PAKISTAN STOCK MARKET FUND		
Remuneration income	48,804,625	43,899,697
Share of sale load	498,120	226,935
Reimbursement of expenses	2,159,497	-
Amount received against conversion cost	544,939	1,135,912
Investment in units	-	19,980,209
Redemption of units	25,000,000	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended	
	September 30, 2016	September 30, 2015
	-----Rupees-----	
PAKISTAN INCOME FUND		
Remuneration income	4,537,350	5,883,662
Share of sale load	9,839	4,340
Reimbursement of expenses	267,690	-
MCB PAKISTAN SOVERIGN FUND		
Remuneration income	18,514,372	19,747,799
Share of sale load	44,577	2,308
Reimbursement of expenses	2,294,497	-
Investment in units	124,986,422	460,000,000
Redemption of units	339,000,000	132,000,000
PAKISTAN CAPITAL MARKET FUND		
Remuneration income	3,550,850	5,178,660
Share of sale load	26,246	26,320
Reimbursement of expenses	157,117	-
MCB PAKISTAN ISLAMIC STOCK FUND		
Remuneration income	6,859,151	4,939,582
Amount received against conversion cost	562,733	1,520,031
Share of sale load	52,899	21,239
Reimbursement of expenses	303,531	-
Sharia advisor fee	225,000	-
PAKISTAN PENSION FUND		
Remuneration income	4,968,746	4,554,404
Share of sale load	170,954	57,370
Contribution made to Pension fund on behalf of employees	750,239	945,068
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration income	5,229,215	5,582,305
Back-end load	519	-
Share of sale load	129,056	44,853
Reimbursement of expenses	237,093	-
Sharia advisor fee	225,000	-
PAKISTAN ISLAMIC PENSION FUND		
Remuneration income	2,286,317	2,250,011
Share of sale load	47,131	6,731
Contribution made to Pension fund on behalf of employees	1,590,842	1,022,288
PAKISTAN CASH MANAGEMENT FUND		
Remuneration income	2,472,063	3,390,005
Reimbursement of expenses	366,259	-
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration income	11,164,443	10,250,674
Share of sale load	31,225	12,556
Reimbursement of expenses	658,670	-
PAKISTAN SARMAHA MAHFOOZ FUND		
Remuneration income	1,900,016	2,411,642
Back-end load	-	33,760
Reimbursement of expenses	168,143	-
Amount received against formation cost	-	4,313,850
MCB PAKISTAN FREQUENT PAYOUT FUND		
Remuneration income	2,646,418	-
Share of sale load	17,454	-
Reimbursement of expenses	239,661	-
KEY MANAGEMENT PERSONNEL	13,741,174	8,801,810

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Unaudited September 30, 2016	Audited June 30, 2016
	-----Rupees-----	
11.2 Amounts outstanding as at year end		
MCB BANK LIMITED		
Bank balances	5,203,255	7,482,397
Other payable	16,983,724	13,946,339
Commission payable	9,181,009	11,165,177
Mark up receivable	84,391	7,363
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Advisory fee receivable	12,124,875	9,714,575
MCB FINANCIAL SERVICES LIMITED		
Payable against monthly reimbursement	-	50,864
Payable against trustee fee	226,000	228,000
MCB CASH MANAGEMENT OPTIMIZER		
Management fee	57,587,241	57,517,457
Receivable against reimbursement of expenses	929,391	395,024
Closing balance of Investment in units	281,101,555	-
MCB DCF INCOME FUND		
Management fee	108,213,716	110,432,577
Sales load receivable	28,186,707	28,104,927
Receivable against reimbursement of expenses	1,101,371	666,991
MCB ISLAMIC INCOME FUND		
Management fee	9,140,477	9,068,897
Sales load receivable	3,062,331	3,084,457
Receivable against reimbursement of expenses	170,108	78,967
Receivable against shariah advisory fee	150,000	75,000
MCB PAKISTAN ASSET ALLOCATION FUND		
Management fee	23,382,922	24,262,791
Sales load receivable	17,562,350	16,459,752
Receivable against reimbursement of expenses	411,115	738,964
Closing balance of Investment in units	81,255,719	77,055,309
MCB PAKISTAN FREQUENT PAYOUT FUND		
Management fee	1,773,300	1,738,568
Sales load receivable	7,607,450	6,308,937
Formation cost receivable	733,077	733,077
Receivable against reimbursement of expenses	171,144	61,763
Other receivable	2,792,928	2,795,028
MCB PAKISTAN ISLAMIC STOCK FUND		
Management fee	8,010,375	7,765,643
Sales load receivable	340,197	245,968
Conversion cost receivable	-	562,733
Receivable against reimbursement of expenses	205,049	91,163
Receivable against shariah advisory fee	150,000	154,641
MCB PAKISTAN SOVEREIGN FUND		
Management fee	34,344,598	34,929,172
Sales load receivable	4,799,025	4,765,754
Receivable against reimbursement of expenses	1,508,263	634,452
Closing balance of Investment in units	100,733,847	311,743,990

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Unaudited September 30, 2016	Audited June 30, 2016
	-----Rupees-----	
MCB PAKISTAN STOCK MARKET FUND		
Management fee	70,849,678	69,351,934
Sales load receivable	4,813,038	5,177,743
Other receivable	13,112	35,642
Conversion cost receivable	-	544,939
Receivable against reimbursement of expenses	1,443,764	639,634
Closing balance of Investment in units	156,478,052	167,398,815
PAKISTAN CAPITAL MARKET FUND		
Management fee	6,983,205	7,065,616
Sales load receivable	467,830	483,611
Receivable against reimbursement of expenses	102,435	52,133
PAKISTAN CASH MANAGEMENT FUND		
Management fee	12,650,041	12,748,418
Receivable against reimbursement of expenses	215,814	114,533
PAKISTAN INCOME ENHANCEMENT FUND		
Management fee	20,112,158	21,983,795
Sales load receivable	6,824,141	6,076,712
Receivable against reimbursement of expenses	443,614	315,421
Others receivable	-	3,530
PAKISTAN INCOME FUND		
Management fee	10,700,111	10,787,558
Sales load receivable	251,924	241,109
Receivable against reimbursement of expenses	178,360	92,295
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Management fee	7,730,890	7,474,952
Sales load receivable	1,385,296	1,536,861
Back end load receivable	7,231	-
Receivable against reimbursement of expenses	164,359	203,829
Receivable against shariah fee	150,000	295,723
PAKISTAN SARMAVA MEHFOOZ FUND		
Management fee	794,181	2,572,474
Sales load receivable	2,307,278	2,307,278
Receivable against reimbursement of expenses	111,481	54,779
PAKISTAN ISLAMIC PENSION FUND		
Management fee	3,788,179	3,732,980
Sales load receivable	300,537	468,855
Closing balance of Investment in units	248,751,835	234,794,054
PAKISTAN PENSION FUND		
Management fee	7,634,125	7,487,260
Sales load receivable	1,110,653	1,020,012
Closing balance of Investment in units	234,535,424	221,228,697
KEY MANAGEMENT PERSONNEL	657,201	722,592

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 21, 2016 by the Board of Directors of the Company.

13 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.

14 GENERAL

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



Chief Executive Officer



Director





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24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-468-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081

URL: www.mcbah.com, Email: info@mcbah.com