

**ALHAMRA ISLAMIC
INCOME FUND**

Condensed Interim Financial
Information for the Half Year Ended
December 31, 2021

DRAFT INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS OF ALHAMRA ISLAMIC INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alhamra Islamic Income Fund** ("the Fund") as at December 31, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the condensed interim financial information (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2021. The Board of the Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim financial information for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.

Chartered Accountants

Place: Karachi

Dated:

UDIN: _____

ALHAMRA ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	3,606,611	2,722,889
Investments	6	3,486,338	3,460,077
Profit receivable		57,609	40,771
Advance against IPO Subscription of debt security		602,000	-
Advances, deposits, prepayments and other receivables		9,864	16,409
Total assets		7,762,422	6,240,146
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	7	5,044	2,783
Payable to Central Depository Company of Pakistan Limited - Trustee		572	515
Payable to Securities and Exchange Commission of Pakistan		753	1,341
Payable against purchase of investments		-	605,180
Accrued expenses and other liabilities	8	18,162	55,211
Total liabilities		24,531	665,030
NET ASSETS		7,737,891	5,575,116
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		7,737,891	5,575,116
CONTINGENCIES AND COMMITMENTS			
	9	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		73,030,545	54,679,036
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		105.9542	101.9608

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

ALHAMRA ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	Half year ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
(Rupees in '000)					
INCOME					
Income from government securities		25,909	43,259	15,033	22,440
Capital gain/ (loss) on sale of investments - net		127	(1,590)	-	2,199
Income from sukuk certificates		68,480	79,175	36,922	38,364
Profit on deposits with bank		115,999	104,145	71,327	61,806
Income on term deposits receipts and Bi Muajjal		56,707	260	25,096	260
Income on commercial paper		24,367	12,446	12,739	2,101
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' - net	6.5	5,848	9,159	(2,814)	(1,026)
Other income		600	9	592	9
Total income		298,037	246,863	158,895	126,153
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	14,464	11,099	8,068	5,316
Sindh Sales Tax on remuneration of Management Company		1,880	1,443	1,048	691
Allocated expenses	7.3	3,764	3,355	1,956	1,800
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,824	2,518	1,469	1,344
Sindh Sales Tax on remuneration of the Trustee		367	327	191	174
Annual fees of Securities and Exchange Commission of Pakistan		753	669	393	357
Auditors' remuneration		308	307	155	154
Security and transaction cost		58	275	1	60
Marketing and selling expenses	7.4	6,458	6,716	-	3,596
Settlement and bank charges		408	268	261	229
Fees and subscriptions		457	217	119	109
Legal and professional charges		427	91	35	57
Shariah advisory fee		363	374	181	170
Provision/ reversal against Sindh Workers' Welfare Fund	8.1	(24,787)	4,384	-	2,242
Printing and related costs		11	18	(14)	17
Total expenses		7,755	32,061	13,863	16,316
Net income from operating activities		290,282	214,802	145,032	109,837
Net income for the period before taxation		290,282	214,802	145,032	109,837
Taxation	10	-	-	-	-
Net income for the period after taxation		290,282	214,802	145,032	109,837
Allocation of net income for the period:					
Net income for the year after taxation		290,282	214,802	145,032	109,837
Income already paid on units redeemed		(55,070)	(54,974)	(39,670)	(39,670)
		235,212	159,828	105,362	70,167
Accounting income available for distribution					
Relating to capital gains		4,489	5,919		
Excluding capital gains		230,723	153,909		
		235,212	159,828		
Earnings per unit	11				

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

ALHAMRA ISLAMIC INCOME FUND
 CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	290,282	214,802	145,032	109,837
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	290,282	214,802	145,032	109,837

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

 Chief Executive Officer

 Chief Financial Officer

 Director

ALHAMRA ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,					
	2021			2020		
	(Rupees in '000)					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	5,542,585	32,531	5,575,116	4,412,266	29,934	4,442,200
Issue of 63,508,151 units (2020: 103,689,744 units):						
- Capital value (at net asset value per unit at the beginning of the period)	6,475,342	-	6,475,342	10,560,303	-	10,560,303
- Element of income	97,711	-	97,711	146,039	-	146,039
	6,573,053	-	6,573,053	10,706,342	-	10,706,342
Redemption of 45,156,642 units (2020: 82,052,446 units):						
- Capital value (at net asset value per unit at the beginning of the period)	(4,604,207)	-	(4,604,207)	(8,356,648)	-	(8,356,648)
- Element of income	(41,283)	(55,070)	(96,353)	(86,932)	(54,974)	(141,906)
	(4,645,490)	(55,070)	(4,700,560)	(8,443,580)	(54,974)	(8,498,554)
Total comprehensive income for the period	-	290,282	290,282	-	214,802	214,802
Net assets as at the end of the period	7,470,148	267,743	7,737,891	6,675,028	189,762	6,864,790
Undistributed income brought forward						
- Realised		17,785			27,041	
- Unrealised		14,746			2,893	
		32,531			29,934	
Accounting income available for distribution						
- Relating to capital gains		4,489			5,919	
- Excluding capital gains		230,723			153,909	
		235,212			159,828	
Undistributed income carried forward		267,743			189,762.20	
Undistributed income carried forward						
- Realised		261,895			180,603	
- Unrealised		5,848			9,159	
		267,743			189,762	
		(Rupees)			(Rupees)	
Net assets value per unit as at beginning of the period		101.9608			101.8452	
Net assets value per unit as at end of the period		105.9542			105.2003	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Chief Financial Officer

Director

ALHAMRA ISLAMIC INCOME FUND
 CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,	
	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	290,282	214,802
Adjustments for non cash and other items:		
Unrealised (appreciation) / diminution in value of investments classified as 'at fair value through profit or loss' - net	(5,848)	(9,159)
(Reversal)/ provision against Sindh Workers' Welfare Fund	(24,787)	4,384
	<u>259,647</u>	<u>210,027</u>
(Increase) / decrease in assets		
Investments	(20,413)	(881,243)
Profit receivable	(16,838)	(1,902)
Advance against IPO Subscription of debt security	(602,000)	-
Advances, deposits and prepayments	6,545	4,720
	<u>(632,706)</u>	<u>(878,425)</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	2,261	1,941
Payable to Central Depository Company of Pakistan Limited - Trustee	57	194
Payable to Securities and Exchange Commission of Pakistan	(588)	9
Dividend payable	-	(1)
Payable against purchase of investments	(605,180)	(117,690)
Accrued expenses and other liabilities	(12,262)	(2,385)
	<u>(615,712)</u>	<u>(117,932)</u>
Net cash used in operating activities	<u>(988,771)</u>	<u>(786,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	6,573,053	10,706,342
Payments on redemption of units	(4,700,560)	(8,498,554)
Net cash generated from financing activities	<u>1,872,493</u>	<u>2,207,788</u>
Net increase in cash and cash equivalents during the period	<u>883,722</u>	<u>1,421,458</u>
Cash and cash equivalents at beginning of the period	2,722,889	1,760,297
Cash and cash equivalents at end of the period	<u><u>3,606,611</u></u>	<u><u>3,181,755</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

 Chief Executive Officer

 Chief Financial Officer

 Director

ALHAMRA ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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 as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investments Limited, the name of the Management Company has been changed from MCB Asset Management Company Limited to MCB-Arif Habib Savings and Investments Limited with effect from June 27, 2011. 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/MCBIIF/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 Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 2nd Floor, Adamjee House, I.I. Chundrigar Road, 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 Shariah Compliant fixed income instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained management quality rating of AM1 dated October 06, 2021 to the Management Company and AA-(f) as stability rating dated September 09, 2021 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 the 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.

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, 2021.

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 December 31, 2021

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2021.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2021.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2021.

	Note	(Un-audited) December 31, 2021 --- (Rupees in '000) ---	(Audited) June 30, 2021
5. BANK BALANCES			
Savings accounts	5.1	3,603,339	2,709,693
Current accounts	5.2	3,272	13,196
		<u>3,606,611</u>	<u>2,722,889</u>

5.1 These carry profit at the rates ranging between 6.60% to 11.75% (June 30, 2021: 5.75% to 6.75%) per annum and include Rs. 5.461 million (June 30, 2021: Rs. 1.8 million) maintained with MCB Islamic Bank Limited (a related party).

5.2 These include Rs. 2.769 million (June 30, 2021: Rs 14.546 million) maintained with MCB Bank Limited, a related party / connected person.

	Note	(Un-audited) December 31, 2021 --- (Rupees in '000) ---	(Audited) June 30, 2021
6. INVESTMENTS			
Financial assets at fair value through profit or loss			
Sukuk certificates- Unlisted	6.1	1,474,278	1,583,985
Government of Pakistan (GoP) Ijara sukuks	6.2	782,366	601,558
Term deposit receipts	6.3	700,000	900,000
Commercial paper	6.4	529,694	374,534
		<u>3,486,338</u>	<u>3,460,077</u>

6.1 Sukuk certificates- Unlisted

Certificates have a face value of Rs 100,000 each unless stated otherwise

Name of investee company	Number of certificates			As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at June 30, 2021	Purchased during the period	Matured during the period	Disposed off during the period	As at December 31, 2021	Carrying value			Market value / Appreciation / (diminution)
Chemical									
Ghani Chemical Industries (Formerly: Ghani Gases Limited)	1,000	-	-	-	1,000	32,668	34,500	1,832	0.45
Pharmaceutical									
Aspin Pharma (Private) Limited	1,853	180	-	-	2,033	80,641	81,320	679	1.05
Power									
Pak Energy Sukuk *	181,100	-	-	-	181,100	912,744	919,083	6,339	11.88
Miscellaneous									
International Brands Limited	4,180	-	-	-	4,180	70,145	70,175	30	0.91
Bank									
Meezan Bank Limited	355	-	-	-	355	368,313	369,200	887	4.77
As at December 31, 2021									
						1,464,511	1,474,278	9,767	
As at June 30, 2021						1,568,991	1,583,985	14,994	10.59

* Face value of the certificate is Rs. 5,000

6.1.1 Significant terms and conditions of sukuk certificates held as at December 31, 2021 are as follows:

Particulars	Issue date	Maturity date	Offered rate	Issue rating
Ghani Gases Limited	February 2, 2017	February 2, 2023	3 months KIBOR + 1.00%	A-
Aspin Pharma (Private) Limited	November 30, 2017	November 30, 2023	3 months KIBOR + 1.50%	A
Pak Energy Sukuk	May 21, 2020	May 20, 2030	6 months KIBOR - 0.10%	Unrated
International Brands Limited	November 15, 2017	November 15, 2021	3 months KIBOR + 0.50%	AA
Meezan Bank Limited	January 09, 2020	January 09, 2030	6 months KIBOR + 0.90%	AA

6.2 Government of Pakistan (GoP) Ijara sukus

Issue Date	Face Value			As at December 31, 2021			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at June 30, 2021	Purchased during the period	Matured / Sold during the period	Disposed off during the period	As at December 31, 2021	Carrying value			Market value / Appreciation / (diminution)
GoP Ijara Sukus - 5 years									
June 24, 2020	425,000	700,000	-	700,000	425,000	427,405	425,765	(1,640)	5.50
May 29, 2020	110,000	-	-	-	110,000	110,604	110,198	(406)	1.42
July 29, 2020	63,000	-	-	-	63,000	63,276	63,013	(263)	0.81
October 6, 2021	-	185,000	-	-	185,000	185,000	183,390	(1,610)	2.37
As at December 31, 2021						786,285	782,366	(3,919)	
As at June 30, 2021						601,805	601,558	(247)	

6.3 Term deposit receipts

Particulars	Profit rate	Issue Date	Maturity Date	Face value	Carrying value	----- (Rupees in '000) ----- % -----	
						Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
MCB Islamic Bank Limited	11.25%	30-DEC-21	31-JAN-22	700,000	700,000	9.05	20.08
As at December 31, 2021				700,000	700,000		
As at June 30, 2021				900,000	900,000		

6.4 Commercial paper

Particulars	Issue Rating	Profit rate	Issue date	Maturity date	Face value	Carrying value	----- (Rupees in '000) ----- % -----	
							Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
Mughal Iron & Steel Industries Limited	AAA	9.44%	July 26, 2021	July 26, 2022	228,436	237,830	3.07	6.82
K - Electric ICP 21	AAA	8.21%	September 22, 2021	March 22, 2022	285,381	291,864	3.77	8.37
As at December 31, 2021					513,817	529,694		
As at June 30, 2021					383,000	374,534		

6.5 Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' - net

Market value of investments	6.1 & 6.2	2,256,644	2,855,747
Carrying value of investments	6.1 & 6.2	(2,250,796)	(2,846,588)
		5,848	9,159

(Un-audited) (Un-audited)
December 31, December 31,
2021 2020
(Rupees in '000)

Note

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
7. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	3,300	1,587
Sindh sales tax payable on management remuneration	7.2	428	206
Sales load payable		582	325
Payable against shariah advisory fee		62	59
Payable against allocated expenses	7.3	672	606
Payable against marketing and selling expenses	7.4	-	-
		5,044	2,783

7.1 As per regulation 61 of the NBFC and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 10% of the gross earnings of the fund, calculated on daily basis. Provided that fund is subject to a minimum fee of 0.25% of the average daily net asset of the scheme. The remuneration is payable to the Management Company monthly in arrears.

Subsequent to the period end, with effect from January 07, 2022, the minimum fee of 0.25% has been removed through supplement offering document dated December 31, 2021.

7.2 Sindh Sales Tax on management fee has been charged at 13% (2020: 13%).

7.3 In accordance with Regulation 60 of the NBFC and Notified Entities Regulations 2008, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.

7.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average daily net assets of the Fund or actual expenses whichever is lower.

In the financial year 2019-20, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company can charge selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	-	24,787
Provision for Federal Excise Duty and related tax on			
- Management fee	8.2	8,639	8,639
- Sales load		3,028	3,028
Sales load payable to - MCB Bank Limited (related party)			-
Auditors' remuneration		307	420
Capital gain tax		1,079	17,003
Printing charges payable		30	40
Others		5,079	1,294
		18,162	55,211

8.1 Provision for Sindh Workers' Welfare Fund

During the period, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. Accordingly all Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF, on August 13, 2021.

8.2 Federal Excise Duty (FED) and related tax payable

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, 2021. 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 December 31, 2021 would have been higher by Re. 0.1597 per unit (June 30, 2021: Re.0.2134 per unit).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

During the financial year 2020-21, the Federal Board of Revenue (FBR) issued an Order u/s. 122 (5A) of the Income Tax Ordinance (ITO) 2001 for the Tax Year 2018 thereby raising a net tax demand of Rs.41 million. The Management Company on behalf of the Fund has filed appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. The Management Company of the Fund obtained stay order from the Sindh High Court against the tax demanded by Commissioner in Assessment Order.

The Management Company, in consultation with its tax advisor, is confident that the decision in respect of the above matter would be in Fund's favour and accordingly no provision has been made in these condensed interim financial information with respect thereto.

9.2 Commitments

There were no commitments as at December 31, 2021 (June 30, 2021: Nil).

10. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of 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 or cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders in cash. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

11. EARNINGS PER UNIT

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

12. TOTAL EXPENSE RATIO

The total annualized expense ratio of the Fund from July 1, 2021 to December 31, 2021 is 0.87% (December 31, 2020: 0.95) and this includes 0.08% (December 31, 2020: 0.2%) representing government levy, Sindh Worker's Welfare Fund, sales taxes, federal excise duties, SECP fee etc

13. TRANSACTIONS WITH RELATED PARTY / CONNECTED PERSONS

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

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

Remuneration to the Management Company and Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed of the Fund.

13.1 Transactions during the period with related parties / connected persons in units of the Fund:

For the half year ended December 31, 2021 (Un-audited)

	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021
--	---------------------	-----------------	----------	-------------------------	---------------------	-----------------	----------	-------------------------

Units

(Rupees in '000)

Associated Companies / Undertakings:

Adamjee Life Assurance Co. Ltd -Mazaaf	-	1,194,735	1,056,590	138,145	-	125,000	111,000	14,637
Adamjee Life Assurance Company Limited - Tameen	-	5,583,018	3,907,548	1,675,470	-	580,000	410,000	177,523
Hyundai Nishat Motor Private Limited Employees Provident Fund	177,940	4,767	182,707	-	18,143	500	18,767	-
Arif Habib Securities Limited Employees Provident Fund Trust	-	80,417	9,457	70,960	-	8,209	1,000	7,519
Adamjee Insurance Company Limited Window Takaful Operations	508,711	508,711	508,711	508,711	51,869	53,885	53,885	53,900

Mandate Under Discretionary Portfolio Services

	1,086,709	1,760,364	1,954,055	893,019	110,802	183,047	204,455	94,619
--	-----------	-----------	-----------	---------	---------	---------	---------	--------

Key management personnel

	59,539	271,928	267,433	64,034	6,071	28,155	27,749	6,785
--	--------	---------	---------	--------	-------	--------	--------	-------

Unit holder holding 10% or more

	8,773,314	110,357	-	8,883,671	894,534	11,400	-	941,262
--	-----------	---------	---	-----------	---------	--------	---	---------

For the half year ended December 31, 2020 (un-audited)

	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020
--	---------------------	-----------------	----------	-------------------------	---------------------	-----------------	----------	-------------------------

Units

(Rupees in '000)

Associated Companies / Undertakings:

MCB Islamic Bank Limited	-	2,201,298	2,201,298	-	-	225,000	225,384	-
Adamjee Insurance Company Limited Window Takaful Operations	-	481,119	-	481,119	-	50,000	-	50,614
Adamjee Life Assurance Company Limited (Tameen)	148,552	1,166,149	1,314,701	-	15,129	120,000	136,455	-
Adamjee Life Assurance Company Limited (Provident Fund)	49,244	-	-	49,244	(24,787)	-	-	5,180
Alhamra Islamic Active Allocation Fund (Plan I)	3,167,846	315,918	3,483,764	-	322,630	33,153	364,441	-
Alhamra Islamic Active Allocation Fund (Plan II)	1,630,629	-	772,180	858,449	166,072	-	80,000	90,309
Arif Habib Securities Limited Employees Provident Fund Trust	-	71,040	-	71,040	-	7,246	-	7,473

Mandate Under Discretionary Portfolio Services

	940,882	392,913	1,091,106	242,689	95,824	40,598	113,198	25,531
--	---------	---------	-----------	---------	--------	--------	---------	--------

Key management personnel

	68,345	272,119	244,117	96,347	6,961	28,119	25,175	10,136
--	--------	---------	---------	--------	-------	--------	--------	--------

Unit holder holding 10% or more

	7,875,181	9,246,153	-	17,121,334	802,049	950,841	-	1,801,169
--	-----------	-----------	---	------------	---------	---------	---	-----------

13.2 Details of transactions with the related parties / connected persons during the period are as follows:

	(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	16,344	12,542
Shariah advisory fee	363	374
Allocated expenses	3,764	3,355
Marketing and selling expenses	6,458	6,716
MCB Bank Limited - Parent of the Management Company		
Bank charges	124	131
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Profit on bank balances	20	-
Profit on TDR	25,261	-
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	3,191	2,845
CDC settlement charges	65	21
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage expense	-	151

13.3 Amount outstanding as at period / year end

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings & Investment Limited - Management Company		
Management remuneration payable	3,300	1,587
Sindh sales tax payable on management remuneration	428	206
Sale load payable	582	325
Payable against Shariah advisory fee	62	59
Payable against allocated expenses	672	606
MCB Bank Limited - Parent of the Management Company		
Bank deposit	2,769	11,699
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Bank balances	5,461	1,803
Term Deposit Receipt	700,000	-
Markup Receivable on Term Deposit Receipt	432	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	506	456
Sindh Sales tax payable on remuneration of Trustee	66	59
Security deposits	100	100

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value, based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

	December 31, 2021 (Un-audited)						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Sukuk certificates- Unlisted	1,474,278	-	1,474,278	-	1,474,278	-	1,474,278
Government securities - GoP Ijara sukuks	782,366	-	782,366	-	782,366	-	782,366
Commercial paper	529,694	-	529,694	-	529,694	-	529,694
Term Deposit Receipts	700,000	-	700,000	-	700,000	-	700,000
	3,486,338	-	3,486,338	-	3,486,338	-	3,486,338
Financial assets not measured at fair value							
Bank balances	-	3,606,611	3,606,611				
Profit receivable	-	57,609	57,609				
Deposit and other receivables	-	9,848	9,848				
	-	3,674,068	3,674,068				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	4,616	4,616				
Payable to the Trustee	-	507	507				
Accrued expenses and other liabilities	-	5,416	5,416				
	-	10,539	10,539				
----- (Rupees in '000) -----							
June 30, 2021 (Audited)							
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Sukuk certificates- Unlisted	1,583,985	-	1,583,985	-	1,583,985	-	1,583,985
Government securities - GoP Ijara sukuks	601,558	-	601,558	-	601,558	-	601,558
Commercial paper	374,534	-	374,534	-	374,534	-	374,534
Term Deposit Receipts	900,000	-	900,000	-	900,000	-	900,000
	3,460,077	-	3,460,077	-	3,460,077	-	3,460,077
Financial assets not measured at fair value							
Bank balances	-	2,722,889	2,722,889				
Profit receivable	-	40,771	40,771				
Deposit and other receivables	-	12,390	12,390				
	-	2,776,050	2,776,050				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	2,577	2,577				
Payable to the Trustee	-	456	456				
Payable against purchase of investments	-	605,180	605,180				
Accrued expenses and other liabilities	-	1,754	1,754				
	-	609,967	609,967				

During the period ended December 31, 2021, there were no transfers between levels fair value measurements, and no transfer into and out of level 3 fair value measurements.

15 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

16 **DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on _____ 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