

QUARTERLY REPORT

 **Bachat** ka Doosra Naam
MCB ARIF HABIB

March 31, 2017
(Unaudited)



TABLE OF CONTENTS

Vision, Mission and Core Values	02
Company Information	03
Directors' Report	04
Condensed Interim Balance Sheet	13
Condensed Interim Profit & Loss Account (Un-audited)	14
Condensed Interim Statement of Comprehensive Income (Un-audited)	15
Condensed Interim Cash Flow Statement (Un-audited)	16
Condensed Interim Statement of Changes in Equity (Un-audited)	17
Notes to the Condensed Interim Financial Information (Un-audited)	18

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

To 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 Munsha Mr. Nuzim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qasim Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qasim Beg 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 Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer & 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 Shuhra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdc-pakistan.com	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited NIB Bank Limited MCB Islamic Bank Limited Faysal Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountant 1st Floor, Shaikh Sultan Trust, Building No.2, Beaumont Road, Karachi - 75530	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawany & 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, Centre Point, 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 NINE MONTHS ENDED MARCH 31, 2017

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) is pleased to present the nine months Report on the affairs of MCBAH for the period ended March 31, 2017.

Company's Performance Review

The Company recorded a gross income of Rs. 591.55 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 383.17 million, the company earned a profit before tax of Rs. 208.38 million. The net profit after tax for the period amounts to Rs.152.99 million, as compared to net profit of Rs. 175.27 million for the corresponding period ended March 31, 2016. Due to the declining interest rates, the management fee during this period had reduced because the management fee of majority of the Funds is linked with interest rate. However, the management has aggressively started marketing its product to the retail and corporate investors. During the last 9 months, AUMs have increased by PKR 8.3 Billion. Additionally, in order to increase its retail penetration, the management will start rolling out its retail plan during the last quarter of 2016-17. With the increasing trend of funds under management and higher returns, the company is expected to deliver better and more sustainable results going forward.

Economy & Money Market Review

Positive trends in domestic economy continued where headline indicators point toward continued recovery. Stable inflation along with investment activities/spending on CPEC related projects provide an enabling environment for economy to build upon a stronger growth phase ahead. Responsiveness until now from various indicators including Large Scale Manufacturing, Credit Offtake and Foreign Direct Investment though has been below expectations however, we believe if the current macroeconomic environment alongwith impetus from CPEC in a stable political environment continues, the lagged indicators would soon start reflecting the expected performance. External Account has again worsened highlighting partly the global trade dynamics and machinery imports for CPEC. Till now chronic weaknesses in the balance of payment account has been funded through borrowing an unsustainable source to rely on.

Trade deficit increased to USD 15.4 billion in eight months of this fiscal year compared to USD 12.1 billion in same period last year. The subdued trend in exports continued with exports falling by the 2% YoY in 8MFY17. Imports continued their trajectory up increasing by 11.2% YoY in 8MFY17. Oil imports increased by 16% courtesy volumetric growth and increase in oil prices post OPEC's decision to curtail output. The imports of machinery increased by 12% as capital goods for the various infrastructural projects continued to flow in. Remittances decreased marginally by 2% to USD 14.06 billion in 9MFY17 from USD 14.38 billion in same period last year. The cushion to Balance of Payments was provided by financial account of USD 4.5 billion where USD 1.28 billion was contributed from Foreign Direct Investment while the rest was covered through borrowings. Foreign Direct Investment was majority supported through acquisition of Engro Foods and Dawlance by foreign investors. Overall balance of Balance of Payments stood at negative USD 1.0 billion in 8MFY17 compared to positive USD 1.0 billion in same period last year.

Foreign exchange reserves stood at USD 21.6 billion (31st March, 2017). It is pertinent to note that reserves have decreased by USD 2.5 billion from their peak seen in October, 2016 where deteriorating external account position explaining most of the volatility.

Undergoing appreciation of about 0.08% in 9MFY17, PKR continues to remain resilient against USD which also raises concerns given the relative weakness in other developing economies and also reflected from RRRR as measured by SBP reaching to a high of 126 depicting significant overvaluation.

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2017

Fiscal deficit increased to 2.4% (1HFY17) of GDP as against 2.2% in SFY16. Total revenue declined by 1% majorly because of reduction in income from defence services and SBP's profit. Expenses increased by 11% with PSDP (16% increase) and defence expenditure (11% increase).

The LSM growth clocked in at 3.5% during the period of SFY17 with contribution to growth coming from automobiles, construction and consumer goods.

Inflation continued its upward trajectory with nine month inflation averaging 4.01% compared to 2.64% for SFY16. The withering of low base effect along with inherent increases in food and housing pricing triggered inflationary pressures along with increases in petroleum prices.

M2 growth posted year to date growth of 6.09% by the end of the March, 2017. The deposits grew seasonally by PKR 217 billion in a week supported by quarter end efforts of banks to expand balance sheet size. Moreover, the abnormal accumulation in currency in circulation (CIC) last year triggered after imposition of withholding tax on cash withdrawals has normalized with CIC to M2 ratio at 19%. The Net Domestic Assets increased by PKR 1,064 billion supported by net government sector borrowings of PKR 600 billion.

EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX)'s rally faltered during SFY17 as the index posted a meager return of 0.7%, taking the cumulative SFY17 return to ~27%. Foreigners' selling remained unabated as they offloaded USD 162 mn worth of equities during the quarter, taking their total selling to USD ~485 mn during SFY17. Local liquidity remained robust with mutual funds, insurance and companies buying USD 131 mn, USD 419 mn and USD 152 mn respectively worth of equities.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive 133% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of tariff protection provided to the local manufacturers provided strong investors interest in the sector. With the returns of 76%, Auto Assemblers remained the second best performers in the market. Launch of the new Honda Civic and Ciaz accompanied by expected launch of Honda BR-V, New Cultus and face-lift of Corolla triggered a rally in the sector. OMC sector also gained 63%, primarily on the back of rally in SNGP as the company announced capital projects worth PKR 110 billion to be completed by 2018.

On the flip side, Fertilizers underperformed the benchmark by 26% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, decline in international urea prices in the latter half of SFY17 eroded the pricing power of local manufacturers and dampened the potential export margins. Oil & Gas Exploration sector also underperformed the benchmark by 17% as oil prices declined by 3.8% during SFY17 as US inventories piled up along with increasing US rig count data. Alongside, news flows regarding OGDCL and Marri's divestment by the government of Pakistan kept the performance under check in the sector.

We expect the positive momentum to continue going forward as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.0x, still at a 11.5% discount to the MSCI EM, reflecting further room for re-rating from here.

Going forward, we believe strong local liquidity is expected to mitigate the impact of adverse foreign flows. However, sooner or later, we can expect improved foreign flows in the market because of inclusion in MSCI in May 2017. We recommend our investors to focus on the long term value offered by the local bourse through our equity funds.

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2017

FUTURE OUTLOOK

While government stands committed to achieving its GDP growth target of 5.7%, we expect it to remain short of desired numbers owing to below par manufacturing growth. LSM growth has posted a modest growth of 3.5% during 7MFY17, against the full year target of 5.9%. The misery of export-oriented sectors continues to haunt the manufacturing industry, as Textile and Leather industry continue to grow at dismal pace. Going forward, the recently announced export package is expected to provide some support to the export sector, nevertheless, the overvalued currency as depicted from RER (~25% overvalued as per SBP) remains a stumbling block in the way of competitiveness of the country.

The direction of general inflation is expected to be shaped by the trend in crude oil prices and currency outlook. While crude oil prices have stabilized and are expected to continue to do so, government has started to increase petroleum prices by increasing sales tax on petroleum products as tax collection so far has been below target. Similarly, the outlook of currency remains worrisome given the deterioration in external factors. Thus, from next year onwards, we might foresee inflation to kick above 5.0%, compared to current average of ~4.0%.

External account remains a threat to the stabilizing economy, as recent data showed current account deficit worsened to 2.7% of GDP, against the target of 1.5% for full fiscal year. Rising imports, along with weak exports and remittances contributed to the aggravation of external account. We expect the same trend to continue for the foreseeable future until the overvaluation of currency vanishes.

We expect interest rates to remain stable in the short term given stable inflationary trends along with government's increased focus on managing reserves through foreign borrowing. However, exchange rate overvaluation in addition with weak external account suggest a close scrutiny of the emerging trends, as the potential of inflection point remains in a form of monetary tightening.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth. Growing confidence in the economy has led to increase the quantum of investment from initially desired \$46 billion to more than \$60 billion. Local investor confidence has also improved drastically, after a long time, as witnessed by a gush of investment deals announced in the variety of sectors. Cement, Steel and Auto industry have already announced multiple expansion and green field investment plans with more to come from other industries. Given, the expansionary phase, we expect equity markets to outperform alternate asset classes. Inclusion of Pakistan to MSCI Emerging Market Index is expected to further channel liquidity in the local market. The MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President along with political uncertainty due to Panama case would keep the short term market performance in check. However, we reiterate our positive stance on the market.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at ~PKR 626 billion at the end of the 3QFY17. Size of Equity, Equity related funds, Fund of Funds (Islamic/Conventional), money market funds increased while Fixed Income fund size slightly declined during 3QFY17.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of ~55%, followed by Income funds and Money Market funds having shares of 21% and 12% respectively.

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2017

MUTUAL FUND INDUSTRY OUTLOOK

Increasing liquidity continues to channel towards equities given the overall subdued environment for competing assets including real estate atleast in the medium term. Aggressive Asset Allocation Funds have been able to garner strong market interest and appear to remain attractive for investors looking for higher risk adjusted returns.

On the fixed income side, money market funds are expected to remain stable because of lower absolute returns. With only a little room for a sustainable cut in interest rates, opportunities for capital gain in fixed income securities would remain muted while more focus shall remain on yield differential pickup across the yield curve.

With lower interest rates, investors are keen to explore avenues to enhance returns and are increasing becoming open to professional investment advisory services which though extremely competitive yet offers potential to support bottom line growth.

For and behalf of the Board



Muhammad Saqib Saleem
Chief Executive Officer
April 21, 2017

دورانہ مشاورتی خدمات حاصل کرنے کا رجحان تیزی سے بڑھ رہا ہے، جو اگرچہ انتہائی مسابقتی ہوتی ہیں لیکن منافع کی ترقی کے لئے معاون ثابت ہونے کی استعداد رکھتی ہیں۔

اظہارِ تحفہ

بورڈ فٹز کے گرامر قدر سرمایہ کاروں، سکیورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور فٹز کے فرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکریہ ادا ہے۔ علاوہ ازیں، ڈائریکٹرز انجمنٹ ٹیم کی کوششوں کو بھی خراجِ تحسین پیش کرتے ہیں۔

برائے اور مرن جامپ بورڈ

محمد قاسم

محمد قاسم سلیم
چیف ایگزیکٹو آفیسر
21 اپریل 2017ء

برآمدات اور ترسیلی ذر سے خارجی اکاؤنٹ حرید بگڑ گیا۔ قابل غرض کوئی مستقبل میں کرنسی کی بیش قدری ختم ہونے تک متوقع طور پر یہ رجحان جاری رہے گا۔

توقع ہے کہ مختصر مہاد میں افراط زر کے محکم رجحانات کے ساتھ ساتھ reserves کو غیر ملکی قرضوں کے حصول کے ذریعے چلانے پر حکومت کی بڑھتی ہوئی توجہ کی بدولت انٹریسٹ کی شرحیں محکم رہیں گی۔ تاہم شرح مبادلہ کی بیش قدری کے علاوہ کمزور خارجی اکاؤنٹ اس بات کی طرف اشارہ کر رہے ہیں کہ ابھرتے ہوئے رجحانات کا باریک بینی کے ساتھ جانچ پڑتال کی جائے، کیونکہ بکتہ تصریف کی استعداد مالیاتی گرفت کو کھٹک کرنے کی صورت میں برقرار ہے۔

چین پاکستان معاشی راہداری متوقع طور پر ترقی کے لئے بے حد مطلوب تحریک فراہم کرے گی۔ معیشت میں بڑھتے ہوئے اعتماد کی بدولت سرمایہ کاری کا حجم ابتدائی مطلوبہ 46 بلین ڈالر سے بڑھ کر 60 بلین ڈالر سے زائد ہو گیا ہے۔ مقامی سرمایہ کاروں کے اعتماد میں بھی ایک طویل عرصے بعد بڑے پیمانے پر اضافہ ہوا ہے جیسا کہ مختلف شعبوں میں سرمایہ کاریوں کی بھرپور سرگرمیوں سے ظاہر ہے۔ سینٹ، اسٹیل اور گاڑیوں کی صنعتیں پہلے ہی متعدد توسیعی اور گرین فیلڈ سرمایہ کاری کے منصوبوں کا اعلان کر چکی ہیں، اور دیگر صنعتوں کی طرف سے بھی ایسے اعلانات متوقع ہیں۔ موجودہ توسیعی دور کو مد نظر رکھتے ہوئے ہم توقع کرتے ہیں کہ انکریٹ مارکیٹس متبادل اثاثہ جات کے شعبوں سے سبقت کے جائیں گی۔ MSCI انڈیکس مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت توقع ہے کہ مقامی مارکیٹ میں حرید لیکویڈیٹی بڑھتی رہے گی۔ MSCI مخصوص انڈیکس متوقع طور پر باقاعدہ شمولیت کے قریب مقرر عام پرائیکس ہیں گی۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں عدم یقینی کی وجہ سے عالمی مارکیٹس میں عدم استحکام، اور اس کے ساتھ ساتھ پاناما مقدمے کے باعث ہونے والی سیاسی عدم یقینی سے مختصر مہادی مارکیٹ کی کارکردگی کی جانچ ہوتی رہے گی۔ بہر حال، ہم مارکیٹ کے حوالے سے اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

میوئل فنڈ کی صنعت کا جائزہ

مالی سال 2017ء کی تیسری سہ ماہی کے اختتام پر open end میوئل فنڈ کی صنعت کے Net اثاثہ جات 626 بلین روپے تھے۔ مالی سال 2017ء کی تیسری سہ ماہی کے دوران انکریٹ، انکریٹ سے متعلق فنڈز، فنڈ آف فنڈز (اسلاک / کنوینشنل) اور بازار زر کے فنڈز کے حجم میں اضافہ ہوا جبکہ کلسڈ آمدنی کے فنڈز کے حجم میں معمولی کمی ہوئی۔ سکیمٹ شیئر کے اعتبار سے انکریٹ اور انکریٹ سے متعلق فنڈز 55% حصے کے ساتھ بدستور صوبہ اول میں رہے، اور آمدنی کے فنڈز اور بازار زر کے فنڈز کا حصہ بالترتیب 21% اور 12% تھا۔

میوئل فنڈ کی صنعت کے مستقبل کا منظر

بڑھتی ہوئی لکویڈیٹی، مسابقتی اثاثہ جات بشمول ریئل ایسٹیت کی کم از کم درمیانی مدت میں بے جان فضا کی صورت حال میں بدستور انکریٹ کی طرف مائل رہی۔ بحیرہ Asset ایکویٹیشن فنڈز نے مارکیٹ میں محکم دلچسپی حاصل کی اور زیادہ risk adjusted منافع کے خواہاں سرمایہ کاروں کے لئے پُرکشش بنے رہے۔

کلسڈ انکم کی جہت میں بازار زر کے فنڈز نسبتاً مطلق منافعوں کے سبب متوقع طور پر محکم رہیں گے۔ انٹریسٹ کی شرحوں میں گہاں ہوا کمی کی صرف معمولی صحائف کے ساتھ کلسڈ انکم سکیورٹیز میں کیپٹل منافع کے مواقع پر قدغن لگی رہے گی جبکہ عید اداری فیم میں عید اداری differential اضافے پر زیادہ توجہ مرکوز رہے گی۔

انٹریسٹ کی پست تر شرحوں کے سبب سرمایہ کار منافعوں میں اضافے کے نئے مواقع تلاش کر رہے ہیں اور ان میں سرمایہ کاری کی پیش

منافع حاصل کیا جس کا بنیادی سبب SNGP میں ترقی ہے کیونکہ کمپنی نے 110 بلین روپے مالیت کے کپٹل پرائیکٹس کا اعلان کیا جن کو 2018 تک مکمل کر لیا جائے گا۔

دوسری جانب کماؤ کے شعبے نے مقررہ معیار سے 26% کم کارکردگی کا مظاہرہ کیا کیونکہ انویٹریز میں اضافے کے ساتھ ساتھ یورپ کی قیمتوں میں ڈسکونٹس نے اس شعبے کو متاثر کیا۔ علاوہ ازیں، مالی سال 2017ء کی تیسری سرمایہ کے نصف آخر میں یورپ کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی تیار کنندگان کا قیمتوں کے تعین کا اختیار بتدریج ناکارہ ہو گیا اور متوقع برآمداتی margins متاثر ہوئے۔ اسٹاک ایکسچینجس ایکسپلوریشن سیکٹر کی کارکردگی بھی مقررہ معیار سے 17% کم رہی جیسا کہ مالی سال 2017ء کے ابتدائی نو ماہ کے دوران تیل کی قیمتوں میں 3.8% کمی سے ظاہر ہے جو امریکی انویٹریز کا ذخیرہ لگ جانے اور امریکی rig کی گنتی کے اعداد و شمار میں اضافے کے باعث ہوئی۔ اس کے ساتھ ساتھ حکومت پاکستان کی طرف سے OGDC اور ماری کی divestment سے متعلق خبروں کی گردش سے سیکٹر میں کارکردگی زبردست چیلج رہی۔

ہم امید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں بھی لگسڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے انکوبی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.0x کے فارورڈ ملٹپل پر اور امریکی مارکیٹ MSCI EM کے 11.5% ڈسکونٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں سے ریٹنگ کی مزید گنجائش ہے۔

علاوہ ازیں، ہم سمجھتے ہیں کہ منظم مقامی لیکویڈیٹی سے متوقع طور پر حتمی غیر ملکی آمدات کا اثر کم ہوگا۔ تاہم مئی 2017ء میں MSCI میں شمولیت کے باعث جلد ہی لائبریری مارکیٹ میں بہتر غیر ملکی آمدات کی توقع کی جاسکتی ہے۔ ہم اپنے سرمایہ کاروں کو مشورہ دیتے ہیں کہ ہمارے انکوبی فنڈز کے ذریعے مقامی اسٹاک مارکیٹ میں پیش کردہ طویل المیعاد قدر پر توجہ مرکوز رکھیں۔

مستقبل کا منظر

اگرچہ حکومت مجموعی مقامی پیداوار میں 5.7% ترقی کے اپنے ہدف کو حاصل کرنے کے لئے ہرگز عزم ہے، لیکن ہم سمجھتے ہیں کہ وہ مطلوبہ سے کم میٹریکس ترقی کے باعث مذکورہ سطح تک پہنچنے میں ناکام رہے گی۔ LSM ترقی نے مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% معمولی ترقی کی جبکہ پورے سال کا ہدف 5.9% تھا۔ برآمداتی سیکٹر کی مشکلات کے سائے بدستور میٹریکس تک صنعت پر متاثر رہا ہے جس اور پیکٹائل اور چمڑے کی صنعت کی ترقی کی رفتار مایوس کن ہے۔

علاوہ ازیں، حالیہ اعلان کردہ برآمداتی سچ سے برآمدات کے شعبے کو کچھ معاونت متوقع ہے، لیکن پیش قدر کرنسی، جیسا کہ REER سے ظاہر ہے (اسٹیٹ بینک آف پاکستان کے مطابق 25% بیش قدری) منسلک کی سماجی اہلیت کی راہ میں بہت بڑی رکاوٹ ہے۔

عمومی افراط زر کی سمت متوقع طور پر خام تیل کی قیمتوں کے رجحان اور کرنسی کے مستقبل کے منظر کے ذریعے طے ہوگی۔ اگرچہ خام تیل کی قیمتیں منظم ہو گئی ہیں اور امید کی جارہی ہے کہ منظم ہی رہیں گی، حکومت نے پٹرول کی معنوعات پر سیکسٹیکس میں اضافے کے ذریعے پٹرول کی قیمتوں میں اضافہ شروع کر دیا ہے کیونکہ بحالی کا تیل منظر کے ہدف سے کم وصول ہوا ہے۔ اسی طرح کرنسی کے مستقبل کا منظر خارجی عناصر میں اختلاط کے باعث بدستور پریشان کن ہے۔ چنانچہ اگلے سال سے افراط زر موجودہ اوسط 4.0% کے مقابلے میں 5.0% سے بلند جاسکتی ہے۔

خارجی اکاؤنٹ استحکام کی راہ پر گامزن معیشت کے لئے بدستور خطرہ بنا ہوا ہے کیونکہ حالیہ اعداد و شمار کے مطابق کرنٹ اکاؤنٹ کا خسارہ بڑھ رہا ہے جو مجموعی ملکی پیداوار کا 2.7% ہو گیا، جبکہ مکمل مالی سال کا ہدف 1.5% تھا۔ بدھتی ہوئی درآمدات کے ساتھ ساتھ کمزور

راست سرمایہ کاری کو بڑی معاونت حاصل ہوئی۔ مالی سال 2017ء کے ابتدائی آٹھ ماہ میں ادائیگیوں کا مجموعی توازن منفی 1.0 بلین امریکی ڈالر تھا، جبکہ گزشتہ سال اسی مدت میں 1.0 بلین امریکی ڈالر تھا۔

درمبادلہ کے ذخائر 31 مارچ 2017ء کو 21.6 بلین امریکی ڈالر تھے۔ یہاں یہ بات قابل غور ہے کہ ذخائر اکتوبر 2016ء میں اپنے عروج کی سطح سے 2.5 بلین امریکی ڈالر کم ہوئے، جبکہ خارجی اکاؤنٹ کی برتری ہوئی صورت حال عدم استحکام کی بڑی وجہ ہے۔ پاکستانی روپے نے مالی سال 2017ء کے ابتدائی نو ماہ میں 0.08% ترقی کی اور امریکی ڈالر کے ہالفاصلہ چکدار رہا، جس سے خدمات بھی پیدا ہوتے ہیں کیونکہ دیگر ترقی پزیر مہینے سہا کزور ہیں، اور اسٹیٹ بینک آف پاکستان کے پیکٹس کردہ REER سے بھی اس کی عکاسی ہوتی ہے جو 126 کی بلند سطح تک پہنچ گیا جس سے بڑے پیمانے پر پیش قدمی ظاہر ہوتی ہے۔

مالیاتی خسارہ بڑھ کر مجموعی قومی پیداوار کا 2.4% ہو گیا (1HFY17) جو SPLY میں 2.2% تھا۔ مجموعی آمدنی 1% کم ہو گئی جس کا بڑا سبب دفاعی خدمات کی آمدنی اور اسٹیٹ بینک آف پاکستان کے منافع میں کمی ہے۔ اخراجات میں 11% اضافہ ہوا، بشمول PSDP (16% اضافہ) اور دفاعی اخراجات (11% اضافہ)۔

LSM ترقی مالی سال 2017ء کے ابتدائی سات ماہ کے دوران 3.5% سے شروع ہوئی، اور اس ترقی میں گاڑیوں، تعمیرات اور صاف کاری مصنوعات نے کردار ادا کیا۔

افراط زر میں بدستور اضافہ جاری رہا؛ نو ماہ میں افراط زر کا اوسط 4.01% تھا، جبکہ مالی سال 2017ء کے ابتدائی نو ماہ میں 2.64% تھا۔ پہلے سے پست base effect میں بتدریج کمی اور اشیائے خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی نسبہ اضافہ افراط زر کے دباؤ کے ساتھ ساتھ پیٹرول کی قیمتوں میں اضافے کے اثرات ہیں۔

M2 میں مارچ 2017ء کے اختتام تک year to date 6.09% ترقی ہوئی۔ اختتام سرمایہ پر بینکوں کی پالیسی شیڈ کا حجم وسیع کرنے کی کوششوں کی مدد سے ڈپازٹس میں ایک تہے میں 217 بلین روپے موی ترقی ہوئی۔ علاوہ ازیں، گزشتہ سال نقد رقم نکالنے پر دو ہولڈنگ ٹیکس عائد کرنے کی وجہ سے زبرد گردش روپے (CIC) میں جو غیر معمولی ادوار لگ گیا تھا وہ معمولی سطح پر آ گیا ہے اور CIC کا M2 سے تناسب 19% ہے۔ حکومتی سیکٹر نے 600 بلین روپے net قرضے لیے، جس کی مدد سے net مقامی اخراجات میں 1,064 بلین روپے اضافہ ہوا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

مالی سال 2017ء کی تیسری سہ ماہی کے دوران پاکستان اسٹاک ایکسچینج (PSX) کی کارکردگی میں ضعف رہا جیسا کہ انڈیکس میں 0.7% معمولی اضافے سے ظاہر ہے، اور یوں مالی سال 2017ء کے ابتدائی نو ماہ کا مجموعی منافع 27% ہو گیا۔ غیر ملکیوں کی فروخت بدستور ہے تاہم کوئیک انہوں نے دوران سرمایہ 162 ملین امریکی ڈالر مالیت کی ایکویٹیز فروخت کیں، جس سے مالی سال 2017ء کے ابتدائی نو ماہ کے دوران مجموعی فروخت 485 ملین امریکی ڈالر تک پہنچ گئی۔ مقامی لیکویٹی بلی بی بھرپور رہی اور میڈیٹل فنڈز، انشورنس اور کمپنیوں نے پالترتیب 131 ملین، 419 ملین اور 152 ملین امریکی ڈالر مالیت کی ایکویٹیز خریدیں۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل سیکٹر سب سے آگے رہا۔ اس شعبے نے مقررہ معیار سے 133% بہتر کارکردگی کا مظاہرہ کیا جس کا سبب یہ تھا کہ CPEC کے تحت انفراسٹرکچر کی محکمہ سرگرمیوں کے ساتھ ساتھ مقامی تیار کنندگان کے لئے tariff کے تحفظ کی سازگار حکومتی پالیسیوں نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو بھرپور انداز میں مائل کیا۔ گاڑیوں کے اسمبلرز 76% منافع حاصل کر کے مارکیٹ میں دوسرے بہترین کھلاڑی بن گئے۔ نئی ہٹا سوک اور Claz کے حصارف ہونے اور ہٹا BR-V، ٹولکس اور Corolla کی face-lift کے متوقع آغاز نے اس شعبے میں بھرپور دلچسپی پیدا کی۔ OMC سیکٹر نے بھی 63%

ایم سی بی عارف صیب سیکنڈ اینڈ انویسٹمنٹس لمیٹڈ (MCBAH) کے بورڈ آف ڈائریکٹرز کی جانب سے MCBAH کے 31 مارچ 2017ء کو ختم ہونے والی مدت کے لئے نو ماہ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

کمپنی کی کارکردگی کا جائزہ

کمپنی کی gross آمدنی 591.55 ملین روپے ہے، جس میں منجنت / انویسٹمنٹ ایڈوائسری فیس اور دیگر آپریٹنگ آمدنی شامل ہے۔ ایڈمنسٹریشن، آپریٹنگ اور فنانسنگ اخراجات اور آمدنی کی تقسیم 383.17 ملین روپے مہیا کرنے کے بعد کمپنی کا منافع قبل از ٹیکس 208.38 ملین روپے بنتا ہے۔ Net منافع بعد از ٹیکس برائے مذکورہ مدت 152.99 ملین روپے ہے، جبکہ 31 مارچ 2018ء کو ختم ہونے والی اسی مدت کے لئے 175.27 ملین روپے تھا۔ انٹریسٹ کی گرتی ہوئی شرحوں کے باعث دوران مدت منجنت فیس کم ہوئی تھی کیونکہ کٹوفٹرز کی منجنت فیس انٹریسٹ کی شرحوں کے ساتھ مربوط ہے۔ تاہم انتظامیہ نے متحرک اعداد میں اپنی ریٹیل اور کارپوریٹ پروڈکٹ کی تعمیر شروع کر دی ہے۔ گزشتہ نو ماہ کے دوران AUMs میں 8.3 ملین روپے اضافہ ہوا۔ ریٹیل اور کارپوریٹ سرمایہ کاروں میں مزید برآں، ریٹیل کے شعبے میں اپنے نفوذ میں اضافے کیلئے انتظامیہ 17-2018ء کی آخری سہ ماہی کے دوران اپنے ریٹیل منصوبے کا آغاز کر دے گی۔ انتظامیہ کے تحت کٹوفٹرز زور دے رہے ہیں جو منافعوں کے رجحان کے پیش نظر توجہ کی جارہی ہے کہ کمپنی مستقبل میں بہتر اور زیادہ قابل بھارتیہ بن چکیں کر سکے گی۔

معیشت اور بازار کا مجموعی جائزہ

مقامی معیشت میں مثبت رجحانات دیکھنے میں آئے اور اہم معاشی علامات مسلسل بحالی کی طرف اشارہ کر رہی ہیں۔ معکم افراط زر کے ساتھ ساتھ سرمایہ کارانہ سرگرمیوں / CPEC پر خرچ سے متعلق پرائیویٹ معیشت کو مضبوط تر ترقی کی راہ پر گامزن رہنے کے لئے معاون ماحول فراہم کر رہے ہیں۔ اگرچہ تاحال مختلف علامات بشمول وسیع پیمانے کی مینوفیکچرنگ، کریڈٹ آف ٹیک اور غیر ملکی براہ راست سرمایہ کاری میں حرکت توقعات سے کم ہے، لیکن ہم سمجھتے ہیں کہ اگر معکم سیاسی ماحول میں کلاں معاشیات کے موجودہ ماحول کے ساتھ ساتھ CPEC کی جانب سے ملنے والی قوت جاری رہی تو نسبت روی کا مظاہرہ کرنے والی علامات جلد متوقع کارکردگی کی عکاسی کرنے لگیں گی۔ خارجی اکاؤنٹ کی صورتحال دوبارہ خراب ہو گئی ہے جو کچھ حد تک عالمی تجارتی قوتوں اور CPEC کے لئے مشینری کی درآمدات کی حمایت کرتی ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں دیرپے ضعف کو تاحال قرض کے ذریعے پورا کیا گیا ہے، لیکن اس ذریعے پر ایک محدود حد تک ہی اعتماد کیا جاسکتا ہے۔

تجارتی خسارہ موجودہ مالی سال کے آٹھ ماہ میں بڑھ کر 15.4 بلین امریکی ڈالر تک پہنچ گیا جبکہ گزشتہ سال اسی مدت میں 12.1 بلین امریکی ڈالر تھا۔ برآمدات بدستور سست روی سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 2% YoY کم ہو گئیں۔ درآمدات بدستور سبک رفتاری سے چلتے ہوئے مالی سال 2017ء کے ابتدائی آٹھ ماہ میں 11.2% YoY زیادہ ہو گئیں۔ کل کی درآمدات میں 16% اضافہ ہوا جس کا سبب OPEC کے پیداوار کم کرنے کے فیصلے کے بعد حجم میں ترقی اور تیل کی قیمتوں میں اضافہ ہے۔ مشینری کی درآمدات میں 12% اضافہ ہوا جس کا سبب انفراسٹرکچر کے مختلف منصوبوں کے لئے capital goods کی بدستور آمد ہے۔ مالی سال 2017ء کے ابتدائی نو ماہ میں تیل کی درآمدات 14.06 بلین امریکی ڈالر ہو گئی جو 2% معمولی کمی ہے، جبکہ گزشتہ سال اسی مدت میں 14.38 بلین امریکی ڈالر کی ہوئی تھی۔ ادائیگیوں کے توازن کو 4.5 بلین امریکی ڈالر کے مالیاتی اکاؤنٹ کا سہارا فراہم ہوا جس میں غیر ملکی براہ راست سرمایہ کاری نے 1.28 بلین امریکی ڈالر حصہ ڈالا جبکہ بقیہ حصہ قرضوں کے ذریعے پورا کیا گیا۔ غیر ملکی سرمایہ کاروں کے ایگزٹو ڈیوڈز اور ڈائریکٹس کے حصول کے ذریعے غیر ملکی براہ

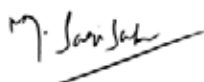
CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
Rupees			
ASSETS			
Non-current assets			
Fixed assets	4	362,814,574	339,731,158
Long-term investments	5	547,158,927	456,022,751
Long-term loans and receivables		1,809,237	1,272,138
Long-term deposits		2,871,712	2,721,712
		914,654,450	799,747,759
Current assets			
Receivable from related parties		493,111,038	484,256,904
Loans and advances		10,344,364	4,909,746
Deposits, prepayments and other receivables		36,643,902	24,692,036
Accrued mark-up		77,597	5,243,237
Short-term investments	6	656,570,910	757,711,173
Taxation - net		69,088,193	55,442,878
Cash and bank balances		12,617,850	41,867,164
		1,278,453,854	1,374,123,138
Total assets		2,193,108,304	2,173,870,897
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (June 30, 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		847,584,323	829,228,787
Total equity		1,567,584,323	1,549,228,787
LIABILITIES			
Non-current liabilities			
Deferred taxation		54,131,739	47,237,901
Current liabilities			
Trade and other payables	8	571,392,242	577,404,209
Total liabilities		625,523,981	624,642,110
Total equity and liabilities		2,193,108,304	2,173,870,897

CONTINGENCIES AND COMMITMENTS

14

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



Chief Executive Officer

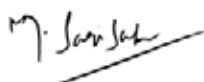


Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

		Nine months ended		Quarter ended	
	Note	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Rupees					
Revenue					
Management fee / investment advisory fee	10	489,583,036	532,500,946	172,943,876	179,023,295
Processing and other related income		7,223,275	2,460,467	4,169,468	777,280
Profit on bank deposits		945,865	1,385,736	281,899	428,221
Income from government securities		5,824,889	19,009,492	226,648	4,475,077
Capital gain on sale of investments - net		63,052,518	13,973,059	39,135,763	3,507,005
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		10,194,598	6,661,567	6,207,794	2,159,590
Total Income		576,824,181	575,991,267	222,965,449	190,370,468
Expenses					
Administrative expenses	11	(251,992,829)	(209,017,032)	(101,268,525)	(63,471,876)
Selling and distribution expenses	11.2	(126,158,173)	(109,509,752)	(32,838,882)	(35,245,685)
Financial charges		(375,293)	(397,533)	(15,075)	(217,210)
Other expenses		(4,650,000)	(5,628,029)	(2,170,000)	(2,315,000)
		(383,176,295)	(324,552,346)	(136,292,482)	(101,249,771)
Other income	13	14,730,564	27,646	121,044	7,472
Profit for the period before taxation		208,378,450	251,466,567	86,794,011	89,128,169
Taxation					
- Current		(50,593,386)	(69,904,595)	(19,523,872)	(24,508,784)
- Prior		(1,087,309)	(1,753,966)	-	-
- Deferred		(3,697,911)	(4,536,459)	(879,718)	(3,091,061)
		(55,378,606)	(76,195,020)	(20,403,590)	(27,599,845)
Profit for the period after taxation		152,999,844	175,271,547	66,390,421	61,528,324
Earnings per share - basic and diluted (Rupees)					
		2.12	2.43	0.92	0.85

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



Chief Executive Officer



Director

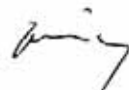
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees			
Profit for the period after taxation	152,999,844	175,271,547	66,390,421	61,528,324
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Not unrealised appreciation / (diminution) on re-measurement of 'available for sale' investments net of deferred tax	99,355,693	(2,230,063)	(14,366,376)	2,127,784
	99,355,693	(2,230,063)	(14,366,376)	2,127,784
Total comprehensive income for the period	<u>252,355,536</u>	<u>173,041,484</u>	<u>52,024,045</u>	<u>63,656,108</u>

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



Chief Executive Officer





Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine months ended	
	March 31, 2017	March 31, 2016
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	208,378,450	251,466,567
Adjustments for non cash items:		
Depreciation	9,293,394	7,157,591
Amortisation	3,766,314	2,913,125
Loss on sale of fixed assets	-	1,455,927
Capital gain on sale of marketable securities	(63,052,518)	(13,973,059)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(10,194,598)	(6,661,567)
Financial charges	373,293	397,533
	(59,812,115)	(8,710,450)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	148,566,335	242,756,117
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Receivable from related parties	(8,854,134)	(113,203,636)
Deposits, prepayments and other receivables	(6,786,226)	8,565,417
Net proceeds against redemption of investments	185,802,825	95,335,884
Loans and advances	(5,434,618)	(9,673,608)
	164,727,847	(18,975,943)
Increase / (decrease) in current liabilities		
Trade and other payables	(6,011,967)	163,353,975
NET CASH USED IN WORKING CAPITAL CHANGES	158,715,880	144,378,033
CASH FLOW FROM OPERATING ACTIVITIES	307,282,215	387,134,150
Income tax paid	(65,326,013)	(96,017,682)
Finance cost paid	(375,293)	(397,533)
Dividend paid	(234,000,000)	(234,000,000)
NET CASH FLOW FROM OPERATING ACTIVITIES	7,580,909	56,718,935
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(36,225,017)	(56,766,399)
Proceeds from sale of property plant and equipment	81,893	-
Long term loans and receivables	(537,099)	1,868,184
Long term deposits	(150,000)	(997,676)
NET CASH USED IN INVESTING ACTIVITIES	(36,830,223)	(55,895,891)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(29,249,314)	823,044
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	12,617,850	16,735,418

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

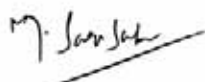

Chief Executive Officer


Director

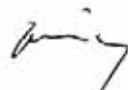
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Issued, subscribed and paid-up capital	Share premium	Reserves arising on reorganization	Reserve	Unappropriated profit	Overseas operations and re-investment of "profits for sale" financial result	Reserve	Total
Expans								
Balance as at July 1, 2015	720,000,000	346,000,000	(89,800,000)	326,900,000	213,414,754	234,240,162	437,837,534	1,493,617,856
Profit/Dividend for the year ended June 30, 2015 @ 17.0% declared subsequent to the year end					(126,880,000)		(126,880,000)	(126,880,000)
Total comprehensive income for the nine months ended March 31, 2016	-	-	-		175,271,547	(1,236,000)	175,269,547	175,269,546
Transferred from surplus on revaluation of land assets - net of tax					288,033	-	288,033	288,033
Dividend distributed @ 1.5% (Payable 1.50 per share)	-	-	-		(258,880,000)	-	(258,880,000)	(258,880,000)
	-	-	-		(28,440,432)	(1,236,000)	(80,678,482)	(60,678,482)
Balance as at March 31, 2016	720,000,000	346,000,000	(89,800,000)	326,900,000	548,174,912	233,004,162	577,187,581	1,833,587,515
Balance as at July 1, 2016	720,000,000	346,000,000	(89,800,000)	326,900,000	235,421,017	237,807,776	485,228,787	1,545,228,787
Profit/Dividend for the year ended June 30, 2016 @ 17.5% declared subsequent to the year end					(126,880,000)		(126,880,000)	(126,880,000)
Total comprehensive income for the nine months ended March 31, 2017	-	-	-		151,886,944	86,335,695	238,222,639	238,222,639
Dividend distributed @ 1.5% (Payable 1.50 per share)	-	-	-		(126,880,000)	-	(126,880,000)	(126,880,000)
	-	-	-		(85,000,156)	86,335,695	18,335,539	18,335,539
Balance as at March 31, 2017	720,000,000	346,000,000	(89,800,000)	326,900,000	549,428,861	324,143,471	613,684,226	1,837,695,226

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



Chief Executive Officer



Director

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the Companies Ordinance, 1984. During 2008, the Company was listed on the Karachi Stock Exchange (now merged into Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of the Company was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from May 23, 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 The registered office of the Company is situated at 24th Floor, Centre point, Off Shahrood-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan. Previously, the registered office of the Company was situated at 8th floor, Technocity Tower, Molana Hasrat Mohani Road, Karachi, Pakistan.
- 1.4 The Company has been assigned an Asset Manager rating of AM2++ by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on June 08, 2016. Currently, the Company is managing the following funds under management:

Note	Net assets value as at	
	March 31, 2017	June 30, 2016
	— Rupees in million —	
Open-end Collective Investment Scheme (CISs)		
Pakistan Income Fund	1,309	1,050
MCB Pakistan Stock Market Fund	11,562	8,018
MCB Pakistan Sovereign Fund	3,439	8,691
Pakistan Capital Market Fund	688	627
Pakistan Cash Management Fund	1,279	1,993
Pakistan Income Enhancement Fund	2,568	2,463
Alhambra Islamic Income Fund	1.5 1,064	968
Alhambra Islamic Stock Fund	1.5 2,312	1,123
Alhambra Islamic Asset Allocation Fund	1.5 1,388	821
MCB Pakistan Asset Allocation Fund	2,045	2,718
MCB DCF Income Fund	6,571	6,849
Alhambra Islamic Active Asset Allocation Fund Plan - I	1.6 1,625	-
MCB Cash Management Optimizer	8,084	3,958
MCB Pakistan Frequent Payout Fund	1,055	796
Pakistan Sarmaya Mehfooz Fund	1.7 -	666
Pension Funds		
Pakistan Pension Fund	1,404	1,107
Pakistan Islamic Pension Fund	699	513
Discretionary portfolio	24,504	20,868

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	March 31, 2017	June 30, 2016
	— Rupees in million —	
Number of clients	67	62
Total portfolio at cost (Rs in millions)	23,920	20,232
Total portfolio at market value (Rs in millions)	24,271	20,611
Fee earned (Rs in millions)	26	32

- 1.5 During the period, the names of following funds were changed, their new and former names are as under:

Alhamra Islamic Income Fund (Formerly MCB Islamic Income Fund)
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)
Alhamra Islamic Asset Allocation Fund (Formerly Pakistan International Element Islamic Asset Allocation Fund)

- 1.6 The Alhamra Islamic Active Allocation Plan-I is a Shar'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shar'ah Compliant Islamic Schemes based on the Fund Manager's outlook of the asset classes.

- 1.7 During the current period, the "Pakistan Sermaya Mehfooz Fund" has completed its tenure on 19 December 2016.

- 1.8 In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained insurance coverage against any loss that may be incurred as a result of employees' fraud or gross negligence from Jubilee General Insurance Company Limited. The Insurance Company has a credit rating of AA+ by the Pakistan Credit Rating Agency Limited.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- a) This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- b) The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2016.

- c) This condensed interim financial information is unaudited.

d) IFRS 10, 'Consolidated Financial Statements' became effective for annual periods beginning on or after 1 January 2015. The standard requires an asset manager to assess whether there is a need to consolidate the funds under its management in its consolidated financial statements. The Standard builds on existing principles by identifying the concept of control as the determining factor for consolidation of funds in the financial statements and provides additional guidance to assist in the determination of control where this is difficult to assess. However, the SECP vide SRO 56 (I) / 2016 dated January 28, 2016 has directed that the requirements of consolidation under section 237 of the Companies Ordinance, 1984 and IFRS 10 are not applicable in case of investments made by companies in mutual funds established under trust schemes. Accordingly, the Company has not prepared consolidated financial statements in respect of mutual funds managed by it.

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

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

3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Company for the year ended June 30, 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 judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 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 There were certain amendments to approved accounting standards that have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2016. None of these amendments have a significant effect on this condensed interim financial information.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Note	(Condensed) March 31, 2017	(Audited) June 30, 2016
		(Rupees)	
4 FIXED ASSETS			
Property and equipment	4.1	77,186,656	48,997,660
Intangible assets	4.2	284,352,318	283,862,707
Capital work in progress	4.4	3,278,088	7,878,791
		<u>364,814,574</u>	<u>339,739,158</u>

4.1 Property and equipment

Following is a statement of property and equipment:

	March 31, 2017 (Unaudited)					
	Computers	Building	Office equipment	Furniture and fixtures (Rupees)	Leasehold improvements	Vehicles
As at July 1, 2016						
Cost	31,781,035	-	13,784,863	9,776,101	30,339,863	7,663,267
Accumulated depreciation	(23,188,074)	-	(7,454,613)	(1,743,281)	(1,038,431)	(7,663,267)
Net book value	8,592,961	-	6,330,250	8,032,820	29,301,432	-
Nine months ended March 31, 2017						
Opening net book value	8,592,961	-	6,330,250	8,032,820	29,301,432	-
Additions during the period	5,599,525	-	9,424,875	3,891,502	30,868,983	-
Disposals during the period						
Cost	(9,714,528)	-	(1,333,853)	(113,829)	-	-
Accumulated depreciation	9,893,897	-	1,272,695	113,822	-	-
	(24,650)	-	(61,348)	(7)	-	-
Depreciation for the period	(2,736,893)	-	(2,736,893)	(689,147)	(3,183,089)	-
Closing net book value	7,164,796	-	11,886,356	11,365,548	46,887,494	-
As at March 31, 2017						
Cost	25,987,055	-	28,794,285	13,853,774	51,198,646	7,663,267
Accumulated depreciation	(18,338,339)	-	(8,908,644)	(2,588,206)	(4,348,398)	(7,663,267)
Net book value	7,164,796	-	11,886,356	11,365,548	46,887,494	-
Depreciation rates (% per annum)	25%	5%	20% - 50%	10%	10% - 30%	25%
	June 30, 2016 (Audited)					
	Computers	Building	Office equipment	Furniture and fixtures (Rupees)	Leasehold improvements	Vehicles
As at July 1, 2015						
Cost / revaluation	30,678,139	84,494,665	13,579,088	15,908,087	2,725,000	7,663,267
Accumulated depreciation	(25,727,042)	(17,180,646)	(9,084,341)	(9,377,943)	(860,323)	(7,663,267)
Net book value	6,952,097	67,314,021	4,494,667	6,530,144	1,864,677	-
Year ended June 30, 2016						
Opening net book value	6,952,097	67,314,021	4,494,667	6,530,144	1,864,677	-
Additions during the year	1,201,745	-	4,900,430	8,222,120	30,339,863	-
Disposals / transfers during the year						
Cost	-	(94,494,665)	(2,920,639)	(14,230,186)	(2,725,000)	-
Accumulated depreciation	-	18,462,862	2,286,264	10,775,933	1,269,073	-
	-	(65,631,793)	(625,395)	(3,873,153)	(1,455,927)	-
Depreciation for the year	(2,178,849)	-	(2,854,737)	(99,900)	-	-
Accumulated depreciation	2,178,849	-	2,827,600	49,950	-	-
	(3,912)	-	(17,137)	(40,890)	-	-
Depreciation for the year	(5,609,943)	(1,682,318)	(5,268,876)	(2,133,916)	(1,467,181)	-
Impairment loss	(24,006)	-	(228,284)	(496,383)	-	-
Closing net book value	6,513,961	-	12,469,467	8,032,820	29,301,432	-
As at June 30, 2016						
Cost / revaluation	31,781,035	-	12,784,863	9,776,101	30,339,863	7,663,267
Accumulated depreciation	(25,188,074)	-	(7,454,613)	(1,743,281)	(1,038,431)	(7,663,267)
Net book value	6,513,961	-	5,330,250	8,032,820	29,301,432	-
Depreciation rates (% per annum)	25%	5%	20% - 50%	10%	10% - 20%	25%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

4.2 Intangible assets

Following is a statement of intangible assets:

	March 31, 2017 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	(Rupee)			
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	8,735,774	82,126,933	192,000,000	282,862,707
Nine months ended March 31, 2017				
Opening net book value	8,735,774	82,126,933	192,000,000	282,862,707
Additions during the period	5,256,125	-	-	5,256,125
Disposals / transfers during the period				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the period	(3,766,314)	-	-	(3,766,314)
Closing net book value	10,225,585	82,126,933	192,000,000	284,352,518
As at March 31, 2017				
Cost	37,283,144	82,126,933	192,000,000	311,410,077
Accumulated amortisation	(27,057,559)	-	-	(27,057,559)
Net book value	10,225,585	82,126,933	192,000,000	284,352,518
Amortisation rates (% per annum)	25%			
	June 30, 2016 (Audited)			
	Computer software	Goodwill	Management rights	Total
	(Rupee)			
As at July 1, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	8,724,866	82,126,933	192,000,000	282,851,799
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 during the year				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the year	(4,388,089)	-	-	(4,388,089)
Closing net book value	8,735,774	82,126,933	192,000,000	282,862,707
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	8,735,774	82,126,933	192,000,000	282,862,707
Amortisation rates (% per annum)	25%			

4.3 Depreciation and amortisation is allocated as follows:

Note	(Unaudited)		(Unaudited)	
	March 31, 2017 Depreciation Amortisation (Rupees)	March 31, 2016 Depreciation Amortisation (Rupees)		
77	8,673,877	3,514,935	6,974,848	2,307,955
71.1	638,378	281,377	182,743	605,170
	<u>9,293,347</u>	<u>3,796,313</u>	<u>7,157,591</u>	<u>2,913,125</u>

Charged to profit and loss
Charged to Collective Investment
Schemes under management

4.4 This represents cost of certain capital expenditure being incurred on IT developments.

5 LONG-TERM INVESTMENTS

Investments in units of pension schemes - related parties
Available-for-sale investments

5.1 Available-for-sale

Name of the Investment Fund	As at March 31, 2017		As at June 30, 2016	
	(Unaudited)		(Audited)	
	Cost	Marked value	Cost	Marked value
	(Rupees)			
		Unrealised appreciation		Unrealised appreciation
Pakistan Pension Fund	184,112,681	263,858,917	102,113,451	221,238,697
Pakistan Islamic Pension Fund	186,787,639	283,635,019	174,837,581	234,794,054
	<u>210,900,280</u>	<u>547,493,937</u>	<u>210,900,280</u>	<u>456,032,751</u>
				<u>245,122,471</u>

(Unaudited)
March 31,
2017

(Audited)
June 30,
2016

(Rupees)

5.1

547,158,927

456,022,751

6 SHORT-TERM INVESTMENTS

At fair value through profit or loss - related parties

Available-for-sale investments

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
Note		
6.1	513,776,437	388,799,299
6.2	142,794,483	368,911,874
	<u>656,570,918</u>	<u>757,711,173</u>

6.1 At fair value through profit or loss

Name of the Investment Fund	As at July 04, 2016	Purchases/ sales (right)	Redemptions/ net sale	As at March 31, 2017	As at March 31, 2017				As at June 30, 2016	
					(Unaudited)		(Audited)		(Audited)	
					Carrying value	Market value	Unrealized appreciation	Carrying value	Market value	Unrealized appreciation
MCB Cash Management Optimizer	-	10,032,509	6,694,521	5,957,718	404,318,203	436,311,702	3,993,499	-	-	-
MCB Pensions Asset Allocation Fund	974,696	-	974,696	-	-	-	-	75,921,894	77,065,909	1,144,015
MCB Pensions Savings Fund	5,109,850	3,540,394	8,208,244	-	-	-	-	311,598,154	311,343,590	254,564
MCB Pensions Savings Retirement Fund	1,789,143	1,789,143	-	1,789,143	97,138,637	97,444,235	305,598	-	-	-
					<u>501,591,850</u>	<u>533,756,437</u>	<u>30,154,589</u>	<u>387,490,138</u>	<u>388,799,299</u>	<u>1,091,171</u>

6.2 Available-for-sale investments

Investment in units of mutual funds - related parties

Investments in Government Securities

Pension Investment Funds

Market Treasury Bills

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
Note		
6.2.1	142,794,483	167,598,815
6.2.2	-	103,057,759
6.2.3	-	99,455,308
	<u>142,794,483</u>	<u>368,911,874</u>

6.2.1 Investment in units of mutual funds

Name of the Investment Fund	As at July 31, 2016	Purchases during the period	Redemptions	As at March 31, 2017	As at March 31, 2017			As at June 30, 2016		
					Unaudited			Audited		
					Carrying value	Market value	Unrealized appreciation or re-measurement of investments	Carrying value	Market value	Unrealized appreciation or re-measurement of investments
Report										
MCB Public Real Estate Fund	1,031,126	1,553,761	2,217,085	1,253,512	117,234,846	142,794,483	26,561,637	153,492,504	167,508,815	13,006,311
					117,234,846	142,794,483	26,561,637	153,492,504	167,508,815	13,006,311

6.2.2 Public Investment Bonds

Particulars	Raw Value				As at March 31, 2017				As at June 30, 2016	
	Report				Unaudited		Audited		Audited	
	As at July 31, 2016	Purchased during the period	Disposed during the period	As at March 31, 2017	Carrying Value	Market value	Unrealized appreciation in re-measurement of investments	Carrying value	Market value	Unrealized appreciation in re-measurement of investments
OCF - TB - 11-July-2013 to 14-July-2015	1,01,000,000	-	101,000,000	-	-	-	-	101,871,104	102,867,719	186,653
					-	-	-	101,871,104	102,867,719	186,653

6.2.3 Treasury Bills

Particulars	Raw Value				As at March 31, 2017				As at June 30, 2016	
	Report				Unaudited		Audited		Audited	
	As at July 31, 2016	Purchased during the period	Disposed during the period	As at March 31, 2017	Carrying Value	Market value	Unrealized appreciation in re-measurement of investments	Carrying value	Market value	Unrealized appreciation in re-measurement of investments
OCF M.T.Bills - 11 months - 21-July-16 - 26-July-17	-	150,000,000	150,000,000	-	-	-	-	-	-	-
OCF M.T.Bills - 12 months - 06-Aug-15 - 04-Aug-16	1,00,000,000	-	100,000,000	-	-	-	-	99,594,128	99,451,900	59,172
					-	-	-	99,594,128	99,451,900	59,172

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

7 TAXATION - NKT

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010 and 2011. The income tax returns upto the tax year 2016 have been filed under the self assessment scheme and are deemed to be finalised under section 129 of the Income Tax Ordinance, 2001.

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
8 TRADE AND OTHER PAYABLES			
Accrued expenses		96,729,514	83,278,062
Workers Welfare Fund	8.1	20,112,250	29,905,142
Withholding tax payable		1,775,115	4,639,559
Indirect taxes and duties payable	8.2	421,876,273	421,369,347
Payable to facilitators/distributors		25,181,190	33,387,448
Unclaimed dividend		4,757,754	3,942,933
Others		960,144	881,816
		<u>571,392,342</u>	<u>577,404,299</u>

8.1 Worker's welfare fund

Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court.

During the current period, the Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the Supreme Court of Pakistan.

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers' Welfare Fund Ordinance, 1971, accordingly an amount of Rs. 14,442 million has been reversed during the period. Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (SWWF) which was effective from 01 July 2014. The Company believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 20.1 million with effect from July 01, 2014. Moreover, the management has decided not to reverse WWF amounting to Rs. 5.10 million which have been already paid to Tax Authority until the said amount is refunded back.

8.2 Federal excise duty payable on remuneration of the management company

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

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on 4 September 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said SHC order in the Honorable Supreme Court of Pakistan and thus previous balance of FED amounting to Rs. 399.62 million has not been reversed.

9 RUNNING FINANCE - RELATED PARTY

During the previous year, the Company obtained a short-term finance facility under mark-up arrangement with MCB Bank Limited (a related party) amounting to Rs 500 million (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 expire on May 31, 2017.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

10 MANAGEMENT FEE / INVESTMENT ADVISORY FEE

	Note	Nine months ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Rupees		Rupees	
From Collective Investment Schemes - related parties	10.1	523,692,681	678,424,476	183,318,118	227,583,735
From Discretionary Portfolio		29,536,150	25,754,775	12,108,462	9,156,670
		553,228,831	704,179,251	195,426,580	236,740,405
Less: Indirect taxes and duties on management fees		(63,643,795)	(171,678,305)	(22,482,704)	(37,717,110)
		489,585,036	532,500,946	172,943,876	199,023,295

10.1 From Collective Investment Schemes - related parties

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees		Rupees	
MCB Cash Management Optimizer	35,912,630	57,191,618	13,226,648	16,760,649
MCB Pakistan Asset Allocation Fund	39,549,541	63,509,106	12,242,401	20,960,266
MCB DCF Income Fund	88,458,305	186,028,820	28,912,903	56,939,053
Alhama Islamic Income Fund	5,275,011	7,373,040	1,494,554	2,138,421
MCB Pakistan Sovereign Fund	36,587,900	79,825,282	7,428,723	30,729,668
Pakistan Capital Market Fund	11,140,802	15,627,245	3,945,829	4,994,468
Pakistan Cash Management Fund	7,140,877	8,590,702	2,180,174	2,349,797
Pakistan Income Enhancement Fund	31,147,716	42,492,983	9,847,668	18,860,082
Pakistan Income Fund	14,399,532	18,156,664	3,135,647	5,933,173
Alhama Islamic Asset Allocation Fund	17,962,204	16,009,082	7,205,200	4,776,849
Pakistan Pension Fund	16,277,272	14,060,844	5,877,262	4,766,743
Pakistan Islamic Pension Fund	7,576,256	6,809,677	2,812,600	2,273,479
MCB Pakistan Stock Market Fund	169,385,923	137,364,054	65,106,887	46,140,711
Alhama Islamic Stock Fund	27,130,997	15,228,416	12,242,035	5,210,452
Pakistan Samaya Mahfooz Fund	3,532,121	6,921,818	-	2,203,865
MCB Pakistan Frequent Payout Fund	9,614,302	3,235,125	3,104,115	2,544,957
Al Hama Islamic Active Asset Allocation Fund - Plan I	2,601,292	-	2,555,402	-
	523,692,681	678,424,476	183,318,118	227,583,735

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

11 ADMINISTRATIVE AND OPERATING EXPENSES

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees	Rupees	Rupees	Rupees
Salaries, allowances and other benefits	157,263,844	126,278,249	63,113,051	35,992,787
Legal and professional charges	10,389,101	10,900,593	3,756,203	2,500,938
Travelling and conveyance charges	2,366,191	2,885,697	1,097,011	1,260,157
Rent, repairs, utilities and maintenance	46,245,372	39,445,070	18,773,726	13,209,911
Office supplies	729,604	546,686	369,162	282,442
Auditors' remuneration	1,900,000	1,350,000	600,000	450,000
Directors' meeting fee	2,350,000	675,000	650,000	250,000
Insurance	1,193,006	1,219,923	506,462	504,278
Depreciation	8,673,077	7,394,464	3,701,856	2,545,276
Amortization	3,514,935	1,888,337	1,380,835	193,260
Stamp duty and taxes	22,825	107,730	4,375	75,750
Registrar fee	477,907	393,697	147,824	72,418
Printing and stationery	2,543,695	2,858,516	1,192,481	689,214
Telephone expenses	4,141,634	3,007,547	1,645,616	1,189,494
Entertainment expenses	2,455,306	1,637,480	1,417,273	687,241
Books, periodicals and subscription	6,887,711	6,851,262	2,093,077	2,102,783
Miscellaneous expenses	836,620	1,576,761	819,570	1,465,927
	251,992,829	209,017,032	101,268,525	63,471,876

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

- 11.1 The SECP vide S.R.O No. 1160 (I) / 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 pertaining 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, expenses amounting to Rs 32.56 million have been charged by the Company to the respective CISs under its management.
- 11.2 The SECP vide Circular (40) / 2016 dated December 30, 2016, as a result of these amendments, the management company may charge fees and expenses pertaining to selling and marketing expenses, related to Collective Investment Schemes (CISs) upto a maximum of 0.4% of average annual net assets of the scheme. Accordingly, expenses amounting to Rs 1.626 million have been charged by the Company to the respective CISs under its management.
- 12 This includes an amount of Rs. 20.1 million in respect of refund of front end load charged to the investors.
- 13 This includes Rs. 14.442 million which represents reversal of WWF as more fully explained in note 8.1.
- 14 **CONTINGENCIES AND COMMITMENTS**
- 14.1 The Punjab Revenue Authority issued a Show Cause Notice No. FRA/AM.70/14/18 dated June 20, 2014 to MCB-Arif Habib Savings and Investment Limited requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a petition on July 8, 2014 in the SHC challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated July 10, 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax is already made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.
- 14.2 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/TU/2014-15 dated November 14, 2014 relating to tax year 2013. The ACIR was of the view that the deemed assessment order for tax year 2013 was erroneous and is prejudicial to the interest of revenue. The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated August 28, 2015 and made certain additions / disallowances in the profit & loss account, and created a demand of Rs 39.38 million. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals against the above order and has also filed a constitution petition of stay of demand as well as legal issue. The Company has paid Rs13.5 million under protest to the taxation authorities. The management and the tax advisor of the Company are confident that the good grounds exist to contest the additions / disallowances made by the ACIR at the appellate forum and these additions are not maintainable. No provision has been made in this condensed interim financial information against the above order. The potential tax liability in this respect amounts to Rs 39.38 million.
- 14.3 On 29 February 2016, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001 relating to the 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 Rs0.980 million on 4 May 2016 from the Additional Commissioner Inland Revenue (ACIR) against which it filed an appeal before the CIR(A) which is pending adjudication. As at 31 December 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.
- 14.4 On January 30, 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the profit and loss account and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company into the Company etc. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst. Further, the Company has also obtained a restraining order from the Sindh High Court to prohibit the tax authorities from taking any coercive action against the said order and notice of demand.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

- 14.8 The case of the Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated November 9, 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue (DCIR) and a Show-Cause Notice (SCN) dated February 10, 2017 was issued. Based on a recent judgment of a superior court, the SCN was challenged on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated March 24, 2017 under section 122(1) of the Income Tax Ordinance, 2001 raising a demand of Rs. 93,398 million. An appeal against the aforesaid order has been filed by the Company before the Commissioner Inland Revenue – Appeals [CIR-A].

- 14.6 On March 29, 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the profit and loss account and created a demand of Rs. 82,841 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company has filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst.

- 14.7 The Commissioner Specialized Companies Division of the SBEP passed an order dated 5 May 2016 against the Company pursuant to a show cause notice dated 24 March 2016 on a complaint filed by an investor. The investor alleged that the front end load was wrongly charged to him amounting to Rs. 297,540.

The Company submitted detailed response to the show cause notice and after proceedings held on the case, the SBEP imposed an aggregate fine of Rs. 500,000 and instructed the Company to refund the amount of front end load charged to the investor. The Company has filed an appeal with the SBEP which has been admitted for hearing. However the Company has paid Rs. 297,540 to investor during the period.

15 TRANSACTIONS WITH RELATED PARTIES

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

	Nine months ended	
	March 31, 2017	March 31, 2016
	Rupees Unaudited	
15.1 Transactions with related parties during the period		
CONTRIBUTIONS TO PENSION FUND	3,832,856	2,972,927
MCB BANK LIMITED		
Profit on bank deposits	646,681	875,544
Dividend paid	120,109,496	120,109,496
Branch sharing expenses	1,895,026	2,795,967
Reimbursement of expenses	12,265,000	8,250,000
Commission on distribution of units	36,486,951	50,492,147
Bank charges	375,293	249,636
ADAMJEK LIFE ASSURANCE COMPANY LIMITED		
Advisory income	15,537,664	14,432,226
ADAMJEK INSURANCE COMPANY LIMITED		
Amount paid against vehicles/ and other insurance	6,685,864	5,592,902
Dividend paid	-	1,518,720
NISHEAT REAL ESTATE DEVELOPMENT COMPANY (PVT.) LTD.		
Rent expense	1,830,101	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	(Unaudited) March 31, 2017	(Unaudited) March 31, 2016
	Rupees	
MCB FINANCIAL SERVICES LIMITED		
Reimbursement of expenses	8,720	704,034
Trustee fee	1,800,000	1,800,000
ARIF HABIB CORPORATION LIMITED		
Dividend paid	70,408,542	70,408,542
DIRECTORS & EXECUTIVE		
Dividend paid	487,500	986,462
KEY MANAGEMENT PERSONNEL	19,869,621	17,180,331
EXECUTIVE DIRECTORS	11,945,235	11,132,151
MCB DCF INCOME FUND		
Remuneration income	78,281,686	140,675,151
Sales load	117,248	91,226
Investments in units	-	55,000,000
Reimbursement of expenses	5,218,780	4,147,543
MCB PAKISTAN ASSET ALLOCATION FUND		
Remuneration income	34,999,594	48,025,640
Sales load	250,952	153,948
Investments in units	-	118,151,955
Redemption of units	85,500,324	43,000,000
Reimbursement of expenses	1,749,535	1,111,854
Reimbursement of selling and marketing expenses	184,706	-
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration income	31,781,088	43,248,350
Investments in units	1,087,156,661	249,740,000
Redemption of units	687,190,525	288,502,287
Reimbursement of expenses	5,082,296	2,329,030
ALHAMRA ISLAMIC INCOME FUND		
Remuneration income	4,668,151	5,575,499
Sales load	100,268	15,145
Reimbursement of expenses	742,121	361,923
Sharia fee paid on behalf of the fund	675,000	415,443
MCB PAKISTAN STOCK MARKET FUND		
Remuneration income	149,899,047	103,874,814
Sales load	3,370,419	618,674
Investments in units	162,762,143	19,980,209
Redemption of units	245,000,000	-
Reimbursement of expenses	7,494,953	2,430,469
Reimbursement of selling and marketing expenses	1,021,729	-
Amount received against conversion cost	544,939	1,133,912

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	(Unaudited) March 31, 2017	(Unaudited) March 31, 2016
	Rupees	
PAKISTAN INCOME FUND		
Remuneration income	12,742,949	13,730,085
Sales load	92,753	5,437
Reimbursement of expenses	849,530	420,795
MCB PAKISTAN SOVEREIGN FUND		
Remuneration income	32,378,673	60,363,946
Sales load	69,715	104,530
Investments in units	124,986,422	605,000,000
Redemption of units	440,638,231	364,276,715
Reimbursement of expenses	4,539,997	3,216,614
PAKISTAN CAPITAL MARKET FUND		
Remuneration income	9,859,117	11,817,336
Sales load	137,175	81,008
Reimbursement of expenses	492,957	267,507
ALHAMRA ISLAMIC STOCK FUND		
Remuneration income	24,009,732	11,515,741
Sales load	1,030,050	30,199
Reimbursement of expenses	1,200,514	268,872
Reimbursement of selling and marketing expenses	206,176	-
Amount received against conversion cost	562,733	1,520,031
Sharia fee paid on behalf of the fund	673,000	302,646
PAKISTAN PENSION FUND		
Remuneration income	14,404,665	10,632,822
Sales load	474,819	105,255
Redemption of units	-	10,000,000
ALHAMRA ISLAMIC ASSET ALLOCATION FUND		
Remuneration income	15,895,756	12,106,081
Sales load	735,507	168,538
Back end load	45,307	-
Reimbursement of expenses	813,321	263,588
Reimbursement of selling and marketing expenses	120,983	-
Sharia fee paid on behalf of the fund	675,000	302,852
PAKISTAN ISLAMIC PENSION FUND		
Remuneration income	6,704,651	5,149,483
Sales load	213,049	44,183
Redemption of units	-	5,000,000
PAKISTAN CASH MANAGEMENT FUND		
Remuneration income	6,319,360	6,496,296
Reimbursement of expenses	1,046,218	202,355
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration income	27,564,350	32,133,230
Sales load	72,410	81,801
Investments in units	97,192,627	-
Reimbursement of expenses	1,860,373	1,203,898

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	(Unaudited) March 31, 2017	(Unaudited) March 31, 2016
	(Rupees)	
PAKISTAN SARMAVA MAHPOOZ FUND		
Remuneration income	3,125,771	5,234,285
Reimbursement of expenses	312,577	232,448
MCB PAKISTAN FREQUENT PAYOUT FUND		
Management fee	8,508,232	2,446,404
Sales load	21,513	960,523
Reimbursement of expenses	812,295	176,301
Reimbursement of selling and marketing expenses	92,642	-
Payment made on behalf of fund	-	2,660,000
Formation Cost	-	733,077
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I		
Management fee	2,302,028	-
Sales load	492,090	-
Payment made on behalf of fund	5,000,000	-
Reimbursement of expenses	351,208	-
	(Unaudited) March 31, 2017	(Audited) June 30, 2016
15.2 AMOUNT OUTSTANDING AT PERIOD END	(Rupees)	
MCB BANK LIMITED		
Bank balance	7,922,332	7,482,397
Other payable	24,985,852	13,946,339
Commission payable	4,529,848	11,165,177
Mark-up receivable	82,860	7,363
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Advisory fee receivable	10,809,663	9,714,575
MCB FINANCIAL SERVICES LIMITED		
Payable against monthly reimbursement	8,720	50,864
Payable against trustee fee	226,000	228,000
MCB DCF INCOME FUND		
Remuneration receivable	108,720,086	110,432,577
Sales load receivable	27,962,089	28,104,927
Receivable against reimbursement of expenses	1,103,715	686,591
MCB PAKISTAN ASSET ALLOCATION FUND		
Remuneration receivable	23,155,596	24,262,791
Sales load receivable	16,295,309	16,459,752
Closing balance of investment in units	-	77,055,369
Receivable against reimbursement of expenses	349,684	738,964
Receivable against selling & marketing expenses	184,706	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	(Rupees)	
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration receivable	59,177,494	37,517,437
Closing balance of investment in units	416,311,702	-
Receivable against reimbursement of expenses	1,291,838	395,024
ALHAMRA ISLAMIC INCOME FUND		
Remuneration receivable	9,166,235	9,068,897
Sales load receivable	3,047,900	3,084,457
Receivable against reimbursement of expenses	153,267	78,967
Receivable against shariah fee	150,000	75,000
MCB PAKISTAN STOCK MARKET FUND		
Remuneration receivable	77,340,183	69,351,934
Sales load receivable	5,427,821	5,177,743
Other receivable	8,052	35,642
Conversion cost receivable	-	544,939
Closing balance of investment in units	142,794,483	167,398,815
Receivable against reimbursement of expenses	1,906,670	639,634
Receivable against selling & marketing expenses	1,021,729	-
PAKISTAN INCOME FUND		
Remuneration receivable	11,061,409	10,787,558
Sales load receivable	278,471	241,109
Receivable against reimbursement of expenses	203,041	92,295
MCB PAKISTAN SOVEREIGN FUND		
Remuneration receivable	31,085,960	34,929,172
Sales load receivable	4,156,380	4,765,754
Closing balance of investment in units	-	311,743,990
Receivable against reimbursement of expenses	564,101	634,432
PAKISTAN CAPITAL MARKET FUND		
Remuneration receivable	7,210,339	7,065,616
Sales load receivable	480,729	483,611
Receivable against reimbursement of expenses	113,799	52,133
ALHAMRA ISLAMIC STOCK FUND		
Remuneration receivable	10,194,989	7,765,643
Sales load receivable	1,496,567	245,968
Conversion cost receivable	-	562,733
Receivable against reimbursement of expenses	372,117	91,163
Receivable against selling & marketing expenses	206,176	-
Receivable against shariah fee	150,000	154,641
PAKISTAN PENSION FUND		
Remuneration receivable	8,003,856	7,487,260
Sales load receivable	1,139,180	1,020,012
Closing balance of investment in units	263,533,917	221,228,697
ALHAMRA ISLAMIC ASSET ALLOCATION FUND		
Remuneration receivable	8,479,005	7,474,932
Sales load receivable	1,347,537	1,536,861
Back end load receivable	45,307	-
Receivable against reimbursement of expenses	217,908	203,829
Receivable against selling & marketing expenses	120,983	-
Receivable against shariah fee	150,000	295,723
PAKISTAN ISLAMIC PENSION FUND		
Remuneration receivable	4,035,513	3,732,980
Sales load receivable	599,790	468,835
Closing balance of investment in units	283,623,010	234,794,054

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	(Rupees)	
PAKISTAN HARMAYA MAHFOOZ FUND (Mutated)		
Remuneration receivable	2,335,803	2,572,474
Sales lead receivable	2,307,278	2,307,278
Receivable against reimbursement of expenses	34,320	54,779
PAKISTAN CASH MANAGEMENT FUND		
Remuneration receivable	12,703,830	12,748,418
Receivable against reimbursement of expenses	214,040	114,533
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration receivable	19,450,402	21,983,795
Sales lead receivable	4,765,245	6,076,712
Other receivable	3,530	3,530
Closing balance of investment in units	97,464,723	-
Receivable against reimbursement of expenses	344,663	313,421
MCB PAKISTAN FREQUENT PAYOUT FUND		
Remuneration receivable	1,702,445	1,738,568
Sales lead receivable	3,635,609	6,308,937
Formation cost	-	733,077
Other receivable	-	2,795,028
Receivable against reimbursement of expenses	174,379	61,763
Receivable against selling & marketing expenses	92,642	-
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I		
Management fee	1,022,146	-
Sales lead receivable	52,545	-
Payment made on behalf of fund	-	-
Formation Cost	5,000,000	-
Other receivable	30,000	-
Receivable against reimbursement of expenses	257,069	-

16 CORRESPONDING FIGURES

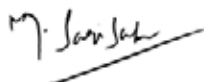
Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation. No significant reclassification was made in this condensed interim financial information during the current period.


17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 21, 2017 by the Board of Directors of the Company.

18 GENERAL

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


Chief Executive Officer









Director



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

MCB-Arif Habib Savings and Investments Limited

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

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-4686-378 (111-INVEST)

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

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