

**Quarterly Report**  
**September 30, 2016**  
**(Unaudited)**



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

Rated: AM2++ by PACRA

# **MCB PAKISTAN ISLAMIC STOCK FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad 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 Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi	
<b>Company Secretary</b>	Mr. Abdul Basit	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Habib Bank Limited United Bank Limited Dubai Islamic Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited	
<b>Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
<b>Transfer Agent</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	AM2 ++ Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Islamic Stock Fund** accounts review for the quarter ended September 30th, 2016.

## EQUITIES MARKET OVERVIEW

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. 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.

## FUND PERFORMANCE

During the period, PISF delivered a return of 8.38% as compared to KMI 30 index return of 4.23%. Overall equity exposure of the fund stood at 69.3% at the end of the period as compared to 89.8% at June 30, 2016. This low equity exposure figure reflects sell-off of non-shariah compliant stocks and conversion to Islamic stock fund. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by increasing allocation in cash and other assets and decreasing exposure in cements and other equities.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 1,437 million as compared to Rs. 1123 million as at June 30, 2016 registering an increase of 27.96%.

The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs.11.51 as compared to opening NAV of Rs.10.62 per unit as at June 30, 2016 registering an increase of Rs. 0.89 per unit.

## 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.

## REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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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.

### ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



**Muhammad Saqib Saleem**

Chief Executive Officer

October 21, 2016



عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016ء کو اختتام پذیر ہونے والی مدت کے لئے ایم سی بی پاکستان اسلامک اسٹاک فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

ایکویٹی مارکیٹ کا جائزہ

سال کا آغاز اُمید 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 پینلش کردہ معیار میں مالی سال 2017ء کی پہلی سہ ماہی کے دوران 7.3% اضافہ ہوا۔ اگرچہ پاکستان 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۔

دورانِ 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 دورانِ 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۔ دورانِ اختتام سہ ماہی حجم میں اس بھر پور اضافے میں تیسرے درجے کے اسٹاکس میں وسیع پیمانے پر اضافے کا اہم کردار ہے۔

دورانِ سہ ماہی آٹو سیکٹر 45% ترقی کر کے سب سے آگے رہا کیونکہ آٹو فنانسنگ میں انٹریسٹ کی تازہ شرحوں نے ایک نئی روح پھونک دی۔ ہنڈا نے 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 آٹو مینوفیکچررز 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 دورانِ مدت 22% ترقی کی کیونکہ پٹرولیم کی فروخت مارکیٹ کی توقعات سے کہیں زیادہ ہوئی۔ پٹرولیم مصنوعات کی فروخت میں دورانِ 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 باعتبار قیمت پست رہی۔ مزید برآں، ایک چینی ادارے کے ایک مقامی سینٹ مینوفیکچرر کے متوقع حصول کو سرمایہ کاروں نے متفی نظر سے دیکھا۔

دوسری جانب آئل اینڈ گیس ایکسپلوریشن کے شعبے نے صرف 3% ترقی کر کے مقررہ معیار سے کم کارکردگی کا مظاہرہ 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

## ڈائریکٹر رپورٹ

وجہ یوریا 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۔

### فنڈ کی کارکردگی

دورانِ مدت فنڈ نے 8.38% منافع حاصل کیا، جبکہ KMI-30 انڈیکس کا منافع 4.23% تھا۔ ایکویٹی میں فنڈ کی مجموعی شمولیت اختتامِ مدت پر 69.3% کی سطح پر تھی، جبکہ 30 جون 2016ء کو 89.8% تھی۔ ایکویٹی میں شمولیت کے ان پست اعداد و شمار کی وجہ شریعت سے مطابقت نہ رکھنے والے اسٹاکس کی فروخت یا اسلامک اسٹاک فنڈ میں منتقلی ہے۔ دورانِ سہ ماہی فنڈ نے کئی مرتبہ اپنی سرمایہ کاری کی حکمتِ عملی تبدیل کی تاکہ سیکٹر اور کمپنی کی سطح پر ہونے والی بنیادی نوعیت کی متعدد پیش رفت کے ساتھ مطابقت پیدا ہو۔ دورانِ مدت فنڈ نے نقد اور دیگر اثاثوں میں اپنی شمولیت میں اضافہ اور سیمنٹ اور دیگر ایکویٹیز میں اپنی شمولیت میں کمی کر کے سیکٹر میں اپنی شمولیت کو دوبارہ ہم آہنگ کیا۔

30 ستمبر 2016ء کو فنڈ کے net اثاثے 1,437 ملین روپے تھے، جبکہ 30 جون 2016ء کو 1,123 ملین روپے تھے، یعنی 27.96% اضافہ ہوا۔

30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 11.51 روپے تھی، جبکہ 30 جون 2016ء کو 10.62 روپے تھی، یعنی 0.89 روپے فی یونٹ اضافہ ہوا۔

### مستقبل کی صورتحال

معیشت کی صورتحال پہلے کے مقابلے میں مستحکم ہونے پر حکومت نے ملکی ترقی کے احیاء کا پُر جوش منصوبہ پیش 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 پراجیکٹس کا آغاز ہے۔

کنزرویٹو پرائس انڈیکس کے اوسط کے اس سال 5% سے کم رہنے کا امکان ہے۔ تیل کی قیمتوں اور زرمبادلہ کی شرح میں استحکام کی بدولت افراطِ زر کو اگلی چند سہ ماہیوں میں 4.0% سے 5.0% کے درمیان قابو میں رکھنے میں مدد ملے گی۔ چنانچہ مانیٹری پالیسی کے لئے ایک مستحکم ماحول کی اُمید کی جاسکتی ہے۔

فی الوقت کرنٹ اکاؤنٹ کو نحیف برآمدات اور سست ترسیلاتِ 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 موڑ پر معیشت 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 پیکر اور اس کے ساتھ ساتھ انٹریسٹ 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 رہا ہے۔



## ڈائریکٹرز رپورٹ

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 بانڈز (PIBs) کی maturity واضح ہونے کے بعد منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی توجہ مرکوز ہے۔ اُبھرتی 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 محتاط 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۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے Trustees کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 اکتوبر 2016ء

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2016

		(Un-Audited) September 30 2016	(Audited) June 30, 2016
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks		419,204	82,162
Investments	6	1,094,978	1,062,765
Receivable against sale of investments		49,183	32,167
Dividend and profit receivable		13,484	2,762
Security deposits, advances and other receivables		3,292	3,226
<b>Total assets</b>		<b>1,580,141</b>	<b>1,183,082</b>
<b>LIABILITIES</b>			
Payable to Management Company		2,717	2,365
Payable to Central Depository Company of Pakistan Limited - Trustee and related sales tax		209	198
Payable to Securities and Exchange Commission of Pakistan - annual fee		288	775
Unclaimed dividend		12,400	12,400
Payable against purchase of equity securities		100,606	18,829
Accrued expenses and other liabilities	7	26,624	25,564
<b>Total liabilities</b>		<b>142,844</b>	<b>60,131</b>
<b>NET ASSETS</b>		<b>1,437,297</b>	<b>1,122,951</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,437,297</b>	<b>1,122,951</b>
<b>NUMBER OF UNITS IN ISSUE</b>			
		<b>124,841,146</b>	<b>105,747,811</b>
<b>NET ASSETS VALUE PER UNIT</b>			
		<b>11.51</b>	<b>10.62</b>

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



Chief Executive Officer

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



Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter ended	
		September 30	September 30
		2016 ----- (Rupees in '000) -----	2015 -----
<b>INCOME</b>			
Net gain / (loss) on sale of investments - net		51,087	(1,087)
Dividend income		13,345	11,521
Income from government securities		-	-
Profit on bank deposits		2,739	2,123
Unrealised appreciation / (diminution) on revaluation of investments classified as 'held-for-trading' - net	5.3	612	(13,724)
<b>Total income</b>		<b>67,783</b>	<b>(1,167)</b>
<b>EXPENSES</b>			
Remuneration of Management Company		6,070	3,735
Sales tax and Federal Excise Duty on remuneration of Management Company		789	1,206
Expenses allocated by Management Company and related sales tax	8	343	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		561	427
Sales tax on trustee fee	9	73	-
Securities and Exchange Commission of Pakistan - annual fee		288	177
Securities transaction cost		858	228
Settlement charges		163	157
Auditors' remuneration		124	142
Fees, subscription and bank charges		79	49
Shariah advisory fee		225	-
Legal and professional charges		45	-
Impairment loss on available-for-sale investment		-	-
Donation		270	153
Printing and related cost		40	53
<b>Total expenses</b>		<b>9,928</b>	<b>6,327</b>
<b>Net Income / (loss) from operating activities</b>		<b>57,855</b>	<b>(7,494)</b>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	3.4		
- arising from Capital (loss) / gain and unrealised (loss) / gain on investments		12,472	(109)
- arising from other income		(1,815)	(39)
		<b>10,657</b>	<b>(148)</b>
Provision for Workers' Welfare Fund	6.1	-	-
<b>Net income / (loss) for the period before taxation</b>		<b>68,512</b>	<b>(7,642)</b>
Taxation	10	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>68,512</b>	<b>(7,642)</b>
<b>Earnings per unit</b>	11		

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



Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Quarter ended	
	September 30 2016	September 30 2015
	----- (Rupees in '000) -----	
Net income / (loss) for the period after taxation	68,512	(7,642)
<b>Other comprehensive income:</b>		
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'available-for-sale' at the end of the period	37,632	(58,290)
<b>Total comprehensive income / (loss) for the period</b>	<b>106,144</b>	<b>(65,932)</b>

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



Chief Executive Officer

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



Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Quarter ended	
	September 30	September 30
	2016	2015
	----- (Rupees in '000) -----	
Undistributed income brought forward	4,333	10,285
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing unrealised income	17,267	3,025
Total net income / (loss) for the period	68,512	(7,642)
<b>Undistributed income carried forward</b>	<b>90,112</b>	<b>5,668</b>

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



Chief Executive Officer

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



Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Quarter ended	
	September 30	September 30
	2016	2015
	----- (Rupees in '000) -----	
<b>Net assets at beginning of the period</b>	<b>1,122,951</b>	<b>665,893</b>
Issue of 26,417,390 units (2015: 16,130,393 units)	<b>300,945</b>	164,581
Redemption of 7,324,055 units (2015: 3,949,912 units)	<b>82,088</b>	(39,899)
	<b>218,857</b>	124,682
	<b>1,341,808</b>	<b>790,575</b>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		
- arising from Capital (loss) / gain and unrealised (loss) / gain on investments	(12,472)	148
- arising from other income	1,815	
- amount representing unrealised capital gains / (losses) transferred to the distribution statement	17,267	(3,025)
	<b>6,610</b>	(2,877)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised income	(17,267)	3,025
Net unrealised appreciation / (diminution) during the period in the market value of investment classified as available-for-sale	37,632	(58,290)
Net income for the period transferred from the distribution statement:		
Capital gain / (loss) on sale of investments	51,087	(1,087)
Unrealised appreciation / (diminution) on revaluation of investments classified as 'held-for-trading' - net	612	(13,724)
Other net income / (loss) for the period	54,445	(51,121)
	<b>106,144</b>	(65,932)
<b>Net assets at end of the period</b>	<b>1,437,297</b>	<b>724,791</b>

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



Chief Executive Officer

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



Director


# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended	
	September 30 2016	September 30 2015
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	68,512	(7,642)
<b>Adjustments for non - cash and other items</b>		
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	3.4	
- arising from Capital (loss) / gain and unrealised (loss) / gain on investments	(12,472)	148
- arising from other income	1,815	
Unrealised (appreciation) / diminution on revaluation of investments classified as 'held-for-trading' - net	(612)	13,724
Dividend income	(13,345)	-
Impairment loss on 'available-for-sale' investment	-	-
	43,898	6,230
<b>(Increase) / Decrease in assets</b>		
Investments - net	19,376	(461,215)
Receivable against sale of investments	(17,016)	29,706
Profit receivable and dividend receivables	(10,722)	(10,628)
Security deposits, advances and other receivables	(66)	-
	(8,428)	(442,137)
<b>(Decrease) / increase in liabilities</b>		
Payable to Management Company	438	798
Payable to Central Depository Company of Pakistan Limited - Trustee and related sales tax	-	75
Payable to Securities and Exchange Commission of Pakistan - annual fee	11	
Unclaimed dividend	-	(175)
Payable against purchase of equity securities	(487)	
Accrued expenses and other liabilities	-	(11,198)
	81,777	(4,844)
	974	
	82,713	(15,344)
	118,183	(451,250)
<b>Net cash generated from / (used in) operating activities</b>	118,183	(451,250)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	300,945	164,581
Payments on redemption of units	(82,088)	(39,899)
<b>Net cash generated from financing activities</b>	218,857	124,682
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	337,040	(326,568)
Cash and cash equivalents at the beginning of period	82,162	433,252
<b>Cash and cash equivalents at the end of period</b>	419,204	106,684

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

  
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Chief Executive Officer

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

  
\_\_\_\_\_  
Director

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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### **1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** MCB Pakistan Islamic Stock Fund (formerly: Pakistan Strategic Allocation Fund) (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004.
- 1.2** 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.
- 1.3** Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** The Fund is categorised as "equity scheme" and is listed on the Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited). The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturity.
- 1.5** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.6** The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2++' dated June 08, 2016 to the Management Company and 3-Star Short-term and 3-Star Long-Term to the Fund dated August 13, 2015.
- 1.7** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

### **2. STATEMENT OF COMPLIANCE**

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.
- 2.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2016.
- 2.3** The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2016 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2016, where as the comparative in condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 30 September 2015.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016

**2.4** The directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the Fund.

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

## **3 ACCOUNTING POLICIES AND ESTIMATES**

**3.1** The accounting policies and methods of computation adopted in preparation of this financial information are same as those applied in preparation of financial statements of the Fund for the period ended June 30, 2016.

**3.2** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**3.3** In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2016.

**3.4** The element of income arising on issuance and redemption of units is bifurcated into portion attributable to capital gain / losses (realised and unrealised) and other income appearing in book of accounts of the Fund.

## **4 FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2016.

## **5 BANK BALANCES**

(Unaudited) 30 September 2016	(Audited) 30 June 2016
(Rupees in 000)	

### **Balances with bank**

Current accounts	14.2	17,516	42,242
Deposit accounts	5.1	401,688	39,920
		419,204	82,162

**5.1** These carry mark-up at rates ranging from 3.75% to 6% (30 June, 2016: 3.75% to 6%)

(Un-Audited) September 30 2016	(Audited) June 30 2016
----- (Rupees in '000) -----	

## **6 INVESTMENTS**

### **'At fair value through profit or loss - held-for-trading'**

Listed equity securities	6.1	7,204	7,309
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### **'Available-for-sale'**

Listed equity securities	6.2	1,087,774	1,055,456
		1,094,978	1,062,765

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016

## 6.1 Listed equity securities at 'fair value through profit or loss - held-for-trading'

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

Name of the Investee Company	As at July 01, 2016	Purchases / Right issue(R) during the period	Bonus issue during the period	Sales during the period	As at September 30, 2016	Balance as at September 30, 2016			Market value as percentage of net assets	Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company
						Carrying Value	Market value (Rupees in '000)	(Diminution) / appreciation			
<b>Construction and materials (Cement)</b>											
Cherat Cement Company Limited	1	-	-	-	1	-	-	-	-	-	0.00
Kohat Cement Company Limited	188	-	-	188	-	-	-	-	-	-	0.00
Lucky Cement Company Limited	5,419	-	-	-	5,419	3,514	3,670	156	0.26	0.34	0.00
						<b>5,420</b>	<b>3,514</b>	<b>156</b>	<b>0.26</b>	<b>0.34</b>	<b>0.00</b>
<b>General Industrials</b>											
Packages Limited	1,050	-	-	1,050	-	-	-	-	-	-	0.00
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited	32	-	-	-	32	4	4	0.00	0.00	0.00	0.00
Pakgen Power Limited - related party	5,000	-	-	-	5,000	120	119	(1)	0.01	0.01	0.00
						<b>5,032</b>	<b>124</b>	<b>(1)</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>
<b>Oil &amp; Gas Exploration Companies</b>											
Pakistan Oilfields Limited	8,500	-	-	-	8,500	2,954	3,411	457	0.24	0.31	0.00
						<b>8,500</b>	<b>2,954</b>	<b>458</b>	<b>0.24</b>	<b>0.31</b>	<b>0.00</b>
						<b>18,952</b>	<b>6,592</b>	<b>612</b>			
September 30, 2016											
June 30, 2016						7,064	7,309	245			



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016

## 6.2 Listed equity securities 'available-for-sale'

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

Name of the Investee Company	Number of shares				Balance as at 30th September 2016					----- % -----		
	As at July 01, 2016	Purchases during the period	Bonus/Right issue during the period	Sales during the period	As at September 30, 2016	Cost	Market Value	(Diminution) / Appreciation	Market Value as percentage of net Asset			
<b>Automobile Assembler</b>												
Sazgar Engineering Works	-	196,500	-	-	196,500	11,420	11,401	(19)	0.79	1.04	0.00	0.00
					<b>196,500</b>	<b>11,420</b>	<b>11,401</b>	<b>(19)</b>	<b>0.79</b>	<b>1.04</b>	<b>0.00</b>	<b>0.00</b>
<b>Oil And Gas Marketing Companies</b>												
Shell Pakistan	19,600	-	-	19,600	-	-	-	-	0.00	0.00	0.00	0.00
Hascol Petroleum	1,390	70,100	-	-	71,490	15,674	15,746	71	1.10	1.44	0.06	0.06
Hi-Tech Lubricants	426,500	-	-	426,500	-	-	-	-	0.00	0.00	0.00	0.00
					<b>71,490</b>	<b>15,674</b>	<b>15,746</b>	<b>71</b>	<b>1.10</b>	<b>1.44</b>	<b>0.06</b>	<b>0.06</b>
<b>Refinery</b>												
Attock Refinery Limited	56,700	-	-	-	56,700	11,993	18,477	6,484	1.29	1.69	0.07	0.07
					<b>56,700</b>	<b>11,993</b>	<b>18,477</b>	<b>6,484</b>	<b>1.29</b>	<b>1.69</b>	<b>0.07</b>	<b>0.07</b>
<b>Automobile parts and accessories</b>												
Agriauto Industries Limited	103,000	23,000	-	103,000	23,000	6,217	6,673	456	0.46	0.61	0.08	0.08
Thal Limited	80,100	-	-	80,100	-	-	-	-	0.00	0.00	0.00	0.00
					<b>23,000</b>	<b>6,217</b>	<b>6,673</b>	<b>456</b>	<b>0.46</b>	<b>0.61</b>	<b>0.08</b>	<b>0.08</b>
<b>Cable and electrical goods</b>												
Pak Elektron Limited	637,500	296,000	-	405,500	528,000	36,019	37,367	1,348	2.60	3.41	0.11	0.11
					<b>528,000</b>	<b>36,019</b>	<b>37,367</b>	<b>1,348</b>	<b>2.60</b>	<b>3.41</b>	<b>0.11</b>	<b>0.11</b>
<b>Construction and materials (cement)</b>												
Cherat Cement Company Limited	355,000	-	-	112,500	242,500	22,344	31,200	8,856	2.17	2.85	0.14	0.14
D.G Khan Cement	-	265,000	-	152,000	113,000	21,434	21,004	(430)	1.46	1.92	0.03	0.03
Kohat Cement Limited	60,612	-	-	60,612	-	-	-	-	0.00	0.00	0.00	0.00
Lucky Cement Limited	128,381	-	-	78,500	49,881	27,843	33,782	5,939	2.35	3.09	0.02	0.02
Maple Leaf Cement Factory Limited	300,000	200,000	-	500,000	-	-	-	-	0.00	0.00	0.00	0.00
Pioneer Cement Limited	351,000	61,500	-	412,500	-	-	-	-	0.00	0.00	0.00	0.00
					<b>405,381</b>	<b>71,621</b>	<b>85,986</b>	<b>14,365</b>	<b>5.98</b>	<b>7.86</b>	<b>0.19</b>	<b>0.19</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

Name of the Investee Company	Number of shares				Balance as at 30th September 2016						
	As at July 01, 2016	Purchases during the period	Bonus/Ri ght issue during the period	Sales during the period	As at September 30, 2016	Cost	Market Value	(Diminut ion) / Apprecia tion	Market Value as percentage of net Asset	Market value as % of total investments	Paid up value of shares as percentage of total paid up capital of the investee company

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	<b>187</b>	<b>MCB Pakistan Islamic Stock Fund</b>
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\*\*\* The par value of K-Electric is Rs 3.5 & par value of Thal Limited is Rs 5.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		(Un-Audited) September 30 2016	(Audited) June 30 2016
	Note	----- (Rupees in '000) -----	
<b>6.3 Unrealised diminution in value of investments at 'fair value through profit or loss held-for-trading' - net</b>			
Market value of investments	6.1	7,204	7,309
Less: Cost of investments	6.1	<u>(6,592)</u>	<u>(7,064)</u>
		<u>612</u>	<u>245</u>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	7.1	15,754	15,754
Charity / donation payable			738
Federal excise duty payable on management fee	7.2	5,689	5,689
Federal excise duty payable on sales load		125	125
Auditors' remuneration		450	385
Brokerage payable		2,772	1,827
Conversion cost payable		-	563
Printing Charges		170	-
Withholding tax payable		306	90
Others		<u>1,272</u>	<u>393</u>
		<u>26,538</u>	<u>25,564</u>

## 7.1 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by the CIS through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 08, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment. In view of the afore mentioned developments and uncertainties created by the decision of SHC, the Management Company, as a matter of abundant caution, has decided to retain the entire provision for WWF in these financial statements.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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Furthermore, in the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs.15.75 million (2016: Rs.15.75 million) in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognised any further provision there against. During the period ended September 30, 2016 the Fund charged Rs.Nil on account of WWF. Had the provision of WWF not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Re.0.13 per unit (1.13%) (2016: Rs.0.15 per unit (1.40%)) as at June 30, 2016.

### **7.2 Federal Excise Duty on Remuneration of Management Company**

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 04, 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. The management is however of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not be reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non banking finance companies from charge of FED on their services.

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.5.69 million.

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

There were no contingencies and commitments as at September 30, 2016 and June 30, 2016.

### **9. EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY AND RELATED SALES TAX**

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



## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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### **10. SINDH SALES TAX ON REMUNERATION OF TRUSTEE**

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

### **11. TAXATION**

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial statement.

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

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

### **13. TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the fund including government levies as on September 30, 2016 is 0.82%. Total expense for the period includes 0.09% representing Government levy.

### **14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

**14.1 Details of transactions with connected persons are as follows:**

	----- Un-audited -----	
	Quarter ended	
	September 30 2016	September 30 2015
	----- (Rupees in '000) -----	
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration of management company including indirect taxes	6,859	4,941
Expenses allocated by management company and related sales tax	303	-
Payment of conversion cost	-	1,520
Shariah advisory fee	225	-
<b>Central Depository Company of Pakistan Limited- Trustee</b>		
Remuneration of Trustee	634	427
CDC charges for conversion - including taxes	-	38
<b>Group / Associated Companies</b>		
<b>Arif Habib Limited *</b>		
Brokerage expense	120	141
<b>Next Capital Limited *</b>		
Brokerage expense	165	47
<b>MCB Bank Limited</b>		
Mark up income during the period	-	-
Bank charges	5	5
Dividend income	-	-
<b>Lalpir Power Limited</b>		
Dividend income	479	-
<b>Pakgen Power Limited</b>		
Dividend income	607	-
<b>Mandate under discretionary portfolio services</b>		
Issue of 9,328 units (2015: 0 Units)	100	
Redemption of -138,012 units (2015: 242,718 units)	1,550	2,500

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	----- Un-audited -----	
	Quarter ended	
	September 30 2016	September 30 2015
	----- (Rupees in '000) -----	
<b>Adamjee Life - Amanat Fund</b>		
Issuance 782,837 Units ( 2015: 0 Units )	9,000	-
Redemption Nil Units ( 2015: 0 Units )	-	-
<b>Directors and executives of the Management Company</b>		
Issuance of 170,875 units (2015: 74,675 units)	1,932	774
Redemption of 269,813 units (2015: 79,740 units)	3,079	833
	(Un-Audited) September 30 2016	(Audited) June 30 2016
	----- (Rupees in '000) -----	
<b>14.2 Amount outstanding as at period / year end</b>		
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration payable	2,056	1,823
Sales tax payable on management remuneration	267	255
Conversion cost payable	-	563
Expense allocated by management company and related sales tax payable	102	91
Sales load payable including related taxes	339	121
Legal and professional charges	-	-
Shariah advisory fee payable	75	75
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	209	198
Security deposit	300	300
<b>Group / Associated Companies</b>		
<b>Arif Habib Limited *</b>		
Brokerage payable	278	217
<b>Next Capital Limited *</b>		
Brokerage payable	272	125

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	(Un-Audited) September 30 2016	(Audited) June 30 2016
	----- (Rupees in '000) -----	
<b>Summit Bank Limited</b>		
Balances with bank	5,109	5,109
<b>MCB Bank Limited</b>		
Balances with bank	3,412	28,962
Accrued mark-up	-	-
<b>Adamjee Life Assurance Co. Ltd. Amaanat Fund</b>		
8,005,839 units held as at September 30, 2016 (June 30, 2016: 7,223,000)	92,147	76,708
<b>Adamjee Life Assurance Company Limited (IMF)</b>		
38,438,529 units held as at September 30, 2016 (June 30, 2016: 38,438,529)	442,427	408,217
<b>Nishat Mills Limited</b>		
997,990 units held as at September 30, 2016 (June 30, 2016: 997,991)	11,487	10,599
341,500 shares held as at September 30, 2016 (June 30, 2016: 418,000)	48,117	45,102
<b>D.G. Khan Cement Company Limited -</b>		
404,856 units held as at September 30, 2016 (June 30, 2016: 404,856)	4,659	4,300
<b>Pakgen Power Limited</b>		
602,000 shares held as at September 30, 2016 (June 30, 2016: 602,000)	14,322	14,478
<b>Lalpir Power Limited</b>		
479,000 shares held as at September 30, 2016 (June 30, 2016: 759,000)	10,619	16,470
<b>Directors and executives of the Management Company</b>		
208,070 units held as at September 30, 2016 (June 30, 2016: 307,007)	2,395	891
<b>Mandate under Discretionary Portfolio Services</b>		
5,533,959 units held as at September 30, 2016 (June 30, 2016: 5,662,643)	63,696	60,137

\* The amount disclosed represents the amount of brokerage paid or payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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**15 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 21, 2016 by the Board of Directors of the Management Company.



**Chief Executive Officer**

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



**Director**



Please find us on



by typing: **MCB Arif Habib Savings**

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