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# **Vision**

To become synonymous with Savings.

# **Mission**

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

# **Core Values**

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

## COMPANY INFORMATION

<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Share Registrar</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326031 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Faysal Bank Limited Bank Alfalah Limited	
<b>Auditors</b>	<b>KPMG Taseer Hadi &amp; Co.</b> Chartered Accountants 1st Floor, Shaikh Sultan Trust, Building No. 2, Beaumont Road, Karachi - 75530	
<b>Legal Advisors</b>	<b>Akhund Forbes</b> D-21, Block-4, Scheme-5 Clifton, Karachi	
	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Registered Office</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi-74900	
<b>Rating</b>	Asset Manager: "AM2++"(PACRA) Entity Ratings: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	

## **DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2018**

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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, 2018.

The Company recorded a gross income of Rs. 560 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 417 million, the company earned a profit before tax of Rs. 143 million. The net profit after tax for the period amounts to Rs. 80 million, as compared to net profit of Rs. 153 million for the corresponding period ended March 31, 2017. With stability in funds under management and improved performance expectations, the company is expected to deliver better results going forward.

### **MARKET & ECONOMIC REVIEW**

#### **Economy and Money Market Review**

The economic scorecard showed a mixed picture with the real side depicting strong growth momentum while external side demanding policy measures.

The policy makers allowed the PKR/USD parity to adjust towards ~115 to support the deteriorating reserves position by arresting the worsening external account. The government at the end of March announced a tax amnesty scheme for undeclared foreign and domestic assets with tax rates ranging from 2%-5%.

The real growth remained strong depicted by Large Scale Manufacturing registering a growth of 6.24% YoY in first eight months of FY18 supported by strong growth in Petroleum Products, Steel and Food & Beverage sectors. The better preliminary crop numbers of cotton, wheat and sugar along with strong LSM growth is expected to keep the growth target of 6% in reach.

The fiscal deficit for the first half of this financial year was recorded at ~2.2% of GDP, despite high tax collection. Tax Authorities managed to collect PKR 2.0 trillion during the period, showing a growth of 17.6% compared to same period last year.

CPI for the nine months of FY18 remained modest averaging 3.78% YoY supported by stable food prices, controlled house rent and higher base effect. However, rising oil prices and depreciating currency indicate upward pressure going forward.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the nine months clocked in at ~USD 10.8 billion (up 50% YoY). Trade deficit for the first nine months of the financial year reached USD 19.7 billion up ~22% YoY. Import registered an increase of ~17% during the half year, propelled by petroleum imports and an expansionary fiscal and monetary policies. On the flip side, the impact of textile package introduced by the government in order to boost exports, started to gain some momentum as textile exports grew by ~8% during the nine months of the financial year, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~3.6 billion, despite USD 2.5 billion bond issuance in international bond markets. PKR also depreciated by ~10% against USD indicating a much need attempt from government to address widening external account.

## **DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2018**

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Money markets took clue from the rising inflation expectations, after the recent rupee depreciation, as against all tenors, 3-months Treasury Bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions and banks in auctions.

### **Equity Market Review**

The benchmark index posted a cumulative 9MFY18 return of -2.16% as compared to 27.45% SPLY. However, much anticipated currency depreciation event rejuvenated subdued investor interest in the market. Also, developments on the macro front along with relative calm on the political front (Senate elections held on Mar3'18) drove market performance during the quarter. This was evident in 3QFY18's gain of ~12.5% in the benchmark index.

Macro vulnerabilities continued to impact the market as burgeoning current account deficit and higher debt servicing continued to exert pressure on SBP's foreign exchange reserves. Furthermore, announcement of a status quo in Monetary Policy on Mar 30'18 was quite contrary to market expectations. Other eminent events till date include 1) SC's decision declaring Nawaz Sharif ineligible to continue as party head while dismissing all political actions taken by him since Jul 28'17 (Panama case verdict) and 2) inclusion of Pakistan in FATF's watch-list.

While 9MFY18 numbers show USD 124 mn foreign selling, this trend was reversed in the last quarter where massive foreign buying of ~USD 31.2 mn was witnessed. In 9MFY18, foreign selling was mainly absorbed by insurance companies (USD 104 mn). Average volumes and value traded were 175 mn shares and PKR 8.3 bn respectively. Positive contribution to the index was led by E&Ps (+26%) and Refineries (+15%). E&Ps rallied on the back of increase in oil prices by ~37%. Negative contributors to the index were Cement (-23%), Autos (16%) and Oil Marketing Companies (-13%). Cement sector's lackluster performance was because of concerns over future pricing discipline on upcoming capacity expansions of ~4.5 mn tons in the next 7-8 months in the Southern region. However, the sector rebounded in the latest quarter on the back of price increase of ~Rs 50/bag in a phased manner throughout the month of March as well as improved dispatches number. Auto performed poorly on anticipation of currency depreciation and strengthening of Yen. OMC sector underperformed due to disappointing results (inventory losses), ban on import of furnace oil and weak demand outlook.

It is important to highlight that in 3QFY18, Commercial Banks, Chemicals and Fertilizers outperformed the market gaining (14.1%, 14.9% and 11.3% respectively). Banks' rally can be attributed to currency depreciation and ensuing rate rise expectations. Chemicals gained due to strong international chemical margins. Interest in fertilizer sector remained high due to strong international fertilizer prices, comfortable inventory situation and outstanding sales numbers.

### **MARKET & ECONOMY - FUTURE OUTLOOK**

The recent rupee depreciation of ~10% is expected to reflect in the external account numbers going forward. Exports are expected to continue growth trajectory with textile package also providing support. Unnecessary imports are expected to slow down reflecting the higher imported cost. Given our outlook of trade deficit and weak performance on remittances, we expect current account deficit to approach ~USD 16 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion.

## **DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2018**

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Next year could fare better, provided oil stays close to current levels, given machinery imports would slow down and impact of recent rupee devaluation would be more visible in proceeding year's numbers.

The recent tax amnesty scheme announced could be successful as it is followed by some complimentary steps to curb the undeclared money. Additionally, regulations over the world would allow information sharing of residents from September, 2017 and undeclared assets would be difficult to hide. The tax amnesty scheme could bring in much needed foreign inflow of around ~USD 4 bn.

KSE-100 trades at a forward P/E of 10.28x, at a steep discount of 19.5% from its emerging market peer group. Enduring themes that should play out over the medium-term include PKR depreciation and higher interest rates, CPEC and continued GoP support for the export-oriented sector that would encourage exports. The upcoming budget with expectations of removal of tax on bonus shares and rationalization of capital gains tax could propel positive sentiments. The success of the amnesty scheme would also be a positive omen as foreign inflows would allow to control external vulnerabilities and stock market would become a potential investment avenue after whitening of money.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an expected uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

### **MUTUAL FUND INDUSTRY REVIEW**

The Net Assets of the open end mutual fund industry stood at ~PKR 594 billion at the end of the 9MFY18. Size of Fund of Funds (Conventional), Money market funds (Conventional/Shariah-Compliant) and Income Funds (Shariah-Compliant) increased during nine month of the financial year.

In terms of the segment share, Equity and Equity related funds continued to be the leaders with a share of ~60%, followed by Income funds and Money Market funds having shares of 18% and 18% respectively.

### **MUTUAL FUND INDUSTRY OUTLOOK**

Policy actions by the incumbent government to improve the macro environment would enhance attractiveness towards equity funds for an investor with medium to long term investment horizon. Money market funds are expected to remain stable however, expectations of monetary tightening is likely to result in improved returns going forward. With lower interest rates, investors are keen to explore avenues to enhance returns and are increasingly becoming open to professional investment advisory services.

For and on behalf of the Board



**Muhammad Saqib Saleem**  
Chief Executive Officer  
Karachi: April 19, 2018



**Nasim Beg**  
Director/Vice Chairman

ڈائریکٹرز رپورٹ  
برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

میو چل فنڈ کی صنعت کا جائزہ

مالی سال 2018ء کے نو ماہ کے اختتام پر اوپن end میو چل فنڈ کی صنعت کے net اثاثہ جات 594 بلین روپے تھے۔ فنڈ آف فنڈز (کنویٹنٹل)؛ منی مارکیٹ فنڈز (کنویٹنٹل / شرعی) اور انکم فنڈز (شرعی) کے حجم میں مالی سال کے نو ماہ کے دوران اضافہ ہوا۔ سیکمٹ شیئرز کے ضمن میں ایکویٹی اور ایکویٹی سے متعلقہ فنڈز 60% شیئرز کے ساتھ بدستور صنف اول میں رہے، جبکہ انکم فنڈز اور منی مارکیٹ فنڈز بالترتیب 18% اور 18% شیئرز کے ساتھ دوسرے اور تیسرے نمبر پر تھے۔

میو چل فنڈ کی صنعت - مستقبل کی صورتحال

کلاں معاشیات کی صورتحال میں بہتری کے لئے موجودہ حکومت کے پالیسی اقدامات سے ایکویٹی فنڈز میں درمیانے اور طویل میعاد کے سرمایہ کاروں کی دلچسپی میں اضافہ ہوگا۔ منی مارکیٹ فنڈز منقطع طور پر مستحکم رہیں گے، تاہم مالیاتی حدود و قیود کی توقعات کے نتیجے میں مستقبل میں بہتر منافع کی اُمید کی جاسکتی ہے۔ انٹریٹ کی پست شرحوں کی بدولت سرمایہ کار منافع میں اضافے کے مواقع آزمانے میں دلچسپی لے رہے ہیں اور سرمایہ کاری کی پیشہ ورانہ مشاورتی خدمات حاصل کرنے میں زیادہ شرح صدر کا مظاہرہ کر رہے ہیں۔

برائے اور من جانب بورڈ،

نسیم بیگ  
ڈائریکٹر / وائس چیئرمین

محمد قاسم سلیم  
چیف ایگزیکٹو آفیسر  
کراچی: 19 اپریل 2018ء

## ڈائریکٹرز رپورٹ

برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

پاکستان کے غیر ملکی زرمبادلہ کے ذخائر پر دباؤ جاری رکھا۔ علاوہ ازیں، 30 مارچ 2018ء کو ماہیگیری پالیسی میں سابقہ معیار جاری رکھنے کا اعلان مارکیٹ کی توقعات کے برخلاف تھا۔ تا حال دیگر اہم واقعات میں (1) سپریم کورٹ کا نواز شریف کو پارٹی سربراہی جاری رکھنے سے نااہل قرار دینے اور 28 جولائی 2017ء سے ان کے تمام سیاسی اقدامات کو بے اثر قرار دینے کا فیصلہ (پانامہ کیس کا فیصلہ)، اور (2) پاکستان کی FATF کی وائچ لسٹ میں شمولیت شامل ہیں۔

اگرچہ مالی سال 2018ء کے نو ماہ کے اعداد و شمار کے مطابق 124 ملین امریکی ڈالر کی غیر ملکی فروخت ہوئی، لیکن آخری سہ ماہی میں اس رجحان میں تہدیلی آگئی اور 31.2 ملین ڈالر کی خطیر خریداری دیکھی گئی۔ مالی سال 2018ء کے نو ماہ میں غیر ملکی فروخت کا اثر زیادہ تر انشورنس کمپنیوں نے قبول کیا (104 ملین امریکی ڈالر)۔ اوسطاً 8.3 بلین روپے مالیت کے 175 ملین حصص کی تجارت ہوئی۔

انڈیکس میں سب سے زیادہ مثبت کردار E&Ps (+26%) اور ریٹائرمنٹ (+15%) نے ادا کیا۔ E&Ps نے تیل کی قیمتوں میں اضافے کی بدولت 37% ترقی کی۔ انڈیکس پر منفی اثرات سیمنٹ کے شعبے (-23%)، گاڑیوں کے شعبے (-16%) اور آئل مارکیٹنگ کمپنیوں (-13%) نے مرتب کئے۔ سیمنٹ کے شعبے کی غیر معیاری کارکردگی کی وجہ اگلے 7-8 ماہ میں جنونی نکلنے میں استعداد میں 4.5 ملین ٹن وسعت کی قیمتوں کے تعین کے نظام میں خدشات ہیں۔ تاہم مارچ کے پورے مہینے کے دوران 50 روپے فی تقابلی قیمت میں بتدریج اضافے اور ترسیلات کی تعداد میں اضافے کے باعث موجودہ سہ ماہی میں اس شعبے نے دوبارہ ترقی کی۔ گاڑیوں کے شعبے نے روپے کی قدر میں کمی اور جاپانی ین میں استحکام کی توقع میں غیر معیاری کارکردگی کا مظاہرہ کیا۔ OMC کے شعبے نے ماپوس کن تاج (انوینٹری کے نقصانات)، بفر نیس آئل کی درآمد پر پابندی اور مانگ میں کمی کے رجحان کے باعث مطلوبہ سے کم کارکردگی کا مظاہرہ کیا۔

یہ بات قابل ذکر ہے کہ مالی سال 2018ء کی تیسری سہ ماہی میں کمرشل بینک، گینیکلز اور کھاد کے شعبے بالترتیب 14.1%، 14.9% اور 11.3% ترقی کر کے مارکیٹ میں صاف اول میں رہے۔ بینکوں کی ترقی کا سبب روپے کی قدر میں کمی اور اس کے نتیجے میں شرح میں اضافے کی توقعات کو قرار دیا جاسکتا ہے۔ گینیکلز کے شعبے نے منظم بین الاقوامی منافع کی بدولت ترقی کی۔ کھاد کے شعبے میں دلچسپی میں اضافے کے سبب کھاد کی بین الاقوامی قیمتوں میں استحکام، انوینٹری کی اطمینان بخش صورتحال اور شاندار فروخت ہیں۔

### بازار اور معیشت - مستقبل کی صورتحال

روپے کی قدر میں حالیہ 10% کمی کی عکاسی متوقع طور پر خارجی اکاؤنٹ کے بلند ہوتے ہوئے اعداد و شمار میں ہوگی۔ برآمدات کی ترقی کا سفر جاری رہنے کی امید ہے، اور ٹیکسٹائل کٹیج بھی پشت پناہی فراہم کرے گا۔ درآمداتی لاگت میں اضافے کے باعث غیر ضروری درآمدات میں کمی متوقع ہے۔ تجارتی خسارے اور ترسیلات زر کی کمزور کارکردگی کے پیش نظر کرنٹ اکاؤنٹ کا خسارہ متوقع طور پر 16 بلین ڈالر تک پہنچ جائے گا، جس کے نتیجے میں ہمارے تخمینے کے مطابق تقریباً 5 بلین ڈالر کی اضافی سرمایہ کاری کی ضرورت ہوگی۔ اگلا برس کافی بہتر ہو سکتا ہے، بشرطیکہ تیل موجودہ سطحوں کے قریب برقرار رہے، بشیرتی کی موجودہ درآمدات میں کمی ہو، اور روپے کی قدر میں حالیہ کمی کی عکاسی اگلے سال کے اعداد و شمار میں واضح تر ہو۔

حالیہ اعلان کردہ ٹیکس معاف اسکیم کا مہیا ہو سکتی ہے کیونکہ اس کے ساتھ ساتھ غیر اعلانیہ رقم پر قابو پانے کے لیے کچھ مفید اقدامات کیے گئے ہیں۔ اس کے علاوہ عالمی سطح کے اصول و ضوابط کے نتیجے میں ستمبر 2017ء سے رہائشیوں کی معلومات ظاہر کرنے کی اجازت ہوگی اور غیر اعلانیہ اثاثہ جات کو پوشیدہ رکھنا مشکل ہو جائے گا۔ ٹیکس معاف اسکیم تقریباً 4 بلین ڈالر کی مطلوبہ آمد کو بھی یقینی بنا سکتی ہے۔

KSE-100 کی تجارت 10.82x کی فارورڈ P/E پر ہوئی جو اس کے اُبھرتے ہوئے مارکیٹ peer گروپ کے مقابلے میں 19.5% کی بھرپور رعایت ہے۔ مستحکم پیش رفت، جن کا اثر درمیانی مدت تک رہے گا، میں روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور CPEC اور برآمدات پر منحصر شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں۔

آئندہ بجٹ، جس میں بونس حصص پر ٹیکس ختم ہونے اور کیپٹل منافعوں کی rationalization کی متوقع ہے، خوش آئند ثابت ہو سکتا ہے۔ ٹیکس معاف اسکیم کی کامیابی بھی مثبت علامت ہوگی کیونکہ غیر ملکی آمدات سے خارجی خطرات پر قابو پایا جاسکے گا اور اسٹاک مارکیٹ کا لے ڈھن کی صفائی کے بعد سرمایہ کاری کا اچھا موقع فراہم کرے گی۔ مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رُخ، خاص طور پر ادا کیے جانے والے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

## ڈائریکٹرز رپورٹ

برائے نو ماہ اختتام پذیر 31 مارچ 2018ء

ایم سی بی۔ عارف حبیب سیونگر اینڈ انوسٹمنٹس لمیٹڈ (MCBAH) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2018ء کو ختم ہونے والے نو ماہ کے لئے MCBAH کے معاملات کی رپورٹ پیش خدمت ہے۔

کپنی کی gross آمدنی 560 ملین روپے ہے جس میں منجمنٹ / انوسٹمنٹ اینڈ وائزر فیس اور دیگر آپریٹنگ آمدنی شامل ہے۔ ایڈمنسٹریٹو، آپریٹنگ اور فنانشل اخراجات اور آمدنی کی تقسیم 417 ملین روپے منہا کرنے کے بعد کپنی کا منافع قبل از ٹیکس 143 ملین روپے بنتا ہے۔ Net منافع بعد از ٹیکس برائے مذکورہ مدت 80 ملین روپے ہے، جبکہ 31 مارچ 2017ء کو ختم ہونے والی اسی مدت کے لئے 153 ملین روپے تھا۔ منجمنٹ کے تحت فنڈز میں استحکام اور بہتر کارکردگی کی توقعات کے پیش نظر کپنی مستقبل میں بہتر نتائج پیش کرنے کے لئے پُر امید ہے۔

### بازار اور معیشت کا جائزہ

#### معیشت اور بازار کا جائزہ

معاشی اعداد و شمار میں ملاحظہ جاری رہا۔ حقیقی زرخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی زرخ پالیسی کے اقدامات مطالبہ کر رہا ہے۔ پالیسی ساز پاکستانی روپے اور امریکی ڈالر کے مابین برابری کو 115 کی جانب لے گئے تاکہ کھٹے ہوئے ذخائر کے باعث خارجی اکاؤنٹ کی بگڑتی ہوئی حالت پر قابو پایا جاسکے۔ مارچ کے اختتام پر حکومت نے غیر اعلانیہ ملکی وغیر ملکی اثاثہ جات کے لئے ٹیکس میں رعایت کی پالیسی کا اعلان کیا اور جس پر ٹیکس کی شرح کو 2% سے 5% تک متعین کیا۔ حقیقی ترقی مستحکم رہی جس کی عکاسی بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مالی سال 2018ء کے پہلے آٹھ ماہ میں 6.24% YoY ترقی سے ہوئی، اور اس کی پشت پناہی پٹرولیم مصنوعات، اسٹیل اور ایشیائی خورد و نوش کے شعبے میں مستحکم ترقی نے کی۔ کپاس، گندم اور چینی کی بہتر ابتدائی فصل بشمول منسب و LSM ترقی کی بدولت 6% ترقی کا ہدف متوقع طور پر قابل حصول ہے۔

موجودہ مالی سال کی پہلی ششماہی میں ٹیکس کے بھرپور حصول کے باوجود مالی خسارہ مجموعی ملکی پیداوار (GDP) کا 2.2% تھا۔ ٹیکس کے اداروں نے دوران مدت 2.0 ٹریلین روپے ٹیکس جمع کیا جو سال گزشتہ کی اسی مدت کے مقابلے میں 17.6% زیادہ ہے۔

مالی سال 2018ء کے نو ماہ کے لئے CPI کا اوسط YoY 3.78% کے درمیانے درجے پر تھا جس کی پشت پناہی ایشیائی خورد و نوش کی مستحکم قیمتوں کی محدود رہائشی کرانے اور پہلے سے زیادہ base effect سے ہوئی۔ تاہم تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر دو باتوں میں مزید اضافے کی طرف اشارہ کر رہی ہیں۔ خارجی زرخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے نو ماہ 10.8 بلین ڈالر تھا (YoY 50% اضافہ)۔ مالی سال کے پہلے نو ماہ میں تجارتی خسارہ 19.7 ڈالر تک پہنچ گیا، جو YoY 22% اضافہ ہے۔ سال کے نصف اول کے دوران درآمدات میں 17% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب درآمدات کے فروغ کے لئے حکومت کے متعارف کردہ ٹیکسٹائل پیکیج کے اثرات نے کچھ رفتار بگڑی اور مالی سال کے پہلے نو ماہ کے دوران ٹیکسٹائل کی درآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی درآمدات سے پیدا ہونے والی طلب کو پُر کرنے کے لئے ناکافی تھا۔ نتیجتاً، غیر ملکی زرمبادلہ کے ذخائر میں 3.6 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے بانڈز کا اجراء ہوا۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 10% کمی ہوئی، جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔ روپے کی قدر میں حالیہ کمی کے بعد فراڈز میں تمام tenors کے مقابلے میں اضافے کی توقعات بازارز کے لئے اشارہ تھا۔ سہ ماہی زرخری بلز کو سب سے زیادہ ترجیح حاصل رہی، جبکہ طویل المیعاد پاکستان انوسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو مالیاتی اداروں اور auctions میں بینکوں سے بہت محدود پذیرائی حاصل ہوئی۔

#### ایکویٹی مارکیٹ کا جائزہ

مالی سال 2018ء کے نو ماہ میں بیچ مارک انڈیکس کا مجموعی منافع -2.16% تھا۔ تاہم روپے کی قدر میں متوقع کمی نے مارکیٹ میں سرمایہ کاروں کی محدود دلچسپی میں اضافہ کر دیا۔ علاوہ ازیں، وسیع زرخ میں متعدد پیش رفت اور سیاسی زرخ میں نسبتاً کم ہلچل (سٹیٹ انتخابات منعقدہ 3 مارچ 2018ء) کا دوران سہ ماہی بازار کی کارکردگی پر اثر ہوا، جو مالی سال 2018ء کی تیسری سہ ماہی میں بیچ مارک انڈیکس میں 12.5% منافع سے ظاہر ہے۔

کلاں معاشیات کے خطرات کا مارکیٹ پر اثر جاری رہا، اور کرنٹ اکاؤنٹ کے تیزی سے بڑھتے ہوئے خسارے اور پہلے سے زیادہ debt سرونگ نے اسٹیٹ بینک آف

**CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2018**

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	399,617,776	375,063,339
Long-term investments	5	540,052,806	547,193,018
Long-term loans and receivables		28,484,159	26,918,837
Long-term deposits		4,257,206	4,290,038
		<b>972,411,947</b>	<b>953,465,232</b>
<b>Current assets</b>			
Receivable from related parties		516,123,404	484,368,200
Loans and advances		13,145,145	7,480,791
Deposits, prepayments and other receivables		77,534,072	62,662,596
Accrued mark-up		170,816	72,809
Short-term investments	6	569,802,915	669,301,170
Taxation - net		76,681,403	67,730,351
Cash and bank balances		20,005,025	18,692,497
		<b>1,273,462,780</b>	<b>1,310,308,414</b>
<b>Total assets</b>		<b>2,245,874,727</b>	<b>2,263,773,646</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital			
72,000,000 (June 30, 2017: 72,000,000) ordinary shares of Rs 10 each		<b>720,000,000</b>	<b>720,000,000</b>
Issued, subscribed and paid-up share capital		<b>720,000,000</b>	<b>720,000,000</b>
Reserves		<b>813,782,357</b>	<b>859,537,437</b>
<b>Total equity</b>		<b>1,533,782,357</b>	<b>1,579,537,437</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation		60,251,043	49,012,986
<b>Current liabilities</b>			
Trade and other payables	7	651,841,327	635,223,223
<b>Total liabilities</b>		<b>712,092,370</b>	<b>684,236,209</b>
<b>Total equity and liabilities</b>		<b>2,245,874,727</b>	<b>2,263,773,646</b>

**CONTINGENCIES AND COMMITMENTS**

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

Note	Nine months ended		Quarter ended		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
	Rupees				
<b>Revenue</b>					
Management fee / investment advisory fee	8	514,444,817	489,583,036	174,416,508	172,943,876
Processing and other related income		15,798,547	7,223,275	10,463,712	4,169,468
Profit on bank deposits		995,326	945,865	447,192	281,899
Income from government securities		-	5,824,889	-	226,648
Capital (loss) / gain on sale of investments - net		(8,824,265)	63,052,518	3,450,266	39,135,763
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		9,831,964	10,194,598	3,267,019	6,207,794
<b>Total income</b>		<b>532,246,389</b>	<b>576,824,181</b>	<b>192,044,697</b>	<b>222,965,449</b>
<b>Expenses</b>					
Administrative expenses	9	(334,541,004)	(251,992,829)	(125,509,698)	(101,268,525)
Selling and distribution expenses	10	(79,124,416)	(126,158,173)	(28,077,392)	(32,838,882)
Financial charges		(391,616)	(375,293)	(35,300)	(15,075)
Other expenses		(2,970,000)	(4,650,000)	(850,000)	(2,170,000)
		<b>(417,027,036)</b>	<b>(383,176,295)</b>	<b>(154,472,390)</b>	<b>(136,292,482)</b>
Other income	11	27,677,430	14,730,564	5,946,053	121,044
<b>Profit for the period before taxation</b>		<b>142,896,783</b>	<b>208,378,450</b>	<b>43,518,360</b>	<b>86,794,011</b>
<b>Taxation</b>					
- Current		(49,287,223)	(50,593,386)	(18,267,181)	(19,523,872)
- Prior		(3,308,336)	(1,087,309)	-	-
- Deferred		(10,197,799)	(3,697,911)	(3,360,219)	(879,718)
		<b>(62,793,358)</b>	<b>(55,378,606)</b>	<b>(21,627,400)</b>	<b>(20,403,590)</b>
<b>Profit for the period after taxation</b>		<b>80,103,425</b>	<b>152,999,844</b>	<b>21,890,960</b>	<b>66,390,421</b>
Earnings per share - basic and diluted (Rupees)		<b>1.11</b>	<b>2.12</b>	<b>0.30</b>	<b>0.92</b>

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



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	<b>-----Rupees-----</b>			
<b>Profit for the period after taxation</b>	<b>80,103,425</b>	152,999,844	<b>21,890,960</b>	66,390,421
<b>Other comprehensive income for the period</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net unrealised appreciation / (diminution) on re-measurement of 'available for sale' investments net of deferred tax	141,495	99,355,693	59,640,700	(14,366,376)
	<u>141,495</u>	<u>99,355,693</u>	<u>59,640,700</u>	<u>(14,366,376)</u>
<b>Total comprehensive income for the period</b>	<b><u>80,244,920</u></b>	<u>252,355,537</u>	<b><u>81,531,660</u></b>	<u>52,024,045</u>

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Nine months ended	
	March 31, 2018	March 31, 2017
	-----Rupees-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	142,896,783	208,378,450
<b>Adjustments for non cash items:</b>		
Depreciation	13,745,527	9,293,394
Amortisation	5,678,067	3,766,314
Loss on sale of fixed assets	195,399	-
Capital (loss) / gain on sale of marketable securities	8,824,265	(63,052,518)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(9,831,964)	(10,194,598)
Financial charges	391,616	375,293
	<u>19,002,910</u>	<u>(59,812,115)</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	<b>161,899,693</b>	<b>148,566,335</b>
<b>WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Receivable from related parties	(31,755,204)	(8,854,134)
Deposits, prepayments and other receivables	(14,969,483)	(6,786,226)
Net proceeds against redemption of investments	108,827,921	185,802,825
Loans and advances	(5,664,354)	(5,434,618)
	<u>56,438,880</u>	<u>164,727,847</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	16,618,104	(6,011,967)
<b>NET CASH USED IN WORKING CAPITAL CHANGES</b>	<b>73,056,984</b>	<b>158,715,880</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>234,956,677</b>	<b>307,282,215</b>
Income tax paid	(61,546,613)	(65,326,013)
Finance cost paid	(391,616)	(375,293)
Dividend paid	(126,000,000)	(234,000,000)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>47,018,448</b>	<b>7,580,909</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(44,251,390)	(36,225,017)
Proceeds from sale of property plant and equipment	77,960	81,893
Long term loans and receivables	(1,565,322)	(537,099)
Long term deposits	32,832	(150,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(45,705,920)</b>	<b>(36,830,223)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,312,528</b>	<b>(29,249,314)</b>
Cash and cash equivalents at the beginning of the period	18,692,497	41,867,164
Cash and cash equivalents at the end of the period	<u>20,005,025</u>	<u>12,617,850</u>

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Rupees						
Issued, subscribed and paid-up capital	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	Unrealised appreciation on re-measurement of 'available for sale' financial assets	Sub-total	Total
720,000,000	396,000,000	(60,000,000)	336,000,000	235,421,017	257,807,770	493,228,787	1,549,228,787
				(126,000,000)		(126,000,000)	(126,000,000)
				152,999,844	99,355,693	252,355,537	252,355,537
				(108,000,000)	-	(108,000,000)	(108,000,000)
				(81,000,156)	99,355,693	18,355,537	18,355,537
<b>720,000,000</b>	<b>396,000,000</b>	<b>(60,000,000)</b>	<b>336,000,000</b>	<b>154,420,861</b>	<b>357,163,463</b>	<b>511,584,324</b>	<b>1,567,584,324</b>
720,000,000	396,000,000	(60,000,000)	336,000,000	203,615,334	319,922,103	523,537,437	1,579,537,437
				(126,000,000)		(126,000,000)	(126,000,000)
				80,103,425	141,495	80,244,920	80,244,920
				(45,896,575)	141,495	(45,755,080)	(45,755,080)
<b>720,000,000</b>	<b>396,000,000</b>	<b>(60,000,000)</b>	<b>336,000,000</b>	<b>157,718,759</b>	<b>320,063,598</b>	<b>477,782,357</b>	<b>1,533,782,357</b>

**Balance as at July 1, 2016**

Final dividend for the year ended June 30, 2016 @ 17.5% declared subsequent to the year end

Total comprehensive income for the nine months ended March 31, 2017

Interim dividend @ 15% ( Rupee 1.50 per share)

**Balance as at March 31, 2017**

**Balance as at July 1, 2017**

Final dividend for the year ended June 30, 2017 @ 17.5% declared subsequent to the year end

Total comprehensive income for the nine months ended March 31, 2018

**Balance as at March 31, 2018**

*M. Sanjiv*

Chief Executive Officer

*Rt*

Chief Financial Officer

*Pr*

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

**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 30 August 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Ltd. (now integrated into the Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On 19 January 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on 21 May 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being 27 June 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended 30 June 2011 which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from 23 May 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 "The registered office of the Company is situated at 24th Floor, Centre point Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan. 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 28 December 2017. Currently, the Company is managing the following funds under management:

Note	Net assets value as at	
	March 31, 2018	June 30, 2017
----- Rupees in million -----		
<b>Open-end Collective Investment Scheme (CISs)</b>		
Pakistan Income Fund	1,342	1,722
MCB Pakistan Stock Market Fund	11,156	11,629
MCB Pakistan Sovereign Fund	704	1,351
Pakistan Capital Market Fund	657	675
Pakistan Cash Management Fund	506	628
Pakistan Income Enhancement Fund	1,532	1,688
Alhamra Islamic Income Fund	3,200	1,981
Alhamra Islamic Stock Fund	3,379	2,915
Alhamra Islamic Asset Allocation Fund	3,171	1,485
MCB Pakistan Asset Allocation Fund	3,420	3,439
MCB DCF Income Fund	4,629	6,189
Alhamra Islamic Active Asset Allocation Fund Plan - I	1,475	1,584



Chief Executive Officer



Chief Financial Officer



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
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Note	Net assets value as at	
	March 31, 2018	June 30, 2017
	----- Rupees in million -----	
Alhamra Islamic Active Asset Allocation Fund Plan - II	863	88
MCB Cash Management Optimizer	16,022	10,094
MCB Pakistan Frequent Payout Fund	621	900
<b>Pension Funds</b>		
Pakistan Pension Fund	1,546	1,451
Alhamra Islamic Pension fund	756	729
<b>Discretionary portfolio</b>	<b>32,112</b>	<b>25,061</b>

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

	(Number)	
Number of clients	81	70
	(Rupees in million)	
Total portfolio at cost (Rs in millions)	29,320	24,924
Total portfolio at market value (Rs in millions)	30,325	24,878
	<b>31 March 2018</b>	31 March 2017
Fee earned (Rs in millions)	16	26

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

- Alhamra Islamic Pension fund (Formerly Pakistan Islamic Pension Fund)

1.6 During the period, the company launched "Alhamra Daily Dividend Fund" and Pre-IPO will start from 2<sup>nd</sup> April 2018 to 9<sup>th</sup> April 2018. The scheme is aimed at meeting investors' short to medium term investment requirements. The scheme seeks to provide investors' daily dividend through investment in Shariah Compliant instruments.

1.7 During the period, the company paid an amount of Rs. 300,000/- in respect of non-compliance of clause 5.7.2 (d) of Pakistan Stock Exchange regulations.

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 (PACRA).

## 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

## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

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 shall prevail. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by SECP vide its circular dated 4 October 2017, clarified by Institute of Chartered Accountants of Pakistan (ICAP) vide its circular dated 6 October 2017, these condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

- 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, 2017.
- 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, 2017.
- 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, 2017.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
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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, 2017.

**3.4 Standards, interpretations and amendments to published approved accounting standards**

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 01, 2017 are consistent with those disclosed in the half yearly published unaudited financial of the Company for the period ended December 31, 2017.

**3.5 Standards, amendments or an interpretation not yet effective**

3.5.1 Standards, amendments and interpretation of approved accounting standards effective for accounting periods beginning on or after January 01, 2018 are consistent with those disclosed in the half yearly published unaudited financial statements of the Company for the period ended December 31, 2017.

4	FIXED ASSETS	Note	(Unaudited) 31 March 2018	(Audited) 30 June 2017
			----- (Rupees) -----	
	<b>Tangible</b>			
	Property and equipment	4.1	91,495,651	87,070,895
	Capital work in progress		1,276,270	1,731,725
			<b>92,771,921</b>	88,802,620
	<b>Intangible assets</b>			
	Computer software	4.2	32,718,922	12,133,786
	Goodwill	4.2	82,126,933	82,126,933
	Management rights	4.2	192,000,000	192,000,000
			<b>306,845,855</b>	286,260,719
			<b>399,617,776</b>	375,063,339

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

**4.1 Property and equipment**

Following is a statement of property and equipment:

	31 March 2018 (Unaudited)					
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	(Rupees)					
<b>As at 1 July 2017</b>						
Cost	28,094,752	22,523,576	15,025,031	57,748,037	7,662,267	131,053,663
Accumulated depreciation	(18,535,777)	(9,633,950)	(2,716,360)	(5,434,414)	(7,662,267)	(43,982,768)
Net book value	<u>9,558,975</u>	<u>12,889,626</u>	<u>12,308,671</u>	<u>52,313,623</u>	<u>-</u>	<u>87,070,895</u>
<b>Nine months ended 31 March 2018</b>						
Opening net book value	9,558,975	12,889,626	12,308,671	52,313,623	-	87,070,895
Additions during the period	4,962,416	4,721,168	1,689,458	7,070,600	-	18,443,642
Disposals during the period						
Cost	(626,187)	(77,936)	-	-	-	(704,123)
Accumulated depreciation	395,676	35,088	-	-	-	430,764
	(230,511)	(42,848)	-	-	-	(273,359)
Depreciation for the period	(3,745,833)	(4,180,212)	(1,111,939)	(4,707,543)	-	(13,745,527)
<b>Closing net book value</b>	<u>10,545,047</u>	<u>13,387,734</u>	<u>12,886,190</u>	<u>54,676,680</u>	<u>-</u>	<u>91,495,651</u>
<b>As at 31 March 2018</b>						
Cost	32,430,981	27,166,808	16,714,489	64,818,637	7,662,267	148,793,182
Accumulated depreciation	(21,885,934)	(13,779,074)	(3,828,299)	(10,141,957)	(7,662,267)	(57,297,531)
Net book value	<u>10,545,047</u>	<u>13,387,734</u>	<u>12,886,190</u>	<u>54,676,680</u>	<u>-</u>	<u>91,495,651</u>
<b>Depreciation rates (% per annum)</b>	<u>25%</u>	<u>20% - 50%</u>	<u>10%</u>	<u>10% - 20%</u>	<u>25%</u>	

	30 June 2017 (Audited)					
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	(Rupees)					
<b>As at 1 July 2016</b>						
Cost	31,702,035	12,704,062	9,776,101	30,259,863	7,662,267	92,104,328
Accumulated depreciation	(25,188,074)	(7,454,615)	(1,743,281)	(1,058,431)	(7,662,267)	(43,106,668)
Net book value	<u>6,513,961</u>	<u>5,249,447</u>	<u>8,032,820</u>	<u>29,201,432</u>	<u>-</u>	<u>48,997,660</u>
<b>Year ended 30 June 2017</b>						
Opening net book value	6,513,961	5,249,447	8,032,820	29,201,432	-	48,997,660
Additions during the period	6,693,098	11,433,860	5,362,759	27,488,174	-	50,977,891
Disposals during the period						
Cost	(9,786,325)	(1,477,051)	(113,829)	-	-	(11,377,205)
Accumulated depreciation	9,702,862	1,350,384	113,822	-	-	11,167,068
	(83,463)	(126,667)	(7)	-	-	(210,137)
Write offs during the year						
Cost	(514,056)	(137,295)	-	-	-	(651,351)
Accumulated depreciation	514,055	137,294	-	-	-	651,349
	(1)	(1)	-	-	-	(2)
Depreciation for the period	(3,564,620)	(3,667,013)	(1,086,901)	(4,375,983)	-	(12,694,517)
<b>Closing net book value</b>	<u>9,558,975</u>	<u>12,889,626</u>	<u>12,308,671</u>	<u>52,313,623</u>	<u>-</u>	<u>87,070,895</u>
<b>As at 30 June 2017</b>						
Cost	28,094,752	22,523,576	15,025,031	57,748,037	7,662,267	131,053,663
Accumulated depreciation	(18,535,777)	(9,633,950)	(2,716,360)	(5,434,414)	(7,662,267)	(43,982,768)
Net book value	<u>9,558,975</u>	<u>12,889,626</u>	<u>12,308,671</u>	<u>52,313,623</u>	<u>-</u>	<u>87,070,895</u>
<b>Depreciation rates (% per annum)</b>	<u>25%</u>	<u>20% - 50%</u>	<u>10%</u>	<u>10% - 20%</u>	<u>25%</u>	

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

**4.2 Intangible assets**

Following is a statement of intangible assets:

	March 31, 2018 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	----- (Rupees) -----			
<b>As at July 1, 2017</b>				
Cost	40,020,325	82,126,933	192,000,000	314,147,258
Accumulated amortisation	(27,886,539)	-	-	(27,886,539)
Net book value	<u>12,133,786</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>286,260,719</u>
<b>Nine months ended March 31, 2018</b>				
Opening net book value	12,133,786	82,126,933	192,000,000	286,260,719
Additions during the period	26,263,203	-	-	26,263,203
Disposals / transfers during the period	-	-	-	-
Amortisation for the period	(5,678,067)	-	-	(5,678,067)
Closing net book value	<u>32,718,922</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>306,845,855</u>
<b>As at March 31, 2018</b>				
Cost	66,283,528	82,126,933	192,000,000	340,410,461
Accumulated amortisation	(33,564,606)	-	-	(33,564,606)
Net book value	<u>32,718,922</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>306,845,855</u>
<b>Amortisation rates (% per annum)</b>	<u>25%</u>			

	June 30, 2017 (Audited)			
	Computer software	Goodwill	Management rights	Total
	----- (Rupees) -----			
<b>As at July 1, 2016</b>				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(23,291,245)	-	-	(23,291,245)
Net book value	<u>8,735,774</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,862,707</u>
<b>Year ended June 30, 2017</b>				
Opening net book value	8,735,774	82,126,933	192,000,000	282,862,707
Additions during the year	7,993,306	-	-	7,993,306
Amortisation for the year	(4,595,294)	-	-	(4,595,294)
Closing net book value	<u>12,133,786</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>286,260,719</u>
<b>As at June 30, 2017</b>				
Cost	40,020,325	82,126,933	192,000,000	314,147,258
Accumulated amortisation	(27,886,539)	-	-	(27,886,539)
Net book value	<u>12,133,786</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>286,260,719</u>
<b>Amortisation rates (% per annum)</b>	<u>25%</u>			

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

4.3 Depreciation and amortisation is allocated as follows:

	Note	(Unaudited) March 31, 2018		(Unaudited) March 31, 2017	
		Depreciation (Rupees)	Amortisation (Rupees)	Depreciation (Rupees)	Amortisation (Rupees)
Charged to profit and loss	9	13,397,858	5,534,539	8,673,077	3,514,935
Charged to Collective investment Schemes under management	9.1	346,848	143,528	620,270	251,377
		<b>13,744,706</b>	<b>5,678,067</b>	<b>9,293,347</b>	<b>3,766,312</b>

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

	Note	(Unaudited) March 31, 2018 ----- (Rupees) -----	(Audited) June 30, 2017
<b>5 LONG-TERM INVESTMENTS</b>			
<b>Investments in units of pension schemes - related parties</b>			
Available-for-sale investments	5.1	<b>540,052,806</b>	547,193,018

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
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**5.1 Available-for-sale**

Name of the investee fund	As at July 01, 2017		Purchases / bonus / rights	Redemptions / sale	As at March 31, 2018		As at June 30, 2017			
	(Number of units)				(Un-audited)		(Audited)			
	Cost	Market value	Unrealised appreciation	Cost	Market value	Unrealised appreciation	Cost	Market value	Unrealised appreciation	
Pakistan Pension Fund	805,305	264,742,741	162,630,090	-	805,305	162,630,090	102,112,651	263,737,823	161,625,172	
Alhambra Islamic Pension Fund	876,129	275,310,065	166,522,436	-	876,129	166,522,436	108,787,629	283,455,195	174,667,566	
		<u>540,052,806</u>	<u>329,152,526</u>			<u>210,300,280</u>	<u>210,300,280</u>	<u>547,193,018</u>	<u>336,292,738</u>	

**6 SHORT-TERM INVESTMENTS**

	Note		(Unaudited)		(Audited)	
			31 March	30 June	31 March	30 June
			2018	2017	2018	2017
<b>Investment in units of mutual funds - related parties</b>						
- At fair value through profit or loss	6.1		382,888,332	384,081,782	382,888,332	384,081,782
- Available-for-sale investments	6.2		186,914,583	285,219,388	186,914,583	285,219,388
			<u>569,802,915</u>	<u>669,301,170</u>	<u>569,802,915</u>	<u>669,301,170</u>

**6.1 At fair value through profit or loss**

Name of the investee Fund	2017		Purchases during the period	Redemptions / sale	As at 31 March 2018		As at 30 June 2017 (Audited)			
	(Number of units)				(Unaudited)		(Audited)			
	Carrying value	Market value	Unrealised appreciation	Carrying value	Market value	Unrealised appreciation	Carrying value	Market value	Unrealised appreciation	
MCB Cash Management Optimizer	3,821,037	3,545,711	3,703,932	3,662,816	373,056,368	382,888,332	9,831,964	383,488,757	384,081,782	593,025
MCB Pakistan Stock Market Fund	-	557,576	557,576	-	-	-	-	383,488,757	384,081,782	593,025
					<u>373,056,368</u>	<u>382,888,332</u>	<u>9,831,964</u>	<u>383,488,757</u>	<u>384,081,782</u>	<u>593,025</u>

**6.2 Available-for-sale investments**

Name of the investee Fund	As at 1 July 2017		Purchases during the period	Redemptions / sale	As at 31 March 2018		As at 30 June 2017 (Audited)			
	(Rupees)				(Rupees)		(Rupees)			
	Cost	Market value	Unrealised appreciation	Cost	Market value	Unrealised appreciation	Cost	Market value	Unrealised appreciation	
MCB Pakistan Stock Market Fund	2,782,682	186,914,583	(10,387,286)	976,209	1,806,373	(10,387,286)	303,928,693	285,219,388	(18,709,305)	
		<u>186,914,583</u>	<u>(10,387,286)</u>			<u>303,928,693</u>	<u>285,219,388</u>	<u>285,219,388</u>	<u>(18,709,305)</u>	

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
<b>7</b>	<b>TRADE AND OTHER PAYABLES</b>	-----Rupees-----	
		86,092,475	95,288,194
		24,457,250	21,487,250
		3,094,973	1,049,723
		421,181,167	415,647,852
		112,755,490	97,474,548
		4,259,972	4,275,656
		<u>651,841,327</u>	<u>635,223,223</u>

**7.1 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."

**7.2 Federal excise duty payable on remuneration of the management company**

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

**8 MANAGEMENT FEE / INVESTMENT ADVISORY FEE**

Note	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees-----		-----Rupees-----	
From Collective Investment Schemes - related parties	563,230,575	523,692,681	190,734,992	183,318,118
From Discretionary Portfolio	18,092,068	29,536,150	6,355,662	12,108,462
	581,322,643	553,228,831	197,090,654	195,426,580
Less: Indirect taxes and duties on management fees	(66,877,826)	(63,645,795)	(22,674,146)	(22,482,704)
	514,444,817	489,583,036	174,416,508	172,943,876

**8.1 From Collective Investment Schemes - related parties**

Note	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees-----		-----Rupees-----	
MCB Cash Management Optimizer	64,747,313	35,912,630	23,572,934	13,226,648
MCB Pakistan Asset Allocation Fund	54,917,524	39,549,541	18,262,516	12,242,491
MCB DCF Income Fund	73,519,722	88,458,305	21,489,822	28,912,903
Alhamra Islamic Income Fund	14,091,706	5,275,011	5,521,662	1,494,554
MCB Pakistan Sovereign Fund	5,804,738	36,587,900	1,629,877	7,428,723
Pakistan Capital Market Fund	10,629,685	11,140,802	3,548,065	3,945,829
Pakistan Cash Management Fund	4,177,590	7,140,877	895,568	2,180,174
Pakistan Income Enhancement Fund	17,074,062	31,147,716	5,534,231	9,847,668
Pakistan Income Fund	19,422,024	14,399,532	5,832,273	5,135,647
Alhamra Islamic Asset Allocation Fund	37,177,912	17,962,204	15,227,703	7,205,200
Pakistan Pension Fund	18,096,052	16,277,272	6,158,692	5,877,262
Alhamra Islamic Pension Fund	8,940,592	7,576,256	3,031,922	2,812,600
MCB Pakistan Stock Market Fund	175,199,106	169,385,923	59,259,055	65,106,867
Alhamra Islamic Stock Fund	52,346,960	27,130,997	18,458,275	12,242,035
Pakistan Sarmaya Mahfooz Fund	-	3,532,121	-	-
MCB Pakistan Frequent Payout Fund	6,033,675	9,614,302	1,951,347	3,104,115
Al Hamra Islamic Active Asset Allocation Fund - Plan I	703,553	2,601,292	226,569	2,555,402
Al Hamra Islamic Active Asset Allocation Fund - Plan II	348,361	-	134,481	-
	563,230,575	523,692,681	190,734,992	183,318,118

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

**9 ADMINISTRATIVE AND OPERATING EXPENSES**

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees-----		-----Rupees-----	
Salaries, allowances and other benefits	<b>204,897,566</b>	157,265,844	<b>80,597,426</b>	63,113,051
Legal and professional charges	<b>10,316,544</b>	10,889,101	<b>1,048,603</b>	4,256,205
Travelling and conveyance charges	<b>9,118,564</b>	2,366,191	<b>7,154,766</b>	1,097,011
Rent, repairs, utilities and maintenance	<b>59,784,680</b>	45,745,372	<b>18,543,095</b>	18,273,726
Office supplies	<b>968,519</b>	729,604	<b>422,076</b>	369,162
Auditors' remuneration	<b>1,817,450</b>	1,900,000	<b>600,000</b>	600,000
Directors' meeting fee	<b>3,800,000</b>	2,350,000	<b>1,650,000</b>	650,000
Insurance	<b>927,103</b>	1,193,006	<b>434,227</b>	506,462
Depreciation	<b>13,397,858</b>	8,673,077	<b>5,085,809</b>	3,701,856
Amortisation	<b>5,534,539</b>	3,514,935	<b>2,414,413</b>	1,380,835
Stamp duty and taxes	<b>413,050</b>	22,825	<b>25,000</b>	4,375
Registrar fee	<b>344,165</b>	477,907	<b>123,303</b>	147,824
Printing and stationery	<b>2,632,690</b>	2,543,695	<b>1,032,525</b>	1,192,481
Telephone expenses	<b>5,262,363</b>	4,141,634	<b>1,624,465</b>	1,645,616
Entertainment expenses	<b>2,625,541</b>	2,455,306	<b>433,950</b>	1,417,273
Books, periodicals and subscription	<b>9,931,150</b>	6,887,711	<b>4,320,040</b>	2,093,077
Miscellaneous expenses	<b>2,769,222</b>	836,620	-	819,570
	<b>334,541,004</b>	<b>251,992,829</b>	<b>125,509,698</b>	<b>101,268,525</b>

9.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC Regulations. As a result of these amendments, the management company may charge fees and expenses 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 32.26 million have been charged by the Company to the respective CISs under its management.

**10 SELLING AND DISTRIBUTION EXPENSES**

The SECP vide Circular 40/2016 dated 30 December 2016, prescribed certain conditions on Asset Management Companies (AMC) for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from 01 January 2017 till 31 December 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. Minimum three branches required to be opened by 30 June 2018. Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses whichever is lower. The expenses amounting to Rs. 57.53 million have been charged by the Company to aforesaid funds under its management.

**11 OTHER INCOME**

This amount represents reversal of provision of selling and marketing expenses which were provided last year as payments were held by CDC due to an objection raised by them. Subsequently, CDC released payments on 8 December 2017, as a result the amount provided is reversed.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

### 12 CONTINGENCIES AND COMMITMENTS

#### 12.1 Contingencies

**12.1.1** The Punjab Revenue Authority issued a show cause notice no. PRA/AM.70/14/18 dated 20 June 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 22 May 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 8 July 2014 in the Sindh High Court (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 10 July 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.

**12.1.2** On 30 January 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 filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst. The CIR-A has annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of the CIR-A has been filed by the before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue.

**12.1.3** 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 9 November 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show-Cause Notice [SCN] dated 10 February 2017 was issued thereafter. 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 24 March 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the profit and loss account and created a demand of Rs. 93.398 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.

An appeal before the Commissioner Inland Revenue - Appeals [CIR-A] was filed by the Company which has been adjudged in favor of the Company in respect of major disallowances made in the Order of the DCIR. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the Appellate Tribunal Inland Revenue [ATIR]. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR.

**12.1.4** On 29 March 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 filed an appeal before the Commissioner Inland Revenue - Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of the CIR-A has been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue [CIR].

**12.1.5** On 29 April 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the Additional Commissioner Inland Revenue [ACIR] to conduct the amendment of assessment

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

proceedings for tax year 2011 of the pre-merger entity MCB Asset Management Company Limited [MCB AMC]. On 3 July 2017 an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. A demand of Rs. 4.85 million has been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst. During the quarter ended March 31, 2018, order of the CIR-A was received by the Company whereby the demand on major issues was deleted. Appeals before the Appellate Tribunal Inland Revenue [ATIR] have been filed by the Company and the Commissioner Inland Revenue against the order of the CIR-A.

**12.1.6** The Additional Commissioner Inland Revenue (ACIR) issued a notice to the Company under section 122(5A) of the Income Tax Ordinance, 2001 vide letter No.Addl.CIR/AR-A/Z-III/LTU/2014-15 dated 14 November 2014 relating to Tax year 2013. The ACIR was of the view that the deemed assessment order for the tax year 2013 was erroneous and was prejudicial to the interest of revenue necessitating amendment of assessment. The ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated 28 August 2015 after making certain additions/disallowances in the profit and loss account and created a demand of Rs. 39.38 million. These additions/disallowances mainly pertained to apportionment of expenses, management fee/processing fee and related income sharing, workers welfare fund, etc. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the above order and has also filed a constitution petition for a stay of demand. An amount of Rs.13.50 million has been paid under the protest to the taxation authorities. During the period ended 31 December 2017, the CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein.

**12.1.7** 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 an order alongwith a notice of demand amounting to Rs 0.980 million on 4 May 2016 from the Additional Commissioner Inland Revenue (ACIR) relating to tax year 2010 of MCB AMC against which it filed an appeal before the CIR(A). Both the appeals have been decided by the CIR-A. For issues decided against the Company, an appeal before the Appellate Tribunal Inland Revenue [ATIR] has been filed by the Company.

**12.1.8** On 24 November 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the Additional Commissioner Inland Revenue and Deputy Commissioner Inland Revenue raising demands of Rs. 119.350 million and Rs. 142.008 million respectively. 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 treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the Commissioner Inland Revenue - Appeals [CIR-A] against the impugned orders and notices of demand issued thereagainst. During the quarter ended March 31, 2018, Orders of CIR-A were received against the said appeals. For issues decided against the Company, appeals before the Appellate Tribunal Inland Revenue [ATIR] have been filed by the Company.

No provision has been made in this condensed interim financial information against the above disallowances made by the assessing officers vide above orders as the management and the tax advisors of the Company are confident that good grounds exist to contest the additions / disallowances before the appellate forums. Further, the Company has also obtained restraining orders from the Sindh High Court to prohibit the tax authorities from taking any coercive action against the said orders and notices of demand.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

**12.1.9** On 5 June 2017, the Company received an order passed by the Assistant Commissioner - Sindh Revenue Board [AC-SRB] wherein a demand of Rs. 16.95 million has been raised on (alleged) short levy / improper treatment of input tax in the sales tax returns for the tax periods from July 2011 to June 2015. An appeal against the aforesaid order has been filed before the concerned Commissioner Appeals - Sindh Revenue Board which is pending adjudication.

No provision has been made in this condensed interim financial information against the above disallowances made by the assessing officers vide above orders as the management and the tax advisors of the Company are confident that good grounds exist to contest the additions / disallowances before the appellate forums. 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 orders and notice of demand.

**12.2** During the last year, Labour Inspector filed a complaint before Sindh Labour Court No. 5, alleging contravention of Section 24(1) of the Sindh Shops and Commercial Establishment Act, 2015. The aforesaid complaint was disposed off on 17 July 2017 by the Labour Court imposing a penalty of Rs. 2,000 to the Company. The Company is considering to appeal against the order of the Labour Court.

No provision has been made in these financial statements against the above penalty imposed by the Labour Court vide above order as the management of the Company is confident that the matter will be decided in its favor at the appellate forum.

**13 TRANSACTIONS WITH RELATED PARTIES**

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

	Nine months ended	
	March 31, 2018	March 31, 2017
	-----Rupees-----	
	-----Un-audited-----	
<b>13.1 TRANSACTIONS WITH RELATED PARTIES DURING THE PERIOD</b>		
<b>CONTRIBUTIONS TO PENSION FUND</b>	<b>6,105,039</b>	3,832,856
<b>MCB BANK LIMITED</b>		
Profit on bank deposits	<b>830,732</b>	646,681
Dividend paid	<b>64,674,344</b>	120,109,496
Branch sharing expenses	<b>3,212,226</b>	1,895,026
Reimbursement of expenses	<b>17,520,000</b>	12,265,000
Commission on distribution of units	<b>40,215,406</b>	36,486,951
Bank charges	<b>391,616</b>	375,293
<b>ADAMJEE LIFE ASSURANCE COMPANY LIMITED</b>		
Advisory income	<b>10,548,222</b>	15,537,664

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine months ended	
	March 31 2018	March 31 2017
	-----Rupees-----	
	-----Un-audited-----	
<b>ADAMJEE INSURANCE COMPANY LIMITED</b>		
Amount paid against vehicles' and other insurance	8,277,699	6,685,864
<b>NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT.) LTD.</b>		
Rent expense	2,457,555	1,830,101
<b>NISHAT HOTEL &amp; PROPERTIES LIMITED</b>		
Rent expense	1,820,000	-
<b>MCB FINANCIAL SERVICES LIMITED</b>		
Reimbursement of expenses	-	8,720
Trustee fee	-	1,800,000
<b>ARIF HABIB LIMITED</b>		
Sharing of Expenses	421,132	-
<b>DIRECTORS &amp; EXECUTIVE</b>		
Dividend paid	-	487,500
<b>KEY MANAGEMENT PERSONNEL</b>		
	25,211,559	19,869,621
<b>EXECUTIVE DIRECTORS</b>		
	13,794,888	11,945,235
<b>MCB DCF INCOME FUND</b>		
Remuneration income	73,519,722	78,281,686
Sales load	36,135	117,248
Reimbursement of expenses	4,337,447	5,218,780
<b>MCB PAKISTAN ASSET ALLOCATION FUND</b>		
Remuneration income	54,917,524	34,999,594
Sales load	105,932	250,952
Back end load	7,705,364	-
Redemption of units	-	85,500,324
Reimbursement of expenses	2,429,980	1,749,535
Reimbursement of selling and marketing expenses	9,719,645	184,706

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	Nine months ended	
	March 31 2018	March 31 2017
	-----Rupees-----	
	-----Un-audited-----	
<b>MCB CASH MANAGEMENT OPTIMIZER</b>		
Remuneration income	64,747,313	31,781,088
Investments in units	362,647,360	1,087,156,661
Redemption of units	376,808,970	687,190,525
Reimbursement of expenses	9,010,683	5,082,296
<b>ALHAMRA ISLAMIC INCOME FUND</b>		
Remuneration income	14,091,706	4,668,151
Sales load	538,735	100,268
Reimbursement of expenses	2,050,186	742,121
Sharia fee paid on behalf of the fund	675,000	675,000
<b>MCB PAKISTAN STOCK MARKET FUND</b>		
Remuneration income	175,199,106	149,899,047
Sales load	1,591,879	3,370,419
Back end load	20,699	0
Investments in units	49,672,080	162,762,143
Redemption of units	142,647,360	245,000,000
Reimbursement of expenses	7,752,173	7,494,953
Reimbursement of selling and marketing expenses	31,008,446	1,021,729
Amount received against conversion cost	-	544,939
<b>PAKISTAN INCOME FUND</b>		
Remuneration income	19,422,024	12,742,949
Sales load	61,173	92,753
Reimbursement of expenses	1,145,842	849,530
<b>MCB PAKISTAN SOVERIGN FUND</b>		
Remuneration income	5,804,738	32,378,673
Sales load	885	69,715
Investments in units	-	124,986,422
Redemption of units	-	440,638,231
Reimbursement of expenses	820,412	4,539,997

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	<u>Nine months ended</u>	
	<u>March 31</u>	<u>March 31</u>
	<b>2018</b>	<b>2017</b>
	-----Rupees-----	
	-----Un-audited-----	
<b>PAKISTAN CAPITAL MARKET FUND</b>		
Remuneration income	<b>10,629,685</b>	9,859,117
Sales load	<b>50,225</b>	137,175
Reimbursement of expenses	<b>470,340</b>	492,957
<b>ALHAMRA ISLAMIC STOCK FUND</b>		
Remuneration income	<b>52,346,960</b>	24,009,732
Sales load	<b>342,577</b>	1,030,050
Reimbursement of expenses	<b>2,316,238</b>	1,200,514
Reimbursement of selling and marketing expenses	<b>9,264,729</b>	206,176
Amount received against conversion cost	-	562,733
Sharia fee paid on behalf of the fund	<b>675,000</b>	675,000
<b>PAKISTAN PENSION FUND</b>		
Remuneration income	<b>18,096,053</b>	14,404,665
Sales load	<b>171,875</b>	474,819
Contribution made to Pension fund on behalf of employees	<b>3,455,751</b>	2,290,029
<b>ALHAMRA ISLAMIC ASSET ALLOCATION FUND</b>		
Remuneration income	<b>37,177,912</b>	15,895,756
Sales load	<b>793,372</b>	735,507
Back end load	<b>3,922,100</b>	45,307
Reimbursement of expenses	<b>1,644,970</b>	813,321
Reimbursement of selling and marketing expenses	<b>6,579,909</b>	120,983
Sharia fee paid on behalf of the fund	<b>675,000</b>	675,000
<b>ALHAMRA ISLAMIC PENSION FUND</b>		
Remuneration income	<b>8,940,593</b>	6,704,651
Sales load	<b>137,907</b>	213,049
Contribution made to Pension fund on behalf of employees	<b>8,756,937</b>	5,378,320
<b>PAKISTAN CASH MANAGEMENT FUND</b>		
Remuneration income	<b>4,177,590</b>	6,319,360
Reimbursement of expenses	<b>600,485</b>	1,046,218

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
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	Nine months ended	
	March 31 2018	March 31 2017
	-----Rupees-----	
	-----Un-audited-----	
<b>PAKISTAN INCOME ENHANCEMENT FUND</b>		
Remuneration income	17,074,062	27,564,350
Sales load	138,772	72,410
Investments in units		97,192,627
Reimbursement of expenses	1,471,971	1,860,373
<b>PAKISTAN SARMAVA MAHFOOZ FUND (MATURED)</b>		
Remuneration income	-	3,125,771
Reimbursement of expenses	-	312,577
<b>MCB PAKISTAN FREQUENT PAYOUT FUND</b>		
Management fee	6,033,675	8,508,232
Sales load	-	21,513
Reimbursement of expenses	535,452	812,295
Reimbursement of selling and marketing expenses	1,053,116	92,642
<b>AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I</b>		
Management fee	703,553	2,302,028
Sales load	-	492,090
Payment made on behalf of fund	-	5,000,000
Reimbursement of expenses	1,099,110	351,208
<b>AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II</b>		
Management fee	348,361	-
Sales load	180,916	-
Reimbursement of expenses	515,338	-

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	(Unaudited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees) -----	
<b>13.2 Amount outstanding as at period end</b>		
<b>MCB BANK LIMITED</b>		
Bank balance	15,245,226	11,206,085
Other payable	20,123,540	22,627,175
Commission payable	3,090,925	25,947,543
Mark-up receivable	137,035	34,212
<b>MCB ISLAMIC BANK LIMITED</b>		
Bank balance	1,050,649	2,745,552
Mark-up receivable	2,293	24,198
<b>NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT.) LTD.</b>		
Rent Deposit	784,326	784,326
<b>ADAMJEE LIFE ASSURANCE COMPANY LIMITED</b>		
Advisory fee receivable	10,358,160	8,731,065
<b>ARIF HABIB LIMITED</b>		
Sharing of expenses	283,824	441,856
<b>KEY MANAGEMENT PERSONNEL</b>	2,027,188	1,872,976
<b>MCB DCF INCOME FUND</b>		
Remuneration receivable	106,227,214	106,720,514
Sales load receivable	27,985,738	28,018,233
Receivable against reimbursement of expenses	422,772	524,823
<b>MCB PAKISTAN ASSET ALLOCATION FUND</b>		
Remuneration receivable	25,437,013	24,836,759
Sales load receivable	16,241,649	16,230,551
Back-end load	6,438,590	6,939
Receivable against reimbursement of expenses	283,598	257,038
Receivable against selling & marketing expenses	3,232,072	2,799,803
<b>MCB CASH MANAGEMENT OPTIMIZER</b>		
Remuneration receivable	63,400,820	59,215,590
Closing balance of investment in units	382,888,332	384,081,729
Receivable against reimbursement of expenses	1,279,837	664,025
<b>MCB FINANCIAL SERVICES LIMITED</b>		
Payable against trustee fee	-	226,000

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	(Unaudited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees) -----	
<b>AL-HAMRA ISLAMIC INCOME FUND</b>		
Remuneration receivable	10,487,911	9,525,302
Sales load receivable	3,097,473	3,053,115
Receivable against reimbursement of expenses	252,391	111,885
Receivable against shariah fee	75,000	75,000
<b>MCB PAKISTAN STOCK MARKET FUND</b>		
Remuneration receivable	75,890,882	76,724,748
Sales load receivable	4,770,975	5,572,296
Other receivable	-	6,052
Closing balance of investment in units	186,914,583	285,219,441
Receivable against reimbursement of expenses	934,360	971,257
Receivable against selling & marketing expenses	10,488,723	13,336,300
<b>PAKISTAN INCOME FUND</b>		
Remuneration receivable	11,185,741	11,542,973
Sales load receivable	304,560	245,297
Receivable against reimbursement of expenses	116,540	134,570
<b>MCB PAKISTAN SOVEREIGN FUND</b>		
Remuneration receivable	29,560,435	30,248,261
Sales load receivable	4,170,340	4,169,840
Receivable against reimbursement of expenses	74,616	173,767
<b>PAKISTAN CAPITAL MARKET FUND</b>		
Remuneration receivable	7,108,212	7,149,396
Sales load receivable	398,905	608,197
Receivable against reimbursement of expenses	54,683	56,505
<b>AL-HAMRA ISLAMIC STOCK FUND</b>		
Remuneration receivable	12,560,698	10,763,732
Sales load receivable	270,563	439,701
Receivable against reimbursement of expenses	304,052	224,540
Receivable against selling & marketing expenses	3,266,952	2,961,255
Receivable against shariah fee	75,000	75,000
<b>PAKISTAN PENSION FUND</b>		
Remuneration receivable	8,142,957	7,991,039
Sales load receivable	579,474	940,963
Closing balance of investment in units	264,743,744	263,737,823

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	(Unaudited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees) -----	
<b>AL-HAMRA ISLAMIC ASSET ALLOCATION FUND</b>		
Remuneration receivable	11,688,936	8,710,001
Sales load receivable	1,717,273	1,986,320
Back end load receivable	4,272,947	7,231
Receivable against reimbursement of expenses	255,643	123,832
Receivable against selling & marketing expenses	2,695,169	1,592,601
Receivable against shariah fee	75,000	75,000
<b>AL-HAMRA ISLAMIC PENSION FUND</b>		
Remuneration receivable	4,095,856	4,048,307
Sales load receivable	158,494	619,674
Closing balance of investment in units	275,310,023	283,455,195
<b>PAKISTAN SARMAVA MAHFOOZ FUND (Matured)</b>		
Remuneration receivable	2,334,812	2,335,803
Sales load receivable	2,307,278	2,307,278
Receivable against reimbursement of expenses	-	34,320
<b>PAKISTAN CASH MANAGEMENT FUND</b>		
Remuneration receivable	12,229,803	12,744,520
Receivable against reimbursement of expenses	42,896	121,768
Other receivable	-	222,399
Other payable	-	181,000
<b>PAKISTAN INCOME ENHANCEMENT FUND</b>		
Remuneration receivable	18,212,043	18,453,728
Sales load receivable	4,747,329	4,757,245
Other receivable	-	7,660
Receivable against reimbursement of expenses	143,491	162,167
<b>MCB PAKISTAN FREQUENT PAYOUT FUND</b>		
Remuneration receivable	1,449,784	1,671,792
Sales load receivable	3,624,618	3,624,619
Receivable against reimbursement of expenses	52,977	74,789
Receivable against selling & marketing expenses	-	1,045,581
<b>AL-HAMRA ISLAMIC ACTIVE ALLOCATION FUND PLAN-I</b>		
Remuneration receivable	80,204	591,876
Formation Cost	-	5,000,000
Other receivable	-	30,000
Receivable against reimbursement of expenses	123,885	133,648

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018**

	(Unaudited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees) -----	
<b>AL-HAMRA ISLAMIC ACTIVE ALLOCATION FUND PLAN-II</b>		
Remuneration receivable	44,487	33,536
Sales load receivable	-	6,886
Other receivable	-	30,000
Receivable against reimbursement of expenses	72,878	3,379
<b>ALHAMRA DAILY DIVIDEND FUND</b>		
Other receivable	40,000	-

**14 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.

**15 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 19 April 2018 by the Board of Directors of the Company.

**16 GENERAL**

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

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