



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2018
(UNAUDITED)

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

Alhamra Islamic Income Fund

CONTENTS

1	Fund's Information	278
2	Report of the Directors of the Management Company	279
3	Condensed Interim Statement of Assets And Liabilities	284
4	Condensed Interim Income Statement (Un-audited)	285
5	Condensed Interim Statement of Comprehensive Income (Un-audited)	286
6	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	287
7	Condensed Interim Cash Flow Statement (Un-audited)	288
8	Notes to and forming part of the Condensed Interim Financial Statements	289

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	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 Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman 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 Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depositary Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	Habib Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited National Bank of Pakistan Askari Bank Limited Bank Islami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Al-Baraka Bank Pakistan Limited Silk Bank Limited MCB Islamic Bank Limited Habib Metropolitan Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shakra-e-Faisal, Karachi -75350.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Income Fund** accounts review for the quarter ended September 30, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

First quarter of FY19 has been a run of political uncertainty, external pressures and economic slowdown. Given the uptick in oil prices, increasing trend in inflation, continuity of external worries, The Monetary Policy Committee of State Bank of Pakistan opted for 100 bps increases in each of the two meetings conducted in this quarter. The major reason was due to the emergence of inflationary pressures with core inflation expected to creep up with the advent of higher oil and gas prices. Moreover, the MPC highlighted the precarious external account position and need for slowdown in GDP growth to arrest the dwindling foreign exchange reserves.

CPI for the 1QFY19 was registered at 5.6% as the impact of low base kicked in. Higher international oil prices, weaker currency and upward revision in domestic gas prices is expected to jack up overall inflation figure in FY19, which is expected to average ~8.1% compared to last year's inflation of 3.8%. Meanwhile, core inflation is expected to jump above 8.5%.

The external account position kept on highlighting worrisome position for the economy. Current account witnessed a deficit of USD 2.7 billion in first two months of FY19 compared to USD 2.5 billion in the same period last year. A surge in international oil prices is masking the improvement in non oil imports caused by remedial measures, thus causing the current account deficit to remain high. However, the lagged impacts of currency adjustments and monetary tightening are becoming visible as reflected by balance of trade (data of Pakistan Statistical Bureau) declining by 1.6% in the quarter led by decline in non-oil imports. Despite receiving inflows from China, foreign reserves declined by an average of ~USD 115 mn per week. State Bank's foreign exchange reserves stood at USD 8.41 billion reflecting import cover based on SBP's reserves has reached an alarming level of lesser than 2 months imports.

Rising interest rates, rupee adjustment and external pressures are having impact on growth trajectory of economy as reflected by large scale manufacturing index which posted a meager increase of 0.5% YoY in the month of July'18 broadly supported by production of petroleum products.

Subsequent to monetary tightening by State Bank, bond yield curve showed an upward trajectory where most of the activity took place in floater PIBs. During 1QFY19 State Bank of Pakistan conducted 3rd Floater PIB auction which witnessed a healthy participation of PKR 151 billion out of which bids worth PKR 108 billion were accepted at a rate of benchmark + 70 bps. Concerns over external front kept market participants shy away from longer tenor Treasury bills with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout 1QFY19 owing to regular OMOs conducted by SBP, while scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara Sukuk despite ample liquidity in the market.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 6.08% as against its benchmark return of 2.68%, registering an outperformance of 3.40% during the period.

During the period, the fund decreased its exposure in Cash from 72.4% to 42.4%. The fund was 24.3% invested in Sukuks, 21% in Shariah Compliant Commercial Paper while most of the remaining exposure was in Cash and Bank Deposits at relatively attractive rates.

The Net Assets of the Fund as at September 30, 2018 stood at Rs. 2,686 million as compared to Rs. 2,715 million as at June 30, 2018 registering a decrease of 1.07%.

The Net Asset Value (NAV) per unit as at September 30, 2018 was Rs. 102.6806 as compared to opening NAV of Rs. 106.0918 per unit as at September 2018, 2018 registering a decrease of Rs.3.4112 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

MARKET & ECONOMY - FUTURE OUTLOOK

The government has announced to approach the IMF for an economic program to support the fragile external account situation. The program would lead to required remedial actions of rupee adjustment, monetary tightening, and expenditure curtailment to slow down growth, control the import bill and arrest foreign reserves decline.

For the next year, the economic growth is expected to slow down as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI, some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side would be difficult to manage where we expect fiscal deficit to hover around 5.5% of GDP. Expenditure constraints would lead to public sector development program curtailments amid higher domestic debt servicing cost due to interest rate increase.

Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy by at least 100 bps already increased.

The equity market would follow developments on the economic front. Swift economic policy actions would be required to arrest the precarious economic standing and would guide market towards better multiples. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current market multiples (~7.5x) offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at ~PKR 577 billion at the end of 1QFY19. Monetary tightening by the government resulted in an increase in interest rates, bringing flows to the money market funds. Size of Money Market (Islamic/Conventional), Fund of Funds (Islamic/Conventional) and Conventional Equities increased, while assets under management of all other categories decreased in 1QFY19 as compared to FY18.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 60%, followed by Money Market funds with a share of 25% and Income funds having a share of 15% as at the end of 1QFY19.

The Net Assets of Pension Funds stood at ~PKR 26 billion at the end of 1QFY19. The size of both Conventional and Shariah-Compliant funds decreased by ~4% and 0.1% respectively. Amongst sub-categories, size of Debt and Equity funds decreased while those of Money Market funds increased.

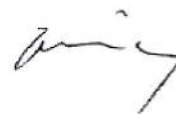
ACKNOWLEDGMENT

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 22, 2018



Nasim Beg
Vice Chairman / Director

(FY18) ہوا۔

حصص کے حصول کے لحاظ سے ایکویٹی اور ایوارڈ سے متعلق فنڈز تقریباً 60 فیصد حصص کے رہنمائی کریں گے، اس کے بعد پیسے مارکیٹ میں فنڈز 25 فیصد حصص کے ساتھ ہیں اور انکم فنڈز میں 15 فی صد کا حصہ ہے، جبکہ مالی سال 2018-19 (1QFY19) کے مقابلے میں 17-18 (FY18) کی پہلی سہ ماہی میں کمی آئی ہے۔

پنشن فنڈ کے نیٹ اثاثے مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے اختتام پر تقریباً 26 PKR ارب ہو گئے ہیں۔ روایتی اور شرعی مطابقت فنڈز دونوں کا سائز تقریباً 4 فی صد اور 0.1 فی صد سے کمی آئی، ذیلی شعبوں کے درمیان، منی اور ایکویٹی فنڈز کا سائز کم ہو گیا جبکہ منی مارکیٹ کے فنڈز میں اضافہ ہوا۔

اظہار تشکر:

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ان کی مسلسل حمایت اور تعاون کے لئے پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز بھی کمپنی میں ان کے اعتماد کے لئے ان کے عزم اور لگن اور حصص یافتگان کے لیے کمپنی کے ملازمین کی کوششوں کی تعریف کرتے ہیں۔

منجانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر/نائب چیئرمین

22 اکتوبر، 2018ء



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اکتوبر، 2018ء

فراموش ہوگی۔ ہم نئی حکومت کی طرف سے اقتصادی محاذ پر دائمی مسائل کو حل کرنے کے لئے زیادہ توجہ مرکوز کریں گے اور مخلص کوششوں کے درمیان اقتصادی اصلاح کے لئے بہتر حکومتی نظام اور طویل مدتی امکانات پر خوشگوار اشتراک کرتے ہیں۔ تاہم یہ راستہ سخت اور ممکنہ غیر مقبول پالیسی کے اقدامات میں امکانات کا امکان ہے۔ پاکستان تحریک انصاف کی ابتدائی منصوبہ بندی کو دیکھتے ہوئے کچھ پالیسیوں کی ترقی کی توقع کی جاسکتی ہے لیکن غیر معمولی معاشی حالات کو پورا کرنے کے لئے ہم سوچتے ہیں کہ دونوں خساروں کو حل کرنے کے لئے فوری طور پر اقدامات کیے جاتے ہیں۔

مالیاتی ادارے کے لئے یہ انتظام کرنا مشکل ہوگا کہ ہم مالی خسارے کے متوقع ہو سکتے ہیں یا مجموعی گھریلو مصنوعات (GDP) کی 5.5 فی صد کی کمی ہو رہی ہے۔ اخراجات میں اضافے، گھریلو قرضوں کی قیمتوں میں اضافے کی وجہ سے عوامی شعبے کی ترقی کے پروگرام میں کمی کا سبب بنے گا۔

بڑھتی ہوئی افراط زر کے ساتھ ساتھ بیرونی فرنٹ پر دیئے جانے والے دباؤ پر اسٹیٹ بینک سے کم از کم 100 بنیادی پوائنٹس (bps) میں پہلے ہی اضافہ ہوا ہے۔

ایکویٹی مارکیٹ میں اقتصادی محاذ پر پیش رفت کرے گی۔ فوری معیشت کے اقدامات ناقابل اعتماد اقتصادی موقف کو روکنے کے لئے ضروری ہوگی اور مارکیٹ میں بہتر ملحقہ کی راہنمائی کرے گی۔ وسیع تر شرائط پر ہم یقین رکھتے ہیں کہ گزشتہ دو سال میں مارکیٹ کی کارکردگی (چوٹی کی سطح سے تقریباً 20 فی صد) نے سیاسی اور اقتصادی سمت پر خدشات کی عکاسی کی ہے اور یہ بھی سائیکل اسٹاک کی کارکردگی میں عکاسی کرتی ہے، جہاں اسٹاک کی قیمتوں میں اضافہ بھی تیز ہوگا۔ ہم اپنے موقف کا دوبارہ تسلسل جاری رکھیں گے کہ موجودہ مارکیٹ کے ملحقات (تقریباً 7.5 اوقات) تھوڑی دیر میں ممکنہ پیشکش کرتے ہیں جو طویل مدتی سرمایہ کاروں کے لئے آرام دہ ہے۔ ہم یقین رکھتے ہیں کہ اسٹاک میں اسٹیٹس صرف آہستہ آہستہ انکشاف کریں گا جس سے اعتماد میں آئیں گے اور اقتصادی پالیسیوں کو متوقع طور پر نظر انداز کرتے ہیں۔ لہذا آگے آگے اسٹاک مریض سرمایہ کاروں کے لئے انعامات کے ساتھ طویل مدتی سرمایہ کاری کا موقع پیش کرتے ہیں۔ ہم ملک کے اقتصادی اشارے میں رجحانات کو ٹریک کرتے ہیں اور اس کے مطابق اپنے پورٹ فولیو کو ایڈجسٹ کرتے ہیں۔ ہمارے اوپر سے نیچے کا تجزیہ سے شعبوں نے فائدہ اٹھایا ہے جو کرنسی کی قیمتوں میں اضافے اور اعلیٰ سود کی شرح سے فائدہ اٹھایا۔ تاہم ہم انفرادی کمپنی کو متحرک نظر انداز نہیں کر سکتے، جو ان کی قیمتوں کے ساتھ سیکورٹی انتخاب میں اہم کردار ادا کر سکتا ہے۔

باہمی فنڈ کی صنعت کا جائزہ:

اوپن اینڈ میوچل فنڈ انڈسٹری کے مکمل اثاثے مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے اختتام پر 577PKR بلین روپے تک پہنچ گئے۔ حکومت کی جانب سے سختی نے سود کی شرح میں اضافے کے نتیجے میں منی مارکیٹ کے فنڈز میں بہاؤ پیدا کیا۔ منی مارکیٹ (اسلامی / روایتی) کا سائز، فنڈ آف فنڈز (اسلامی / روایتی) اور روایتی ایکویٹیز میں اضافہ ہوا، جبکہ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی میں دیگر سالوں کے انتظام کے تحت اثاثہ مالی سال 2017 کے مقابلے میں 18-

مینوفیکچرنگ انڈیکس کی طرف اشارہ کیا گیا جس سے پٹرولیم کی مصنوعات میں جولائی 2018 کے مہینے میں 0.5 فیصد اضافہ ہوا۔ اسٹیٹ بینک کی جانب سے مالیاتی تنصیبات کے بعد بانڈ کی پیداواری گراف نے ایک ایسی پیش رفت ظاہر کی، جہاں پاکستان کی سرمایہ کار بانڈز (PIB) میں زیادہ سے زیادہ سرگرمی ہوئی۔ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے دوران، اسٹیٹ بینک آف پاکستان نے تیسرے فلوٹر پاکستان سرمایہ کاری بانڈ (PIB) کی نیلامی کا اہتمام کیا جس میں 151 ارب روپے کی بڑی شراکت کی۔ جس میں سے 108 بلین روپے کا معیار +70 بنیادی پوائنٹس (bps) کی قیمتوں میں منسلک کیا گیا تھا۔ خارجہ محاذ کے بارے میں خدشات نے مارکیٹ کے شرکاء کو طویل عرصے سے خزانہ بلوں سے لے کر رکھا ہے جس میں جمع ہونے والی کاغذات میں 3 مہینے کے برابر یا مساوی ہونے کے سلسلے میں مسلسل اضافہ ہوتا ہے۔

اسٹیٹ بینک آف پاکستان نے باقاعدہ اوپن مارکیٹ آپریشنز (OMOs) کے ذریعہ مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی میں آرام دہ اور پرسکون رہا، جبکہ شرعی مطابقت پذیر راستے کی کمی کا جائزہ لینے کے دوران جاری رہا کیونکہ بازار میں کافی ہالچل کے باوجود Ijara Sukuk کا کوئی تازہ اجراء نہیں ہوا تھا۔

فنڈ کی کارکردگی:

جائیداد کے تحت مدت کے دوران، فنڈ نے 6.08 فیصد کی سالانہ واپسی کے مطابق 2.68 فیصد کی پینچمارک واپسی کے خلاف، مدت کے دوران 3.40 فیصد کی غیر معمولی رجسٹریشن درج کی۔

اس مدت کے دوران فنڈ میں اس کی نمائش 72.4 فیصد سے 42.4 فیصد تھی۔ اس فنڈ (sukuks) میں 24.3 فیصد کی سرمایہ کاری تھی، شرعی مطابقت پذیری کمرشل کاغذ میں 21 فیصد جبکہ باقی نمائش نسبتاً پرکشش شرحوں پرکیش اور بینک کے ذخائر میں تھا۔

ستمبر 2018، 30 کے طور پر فنڈ کے نیٹ اثاثے 2.686 ملین روپے کے مقابلے میں جون 2018، 30 میں 2.715 ملینز اور 1.07 فیصد کی کمی درج کر دی گئی۔

30 ستمبر، 2018ء کو فی یونٹ نیٹ اثاثہ قدر (NAV) فی یونٹ روپے تھا۔ 102.6806 روپے کے مقابلے میں 106.0918 فی یونٹ اور ستمبر 2018ء میں 3.4112 فی یونٹ میں کمی کی گئی۔

مارکیٹ اور معیشت - مستقبل کے نقطہ نظر:

حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) سے متعلق معاشی پروگرام کے نازک بیرونی اکاؤنٹ کی صورتحال کی حمایت کرنے کا اعلان کیا ہے۔ پروگرام کو منی ایڈجسٹمنٹ، مالیاتی سختی، اور اخراجات میں کمی کی ضرورت ہوتی ہے، ترقی کو سست کرنے، درآمدات کے بل کو کنٹرول کرنے اور غیر ملکی ذخائر کو کم کرنے میں کمی کی ضرورت ہوتی ہے۔

اگلے سال کے لئے اقتصادی ترقی میں کمی کی توقع کی جاسکتی ہے کیونکہ کرنسی ایڈجسٹمنٹ اور مانیٹری پالیسی کی کھپت کے نمونے پر مل جائے گی۔ تاہم معیشت کی دستاویزات کے ساتھ ساتھ بجلی کی فراہمی میں اضافے کو اس اہم مرحلے کے دوران معاشی مینیجرز کو ایک مہلت

عزیز سرمایہ کار!

بورڈ آف ڈائریکٹرز کی جانب سے الہمر اسلامک انکم فنڈ کے 30 ستمبر، 2018 کو اختتام پزیر ہونے والے نو ماہ اکاؤنٹس کا جائزہ پیش خدمت ہے۔

مارکیٹ اور اقتصادی جائزہ:

معیشت اور منی مارکیٹ کا جائزہ:

مالی سال 2018-19 کی پہلی سہ ماہی میں (1QFY19) سیاسی غیر یقینی، بیرونی دباؤ اور اقتصادی کمی کا شکار ہو گیا ہے۔ تیل کی قیمتوں میں اضافہ، بیرونی افواج کی مسلسل تسلسل، بڑھتی ہوئی رجحان میں اضافہ، اسٹیٹ بینک آف پاکستان کے مونیٹری پالیسی کمیٹی (MPC) نے اس سہ ماہی میں منعقد ہونے والے دونوں اجلاسوں میں 100 بنیادی پوائنٹس (bps) کے اضافے کے لئے انتخاب کیا۔ اہم وجہ یہ تھی کہ انفراسٹرکچر کے دباؤ کے نتیجے میں بنیادی افراط زر کے ساتھ اعلیٰ تیل اور گیس کی قیمتوں کی آمد کے ساتھ پیدا ہونے کی امید ہے۔ اس کے علاوہ، مونیٹری پالیسی کمیٹی (MPC) نے غیر ملکی خارجہ اکاؤنٹ کی حیثیت کو کم کرنے کے لئے غیر ملکی ادارے کی حیثیت اور مجموعی گھریلو مصنوعات (GDP) کی ترقی میں کمی کی ضرورت پر زور دیا ہے۔

مالی سال 2018-19 (1QFY19) کی پہلی سہ ماہی کے لئے صارفین کی قیمت انڈیکس (CPI) 5.6 فیصد کے اثرات کے طور پر رجسٹر کیا گیا تھا۔ عالمی بین الاقوامی قیمتوں میں اضافہ، گھریلو گیس کی قیمتوں میں کمزور کرنسی اور اوپر کی نظر ثانی کی امید ہے، مالی سال 2018-19 (مجموعی طور پر انفراسٹرکچر کے اعداد و شمار کو جیک)، جو گزشتہ سال کی شرح 3.8 فی صد کی شرح سے تقریباً 8.1 فیصد ہوا ہے۔ دریں اثنا، بنیادی افراط زر کی شرح 8.5 فیصد سے زائد ہے۔

معیشت کے لئے تشویشناک پوزیشن کو نمایاں کرنے پر بیرونی اکاؤنٹ کی حیثیت رکھتی ہے۔ موجودہ اکاؤنٹ نے مالی سال 2018-19 کے پہلے دو مہینوں میں 2.7 ارب امریکی ڈالر کا خسارہ دیکھا تھا جو گزشتہ سال اسی مدت میں 2.5 بلین ڈالر ہوا تھا۔ بین الاقوامی آئل کی قیمتوں میں اضافے کی وجہ سے نجی درآمدات کی وجہ سے غیر تیل کی درآمد میں بہتری آرہی ہے، اس وجہ سے موجودہ اکاؤنٹ کے خسارے کو زیادہ رہنے کا باعث بنتا ہے۔ تاہم، کرنسی کے ایڈجسٹمنٹ کے نقطہ نظر اور مالیاتی سختی کی وجہ سے تجارت کی توازن (پاکستان کے اعداد و شمار، بیورو کے اعداد و شمار) کے طور پر ظاہر ہوتا ہے کہ غیر تیل درآمد میں کمی کی وجہ سے سہ ماہی میں 1.6 فی صد کمی ہوئی۔ چین سے آمدنی حاصل کرنے کے باوجود، ہر ہفتے غیر ملکی ذخائر تقریباً 115 ملین امریکی ڈالر سے کم ہو گئے۔ اسٹیٹ بینک کے غیر ملکی کرنسی کے ذخائر 8.41 بلین ڈالر پر کھڑے ہوئے ہیں جو اسٹیٹ بینک کے ذخائر کی بنیاد پر درآمد کا احاطہ کرتا ہے، اس سے دو ماہ کے مقابلے میں زیادہ خطرناک حد تک پہنچ گئی ہے۔

بڑھتی ہوئی سود کی شرح، منی ایڈجسٹمنٹ اور بیرونی دباؤ معیشت کی ترقی کے اثرات پر اثر انداز کر رہی ہیں، جس میں بڑے پیمانے پر

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2018

	Note	(Unaudited) September 30, 2018	(Audited) June 30, 2018
(Rupees in '000)			
ASSETS			
Bank balances	4	1,145,870	1,981,855
Investments	5	1,523,405	722,449
Profit receivable		36,699	32,048
Deposit, prepayment and other receivables		1,703	1,970
Total assets		2,707,677	2,738,322
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		2,228	2,420
Payable to Central Depository Company of Pakistan Limited - Trustee		291	317
Payable to the Securities and Exchange Commission of Pakistan		524	2,081
Accrued expenses and other liabilities	7	18,843	18,853
Total liabilities		21,887	23,671
NET ASSETS		2,685,790	2,714,651
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,685,790	2,714,651
CONTINGENCIES AND COMMITMENTS			
	8		
(Number of units)			
NUMBER OF UNITS IN ISSUE		26,156,745	25,587,761
(Rupees)			
NET ASSET VALUE PER UNIT		102.6806	106.0918

The annexed notes 1 to 14 form an integral part of these Condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30, 2018	September 30, 2017
(Rupees in '000)			
INCOME			
Loss on sale of investments - net		(3)	(3,200)
Profit on:			-
- Government securities		520	4,976
- Quoted sukuk certificates		12,789	6,754
- Commercial papers		8,144	-
- Bank balances		32,050	21,217
- Certificates of musharika and modaraba		274	-
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6	(1,783)	913
Total income		51,991	30,660
EXPENSES			
Remuneration of the Management Company		5,173	3,278
Sindh sales tax on remuneration of the Management Company		673	426
Allocated expenses and related taxes		790	646
Remuneration of the Trustee		808	700
Sindh sales tax on remuneration of the Trustee		105	91
Annual fee to the Securities and Exchange Commission of Pakistan		524	429
Auditors' remuneration		145	175
Settlement and bank charges		62	122
Legal and professional charges		55	54
Shariah advisory fee		228	225
Fees and subscription		107	83
Provision against Sindh Workers' Welfare Fund	7.2	866	488
Printing and related costs		25	48
Total operating expenses		9,562	6,766
Net income from operating activities		42,429	23,894
Taxation	11	-	-
Net income for the period after taxation		42,429	23,894
Earnings per unit	10		
Allocation of net income for the period			
Net income for the period after taxation		42,429	23,894
Income already paid on units redeemed		(6,024)	(4,594)
		36,405	19,300
Accounting income available for distribution			
- Relating to capital gains		-	(1,847)
- Excluding capital gains		36,405	21,147
		36,405	19,300

The annexed notes 1 to 14 form an integral part of these Condensed interim financial statements.


**FOR MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED
(MANAGEMENT COMPANY)**



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in '000)	
Net income for the period after taxation	42,429	23,894
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>42,429</u>	<u>23,894</u>

The annexed notes 1 to 14 form an integral part of these Condensed interim financial statements.

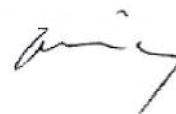
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Particulars	For the quarter ended September 30, 2018				For the quarter ended September 30, 2017
	(Rupees in '000)				
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on FVTOCI (Previously: 'AFS')	Total	Total
Net assets at beginning of the period	2,650,584	64,067	-	2,714,651	1,981,140
Issue of 11,526,335 units - Including Additional Units (2017: 24,014,094 units)					
- Capital value (at net asset value per unit at the beginning of the period)	1,165,654	-	-	1,165,654	
- Element of income	5,856	-	-	5,856	
	1,171,510	-	-	1,171,510	2,430,733
Redemption of 10,957,351 units (2017: 17,326,885 units):					
- Capital value (at net asset value per unit at the beginning of the period)	1,108,113	-	-	1,108,113	
- Element of income	1,693	6,024	-	7,717	
	1,109,806	6,024	-	1,115,830	1,751,428
Total comprehensive income for the period	-	42,429	-	42,429	23,894
Final distributions for the year ended June 30, 2018 (including additional units) at the rate of Rs. 4.9622 per unit (Declared on July 04, 2018)	(84,516)	(42,455)	-	(126,971)	-
	(84,516)	(26)	-	(84,541)	23,894
Net assets as at the end of the period	2,627,773	58,017	-	2,685,790	2,684,339
Undistributed income brought forward					
- Realised gain		67,904			9,278
- Unrealised gain / (loss)		(3,837)			12,325
		64,067			21,603
Accounting income available for distribution (after deducting income already paid on units redeemed):					
- Relating to capital gains	-				(1,847)
- Excluding capital gains	36,405				21,147
	36,405				19,300
Cash Distribution during the period		(42,455)			-
Undistributed income carried forward		58,017			40,903
Undistributed income carried forward					
- Realised gain		59,800			39,990
- Unrealised (loss) / gain		(1,783)			913
		58,017			40,903
Net assets value per unit as at beginning of the period				(Rupees) 106.0918	(Rupees) 101.0756
Net assets value per unit as at end of the period				102.6806	102.1135

The annexed notes 1 to 14 form an integral part of these Condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2018

September 30, September 30,
2018 2017
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	42,429	23,894
Adjustments for:		
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	1,783	(913)
	44,212	22,981
(Increase) / decrease in assets		
Investments - net	(802,738)	155,570
Profit receivable	(4,651)	(6,564)
Deposit, prepayment and other receivables	267	(310)
	(807,123)	148,696
(Decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(192)	847
Payable to Central Depository Company of Pakistan Limited - Trustee	(26)	86
Payable to the Securities and Exchange Commission of Pakistan	(1,557)	(350)
Accrued expenses and other liabilities	(10)	123
Advance against issuance of units	-	(54,583)
	(1,784)	(53,877)
Net cash (used in) / generated from operating activities	(764,695)	117,801

CASH FLOWS FROM FINANCING ACTIVITIES

Amount received against issuance of units	1,171,510	2,430,733
Amount paid against redemption of units	(1,115,830)	(1,751,428)
Distributions made during the period	(126,971)	-
Net cash (used in) / generated from financing activities	(71,290)	679,305
Net (decrease) / increase in cash and cash equivalents during the period	(835,985)	797,106
Cash and cash equivalents at the beginning of the period	1,981,855	971,901
Cash and cash equivalents at the end of the period	1,145,870	1,769,007

The annexed notes 1 to 14 form an integral part of these Condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Alhamra Islamic Income Fund (the Fund) was established under a trust deed executed between MCB Asset Management Company Limited (which merged with and into Arif Habib Investments Limited with effect from June 27, 2011) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. Pursuant to the merger of MCB-Asset Management Company Limited and Arif Habib Investments Limited, the name of the Management Company (Arif Habib Investments Limited being the surviving entity) has been changed from Arif Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 25, 2011 and was executed on March 7, 2011. According to the Trust Deed, the first accounting period of the Fund commenced from May 1, 2011 i.e. the date on which the trust property was first paid or transferred to the Trustee. The SECP has approved Supplemental Trust Deed, under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), vide its letter No. SCD/AMCW/MCBAHSIL/MCBIF/396/2017 dated January 25, 2017 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alhamra Islamic Income Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, off. Shaheed-e-Millat Expressway, near KPT interchange, Karachi, Pakistan.

The Fund is an open-end collective investment scheme categorised as a "Shariah Compliant (Islamic) Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to seek to generate superior risk adjusted returns by investing in short, medium and long-term high quality Shariah Compliant fixed income instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Management quality rating of AM2++ dated October 08, 2018 to the Management Company and AA-(f) as stability rating dated June 30, 2018 to the Fund.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This Condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act 2017 along with part VIIIA of the repealed Companies ordinance, 1984 ; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

- 2.2** 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 Fund for the year ended June 30, 2018.
- 2.3** In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2018.
- 2.4** These condensed interim financial statements are unaudited. Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.
- 2.5** The date of initial application" of IFRS 9 is the date when the entity first applies its requirements. Therefore, the beginning of an interim or annual reporting period i.e July 01, 2018 is the date of initial application and applied prospectively because it is not possible to do so with out the use of hindsight and is impracticable, therefore comparative figures are not restated. The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at September 30, 2018 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2018, whereas the comparatives in the condensed interim income statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Fund for the quater ended September 30, 2017.

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

- 3.1** The accounting policies, financial risk management objectives and policies, basis of accounting estimates applied and methods of computation adopted in the preparation of the condensed interim financial statement and all standards, interpretations and amendments to published approved accounting standards are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018, except with respect to adopt of adoption of IFRS- 9 as explained in detail in note 3.2.
- 3.2** In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well. Further, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. From July 01, 2018 the Fund has adopted IFRS-9 as per approved accounting and reporting standards as applicable in Pakistan.

Key requirements of IFRS 9:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election at initial recognition to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. However, the SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement:

Classification and Measurement of Financial Assets and Financial Liabilities after the adoption of IFRS-9 is discussed as under:

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Listed equity securities classified as 'at Available for sale' investments carried at fair value have been re-designated & will be measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Debt securities (Listed / Unlisted) and government securities classified as 'at Fair value through Profit or Loss' investments carried at fair value will continue to be subsequently measured at Fair value through Profit or Loss upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- all financial assets classified as Loans and receivable as on June 30, 2018 have now been re-classified as Amortized cost. These assets under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.
- All other financial assets and financial liabilities under IFRS - 9 will continue to be measured on the same bases as was adopted under IAS 39.

	(Un Audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees in '000)	
4 Balances with Bank		
- in saving accounts	1,142,876	1,973,916
- in current accounts	2,994	7,939
	1,145,870	1,981,855

5 INVESTMENTS

'at fair value through profit or loss'

Government securities	5.1.1	35,886	37,141
Quoted sukuk certificates	5.1.2	658,682	685,308

at amortised cost'

Term Deposit Receipt	5.2.1	260,000	-
Commercial Paper	5.2.2	568,837	-
		1,523,405	722,449

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

5.1 at fair value through profit or loss'

5.1.1 Government securities - Government of Pakistan (GoP) Ijara sukuks

Issue date	Tenor	Face value				Carrying value as at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution) as at June 30,	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the year	Sold / matured during the year	As at September 30, 2018					
----- (Rupees in '000) -----										
18 December 2015	3 years	37,000	-	1,000	36,000	36,063	35,886	(177)	1.34%	2.36%
Total September 30, 2018						36,063	35,886	(177)	1.34%	2.36%
Total June 30, 2018						37,110	37,141	31		

5.1.2 Sukuk certificates- Unlisted

Issuer	Number of certificates				Carrying value as at September 30, 2018	Market value as at September 30, 2018	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Investments as a percentage of total issue size
	As at July 1, 2018	Purchased during the year	Sold / matured during the year	As at September 30, 2018						
---- (Rupees in '000) ----										
Fertilizer										
Engro Fertilizers Limited (face value Rs 5,000 each)	23,600	-	-	23,600	41,713	41,550	(163)	1.55%	2.73%	3.69%
Chemical										
Ghani Gases Limited (face value Rs 100,000 each)	1,000	-	-	1,000	74,933	74,828	(105)	2.79%	4.91%	7.69%
Pharmaceutical										
Aspin Pharma (Pvt) Ltd (face value Rs 100,000 each)	2,000	-	-	2,000	198,642	198,354	(289)	7.39%	13.02%	13.33%
Miscellaneous										
International Brands Limited (face value Rs 100,000 each)	3,450	-	-	3,450	345,000	343,950	(1,050)	12.81%	22.58%	12.19%
Total September 30, 2018					660,288	658,682	(1,607)	24.54%	43.24%	
Total June 30, 2018					689,176	685,308	(3,868)			

5.2 'at amortised cost'

Particulars	Profit / mark-up rate	Maturity date	Closing balance as at September	Value as a percentage of net assets	Value as percentage of
Bank Islami Pakistan Limited	7.70%	October 26, 2018	260,000	9.68%	17.07%
Total as at September 30, 2018			260,000	9.68%	17.07%
Total as at June 30, 2018			-	-	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

5.2.2 These Include investment in commercial paper of Hascol Petroleum and K-Electric at 8.29% and 8.25% respectively as at September 30, 2018

(Un Audited)	
September 30, 2018	September 30 2017
(Rupees in '000)	
Market value	442,900
Less: carrying value	(441,987)
	<u>913</u>

(Un Audited) September 30, 2018	(Audited) June 30 2018
---------------------------------------	------------------------------

Note

7 ACCRUED EXPENSES AND OTHER LIABILITIES

(Rupees in '000)

Federal excise duty and other related taxes payable on management remuneration	7.1	8,639	8,639
Federal excise duty and other related taxes payable on sales load		3,028	3,028
Provision against Sindh Workers' Welfare Fund	7.2	5,588	4,722
Sales load payable to - MCB Bank Limited related party		-	8
Auditors' remuneration		468	437
Capital gain tax payable		156	1,165
Sindh sales tax payable on allocated expenses		671	582
Printing charges payable		65	40
Others		228	83
Payable against rating fee		-	149
		<u>18,843</u>	<u>18,853</u>

7.1 There is no change in the status of the SWWF as reported in the annual financial statements of the Fund for the year ended June 30, 2018. Had the provision for SWWF not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re.0.21 per unit (June 30, 2018 Re.0.1845 per unit).

7.2 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2018. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re.0.33 per unit (June 30, 2018: Re.0.3376 per unit).

8 CONTINGENCIES & COMMITMENTS

There were no contingencies and commitments as September 30, 2018 and June 30, 2018.

9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended September 30, 2018 is 0.34% (2018: 1.22%) which includes 0.08% (2018: 0.29%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a income scheme.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

10 EARNING 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.

11 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

12.1 Details of the transactions with related parties / connected persons during the period

Unit Holders' Fund Movement

For the Quarter September 30, 2018 (Unaudited)									
As at July 01, 2018	Issuance (including additional units)	Bonus	Redeemed / conversion out / transfer out	As at September 30, 2018	As at July 01, 2018	Issuance*	Bonus	Redeemed / conversion out / transfer out	As at September 30, 2018
Units									
(Rupees in '000)									
Associated									
Alhamra Islamic Active Allocation Fund (Plan I)	6,816,335	1,319,624	-	986,243	7,149,716	723,157	100,259	100,000	758,526
Alhamra Islamic Active Allocation Fund (Plan II)	3,965,839	194,594	-	-	4,160,433	420,743	151	-	441,388
Directors and executives of the Management Company									
	40,361	36,119	-	26,526	49,954	4,282	3,564	2,696	5,300
Mandate under Discretionary portfolio									
	1,906,219	284,053	-	677,749	1,512,523	202,234	23,975	68,902	160,466

* Includes additional units issued at zero cost

For the quarter ended September 30, 2017 (Un Audited)									
	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at September 30, 2017	As at July 01, 2017	Issued for cash	Bonus	As at September 30, 2017
	Units								
	(Rupees in '000)								
Associated									
Adanjee Life Assurance Company Limited (Amanat Fund)	119,318	324,965	-	211,045	233,238	12,060	33,000	-	23,817
Alhamra Islamic Active Allocation Fund (Plan I)	6,151,984	3,947,931	-	5,525,749	4,574,166	621,816	400,000	-	467,084
Alhamra Islamic Active Allocation Fund (Plan II)	495,648	8,789,590	-	2,560,537	6,724,702	50,098	893,500	-	686,683
Directors and executives of the Management Company	88,426	107,261	-	45,612	150,076	8,938	10,893	-	15,325
Mandate under Discretionary portfolio	661,137	197,261	-	174,700	683,698	66,825	19,974	-	69,815

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

12.2 Details of transactions with related parties / connected persons during the period

	(Unaudited) September 30, 2018	September 30, 2017
	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	5,846	3,704
Allocated expense and related taxes	790	646
Shariah advisory fee	228	225
MCB Bank Limited - Parent of the Management Company		
Profit on bank balances	-	21
Bank charges	1	10
Silkbank Limited		
Profit on bank balances	6,955	-
Bank charges	16	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	914	791

12.3 Outstanding Balances with related parties / connected persons at the end of period

	(Un-Audited) September 30, 2018	(Audited) June 30 2018
	------(Rupees)-----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management fee payable	1,694	1,788
Sindh sales tax payable on management fee	220	232
Front-end load payable	13	68
Sales tax on front end load	2	10
Allocated expenses payable	221	75
Shariah Advisory fee payable	78	247
Receivable against sale of units	-	1,495
MCB Bank Limited - Parent of the Management Company		
Bank balances	1,432	5,355
Front-end load payable	-	8
MCB Islamic Bank Limited		
Bank balances	16	16
Profit receivable on bank balances	-	9
Silkbank Limited		
Bank balances	497	814,236
Profit receivable on bank balances	-	9,497
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	258	281
Sindh Sales Tax payable on trustee remuneration	34	36
Security deposit	100	100

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

13 GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and disclosure. No significant rearrangement or reclassification has been made in this condensed interim financial information, except for the impacts of change in accounting policies as disclosed in note 3.2.

14 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 22, 2018 by the Board of Directors of the Management Company.

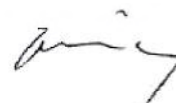
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

Head Office: 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,
URL: www.mcbah.com, Email: info@mcbah.com