



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACRA

QUARTERLY REPORT

MARCH
2019
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited

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Vision

To become synonymous with Savings.

Mission

To become the preferred Investment Manager for retail and institutional savings in the domestic 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

Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Share Registrar	Central Depository Company of Pakistan Ltd. 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	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Faysal Bank Limited Bank Alfalah Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Shaikh Sultan Trust, Building No. 2, Beaumont Road, Karachi - 75530	
Legal Advisors	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi-74900	
Rating	Asset Manager: "AM2++"(PACRA) Entity Ratings: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2019

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present report on the affairs of the Company for the nine months ended March 31, 2019.

PRINCIPAL BUSINESS

The Company is a Non-Banking Finance Company, licensed as a Pension Fund Manager as well as an Asset Management Company and an Investment Advisor under the Securities and Exchange Commission of Pakistan's regulatory regime.

THE BUSINESS ENVIRONMENT

Economy & Money Market Review

At the onset of the fiscal year, the economy inherited deep challenges in the form of external crisis as it was facing a huge current account deficit along with depleting foreign reserves. To cope with the underlying challenges, the central bank took major policy actions (currency depreciation of 16 per cent along with interest rate hike of 425 basis points in the current fiscal year). Stabilization efforts finally paid off as indicated by a declining current account deficit, which shrank by 22 per cent during the first eight (8) months of financial year 2018-19. Moreover, the recent trend is even more promising as current account deficit for February 2019 was recorded below USD 400 million, a 3 year low.

While the Government remained tentative about International Monetary Fund (IMF) program signup, it was able to secure funding from friendly allies which has bridged the gap in external account balance for short term. Saudi Arabia, UAE and China provided balance of payment support to the tune of USD 8 billion. Meanwhile Saudi Arabia announced USD 20 billion of investments for Pakistan, along with providing a USD 3 billion deferred credit facility for oil.

Gross Domestic Product (GDP) growth is expected to set in a range of 2.5-3.0 per cent as last year's record twin deficits restrict the ability of the government to carry on expansionary fiscal policies. Large scale manufacturing (LSM) is already down by 1.5 per cent during the seven (7) months of financial year 2018-19, while weak agricultural growth (cotton and wheat are expected to miss the targets) along with a considerable decline in Retail and Wholesale trade (Import Compression) will slowdown the overall aggregate demand during the current year.

Amid currency depreciation and utility prices adjustment, Consumer Price Index (CPI) has also indicating higher inflationary pressures and the inflation which on average has yet remained below 7 per cent for the year but now looking to remain near 9 per cent in coming months which is also likely to continue to remain in the next fiscal year due to utility tariff adjustments along with the lagged impact of currency depreciation. Central bank raised the interest rates by 500 basis points during the current year owing to anticipated higher inflation and a weak balance of payment profile.

The Government has indicated that it is close to sign the IMF program. Alongside, the Government will have to address the key structural issues to tread on the path of long term sustainable economic growth.

The yield curve showed an upward trajectory during the fiscal year due to continued expectations of monetary tightening by the market participants. During the first nine (9) months, State Bank of Pakistan (SBP) increased the policy rate by 425 basis points in line with the expectations of most of the market. Several Pakistan Investment Bonds (PIB) auctions

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2019

during the period under review had to be rejected by SBP due to thin volume and participation at higher levels. Concerns over external front kept market participants at bay from longer tenor Treasury instruments similarly participation in PIBs also price in healthy liquidity premium. During the period under review, 314.38 billion worth of GOP Ijara Sukuk matured against which no fresh GOP Ijara Sukuk were issued by SBP.

Equities Market Review

The benchmark Index KSE 100 recouped some of its losses to post a gain of 4.3 per cent during the third quarter of financial year 2018-19, limiting the nine (9) months financial year 2018-19 loss to 7.8 per cent. Balance of Payment Support by friendly allies along with investment commitment by Saudi Arabia provided a breather to the market. Foreigners also turned back to the market after a long haul as currency approached its real value. Foreign participants bought USD 31 million of equities during the quarter, reducing the total selling to USD 373 million for nine (9) months financial year 2018-19. Volumes and values averaged around 162 million shares / PKR 7.1 billion respectively.

During the nine months, Exploration & Petroleum Companies (E&P's) and Fertilizers outperformed the market generating positive returns of ~15 per cent and 6 per cent respectively. On the other hand, Refinery, Chemicals, Power and Oil Marketing Companies (OMCs) underperformed the market generating negative returns of ~19.4 per cent, 10 per cent, 8.5 per cent, 7.2 per cent respectively.

E&Ps rallied after offshore drilling started in one of the highly potential zone of Indus basin. Alongside, PKR depreciation garnered a lot of interest in the sector owing to USD denominated revenues. Fertilizers also outperformed as supply glut ended which resulted in enhanced pricing power of the manufacturers. On the flip side; Refineries suffered due to lower throughput and closure of plants amid limited off-take of Furnace Oil. Also, weak international petroleum products' margins dragged the returns. OMCs followed the thematic decline due to economic slowdown which was reflected in lower sales volumes (Total petroleum products' sales declining by ~23 per cent and Furnace Oil sales coming down by ~55 per cent).

MARKET & ECONOMY - FUTURE OUTLOOK

The tough measures taken by the incumbent Government in the form of currency adjustments and monetary tightening for the purpose of reducing aggregate demand to control external imbalances is bearing fruit. The current account balance has begun to reflect the policy adjustments with the beginning 2 months of the current calendar registering decline of more than 50 per cent in current account balance. The external account is expected to remain at sustainable levels with the impetus expected to come from lagged increase in exports. The balance of payments support availed from friendly nations would be adequate to support financing of the remaining year. Subsequently, we expect normalized PKR/USD adjustment given the Real Effective Exchange Rate is close to its fundamental value.

However, the entrance into IMF program is likely to provide the much needed financial stability relative to external inflows through multilateral agencies along with better policy management related to dealing with structural issues in the Economy.

In IMF program, focus is expected to shift towards fiscal side. The substantial curtailment of development budget has failed to curtail the fiscal deficit given the higher cost of borrowing for the Government and sluggish performance in revenue collection due to relief in income tax, curtailment of telecom duties and import slowdown. The impact of monetary tightening is expected to be more visible in this half towards expenditures side. The revenue shortfall

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2019

is expected to lead towards a fiscal deficit of more than 6 per cent for this year. The focus of next budget is expected to be towards revenue generation measures particularly, higher taxation, duties, etc.

Inflationary pressures are expected to become more visible as reflected in the recent reading of 9.4 per cent as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 basis points.

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy may provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new Government; however, the path is likely to be tough and with a number of potentially un-popular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, Government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & Information Technology (IT). Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at ~PKR 555 billion at the end of nine (9) months of fiscal year 2019 decreasing by ~PKR 9.4 billion from June end. Monetary tightening by the Government resulted in an increase in interest rates, bringing flows to the money market funds. Size of Money Market (Islamic/Conventional) and Income (Islamic) funds increased while Assets Under Management of all other categories decreased in the nine months compared to June-end.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 55 per cent, followed by Money Market funds with a share of 29 per cent and Income funds having a share of 17 per cent as at the end of nine (9) months of fiscal year 2019.

The Net Assets of Pension Funds stood at ~PKR 25.68 billion at the end of first half. The size of Conventional and Shariah Compliant funds decreased by ~3.7 per cent and increased by ~0.2 per cent respectively. Amongst sub-categories, size of Debt and Equity funds decreased while those of Money Market funds increased.

MUTUAL FUND INDUSTRY OUTLOOK

In the wake of substantial increase in interest rates, fixed income funds should garner attention over the short to medium term. Interest in equity space would be contingent on how the Government tackles the external crisis, bringing the confidence back into the markets.

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2019

COMPANY's PERFORMANCE REVIEW

The Company recorded a gross income of Rs. 567.402 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 448.045 million, the Company earned a profit before tax of Rs.121.576 million. The net profit after tax for the period amounts to Rs. 63.770 million, as compared to net profit of Rs. 80.103 million for the corresponding period ended March 31, 2018. We expect the Assets Under Management to strengthen further going forward contributing to the revenue growth and profitability.

The earnings per share of the current period ended March 31, 2019 is Rs. 0.89 as compared to Rs. 1.11 per share in the corresponding period.

'IFRS 9 - Financial Instruments', which replaces IAS - 39, has brought in certain fundamental changes to the accounting for financial assets. The adoption of the IFRS - 9, from the current period, has resulted in routing of the unrealized loss of the Company on investment in pension funds through 'Statement of Profit or Loss' which was earlier classified in the 'Statement of Other Comprehensive Income'. Had this change not occurred during the current period, the income for the period would have increased by Rs. 16.098 million and the EPS would have increased by Re.0.22 to Re. 1.11.

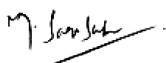
The Company continued focus on existing products particularly Income and Money Market Funds, where impact of the recent monetary tightening shall result in higher returns as well as improved management fee due to return linked fee formulas. Equity Funds have remained under pressure for last two years, however, we expect the Equity and Equity linked funds to show relatively better performance in subsequent years as discussed in the 'Economy and Markets Outlook' above. Environment is particularly challenging in Separately Managed Accounts where retirement funds looking towards higher Fixed Income Allocations.

Better positioning in Corporate and Individual Investors and improving customer reach remained our key focus. We are excited on the opportunities digital platforms provide to expand retail segment. While initial results are encouraging, we expect the platforms would require higher investments, in the initial years, to improve our reach and customer experience. We are pleased to highlight that the Company is all set to launch PayPak MCBAH Debit Cards which would make our platform even more powerful. We remain confident that current investments would bear fruits in future leading to higher returns in coming years.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan, the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their commitment and dedication and Shareholders for their confidence in the Company.

For and on Behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: April 19, 2019



Nasim Beg
Director/Vice Chairman

کا مظاہرہ کریں گے، جیسا کہ مذکورہ بالا 'معیشت اور مارکیٹس کے مستقبل کے امکانات' میں واضح کیا گیا ہے۔ خاص طور پر Separately Managed Accounts میں ماحول دشواریوں سے بڑھے جہاں ریٹائرمنٹ فنڈز مقررہ آمدنی کے بلند تر اختصاص کے لیے پُر امید ہیں۔

کارپوریٹ اور انفرادی سرمایہ کاروں میں ساکھ میں بہتری اور صارفین تک رسائی میں بہتری ہماری توجہ کا اہم ترین مرکز رہے۔ ڈیجیٹل ذرائع کی بدولت ریشیل شعبے کی توسیع کے لیے فراہم ہونے والے مواقع ہمارے لیے خوش آئند ہیں۔ اگرچہ ابتدائی نتائج حوصلہ بخش ہیں، ہمیں توقع ہے کہ اُن ذرائع کے لیے ابتدائی برسوں میں زیادہ سرمایہ کاری درکار ہے تاکہ ہماری رسائی اور صارفین کے تجربے میں بہتری لائی جاسکے۔ ہمیں اعلان کرتے ہوئے خوشی ہے کہ ہماری کمپنی PayPak MCBAH ڈیٹ کارڈز متعارف کرانے کے لیے تیار ہے جس کی بدولت ہمارا دائرہ کار مزید مستحکم ہوگا۔ ہمیں اعتماد ہے کہ مستقبل میں موجودہ سرمایہ کاریوں کے اثرات ظاہر ہوں گے جس کے نتیجے میں آنے والے برسوں میں زیادہ منافع ہوگا۔

اظہار تشکر

مینیجمنٹ کمپنی کا بورڈ آف ڈائریکٹرز مسلسل معاونت اور پشت پناہی کے لیے پاکستان اسٹاک ایکسچینج کی انتظامیہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا شکر گزار ہے۔ علاوہ ازیں، کمپنی کے عملے کی کوششوں اور عزم و اخلاص، اور حصص یافتگان کے کمپنی میں اعتماد کو بھی ڈائریکٹرز کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

میں جانب ڈائریکٹرز،



نسیم بیگ
ڈائریکٹر / نائب چیئر مین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
کراچی: 19 اپریل 2019ء

ہم سمجھتے ہیں کہ ایکویٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات کی قیمت کا تعین کر دیا گیا ہے یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا بھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، گھاس، بجکدہ، شہبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریٹ کی شرحوں میں اضافے سے مستفید ہوں گے) (کمرشل بینک) اُن کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دو چار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

میوچل فنڈ صنعت کا جائزہ

مالی سال 2019ء کے نو (9) ماہ کے اختتام پر اوپن end میوچل فنڈ کی صنعت کے net اثاثہ جات 555 بلین روپے تھے، جو اختتام جون کے مقابلے میں 9.4 بلین روپے کم ہے۔ حکومت کی طرف سے مالیاتی تنگی کے نتیجے میں انٹریٹ کی شرحوں میں اضافہ ہوا جس کی بدولت money مارکیٹ فنڈز میں رقم کی آمد ہوئی۔ نو ماہ کے دوران اختتام جون کے مقابلے میں Money مارکیٹ فنڈز (اسلامک / کنویئنشل) اور انکم فنڈز (اسلامک) کے حجم میں اضافہ ہوا جبکہ باقی تمام زمروں کے زیر انتظام اثاثہ جات میں کمی ہوئی۔

زمرہ جاتی حصے کے اعتبار سے مالی سال 2019ء کے نو ماہ کے اختتام پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تقریباً 55 فیصد کے ساتھ قائدانہ حیثیت پر برقرار رہے، جبکہ دوسرے نمبر پر 29 فیصد کے ساتھ money مارکیٹ فنڈز اور 17 فیصد کے ساتھ انکم فنڈز تھے۔

نصف اول کے اختتام پر پیٹیشن فنڈز کے net اثاثہ جات 25.68 بلین روپے تھے۔ کنویئنشل فنڈز کے حجم میں تقریباً 3.7 فیصد کمی ہوئی جبکہ شریعہ کمپلائٹ فنڈز کے حجم میں تقریباً 0.2 فیصد اضافہ ہوا۔ ذیلی زمروں میں Debt اور ایکویٹی فنڈز کے حجم میں کمی ہوئی جبکہ Money مارکیٹ فنڈز کے حجم میں اضافہ ہوا۔

میوچل فنڈ صنعت کے مستقبل کے امکانات

انٹریٹ کی شرحوں میں اچھے خاصے اضافے کے تناظر میں کسڈ انکم فنڈز کی طرف مختصر اور درمیانی مدت کے دوران توجہ مائل ہونی چاہیے۔ ایکویٹی میں دلچسپی کا انحصار اس بات پر ہوگا کہ حکومت خارجی بحران سے کس طرح نمٹتی ہے تاکہ مارکیٹس میں اعتماد بحال ہو۔

کمپنی کی کارکردگی کا جائزہ

کمپنی کی gross آمدنی بشمول بیجمنٹ / انویسٹمنٹ ایڈوائزری فیس اور دیگر آپریننگ آمدنی 567.402 بلین روپے تھی۔ 448.045 بلین روپے کے ایڈمنسٹریٹو، آپریننگ اور فنانسٹل اخراجات اور آمدنی کی تقسیم منہا کرنے کے بعد منافع قبل از ٹیکس 121.576 بلین روپے تھا۔ Net منافع بعد از ٹیکس برائے مدت 63.770 بلین روپے ہے جبکہ 31 مارچ 2018ء کو ختم ہونے والی مثال مدت کے لئے 80.103 بلین روپے تھا۔ ہمیں اُمید ہے کہ بیجمنٹ کے زیر انتظام اثاثہ جات مزید مضبوط ہوں گے اور آمدنی اور منافع میں اضافے میں کردار ادا کریں گے۔

31 مارچ 2019ء کو ختم ہونے والی مدت کی آمدنی فی شیئر 0.89 روپے ہے، جو مثال مدت میں 1.11 روپے فی شیئر تھی۔ IAS - 39 کی جگہ لینے والے 'IFRS 9' - فنانسٹل انسٹرومنٹس کے تحت اثاثہ جات کی اکاؤنٹنگ میں کچھ بنیادی تبدیلیاں رونما ہوئی ہیں۔ موجودہ مدت سے IFRS-9 کے اطلاق کے نتیجے میں Statement of Profit or Loss کے ذریعے پیٹیشن فنڈز میں سرمایہ کاری پر unrealized خساروں کی routing ہوئی ہے، جو پہلے Statement of Other Comprehensive Income میں شامل کیے جاتے تھے۔ اگر موجودہ مدت کے دوران یہ تبدیلی نہ آتی تو آمدنی 16.098 بلین روپے زیادہ ہوتی اور آمدنی فی شیئر 0.22 روپے سے بڑھ کر 1.11 روپے ہو جاتی۔

کمپنی نے موجودہ مصنوعات خصوصاً انکم اور مائیٹری فنڈز پر توجہ مرکوز رکھی جہاں حالیہ مالیاتی تنگی کے نتیجے میں بہتر منافع کے ساتھ ساتھ واپسی سے منسلک fee کے طریقوں کی بدولت بیجمنٹ fee میں بھی اضافہ ہوگا۔ ایکویٹی فنڈز گزشتہ دو برسوں سے دباؤ میں رہے ہیں، تاہم توقع ہے کہ ایکویٹی اور ایکویٹی سے منسلک فنڈز آئندہ برسوں میں بہتر کارکردگی

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2018-9ء کی تیسری سہ ماہی کے دوران بیچ مارک انڈیکس KSE100 نے اپنے کچھ خساروں کی تلافی کر کے 4.3 فیصد منافع حاصل کیا اور یوں نوادہ کے خسارے کو 7.8 فیصد تک محدود کر دیا۔ دوستانہ اتحادیوں کی طرف سے ادائیگیوں کے توازن میں معاونت کے ساتھ ساتھ سعودی عرب کی طرف سے سرمایہ کاری کے وعدے نے مارکیٹ کو اطمینان کا سانس فراہم کیا۔ روپے کے اپنی اصل قدر کے قریب پہنچنے پر غیر ملکی بھی طویل عرصے بعد مارکیٹ کو ٹے۔ دوران سہ ماہی غیر ملکی شراکے نے 31 ملین ڈالر مالیت کی ایکویٹی خریدیں اور یوں مالی سال 2019ء کے نوادہ کے لیے گُل فروخت کم ہو کر 373 ملین ڈالر رہ گئیں۔ حجم اور قدر کا اوسط بالترتیب تقریباً 162 ملین حصص / 7.1 ملین روپے تھا۔

نوادہ کے دوران ایکسچلوریشن اور پٹرولیم (E&Ps) اور فینٹا لیزرز نے بالترتیب 15 فیصد اور 6 فیصد مثبت منافع حاصل کر کے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب ریفائنری، کیمیکل، پاور اور آئل مارکیٹنگ کمپنیز (OMCs) نے بالترتیب 19.4 فیصد، 10 فیصد، 8.5 فیصد اور 7.2 فیصد منفی منافع حاصل کر کے مارکیٹ سے کم تر کارکردگی کا مظاہرہ کیا۔

انڈس ٹریڈن کے سب سے زیادہ استعداد کے حامل علاقوں میں سے ایک میں ڈرلنگ کے آغاز کے بعد E&Ps بھرپور انداز میں آگے بڑھے۔ ساتھ ساتھ امریکی ڈالر میں آمدنی کے باعث پاکستانی روپے کی قدر میں کمی سے شعبے کی طرف بہت دلچسپی مائل ہوئی۔ فینٹا لیزرز نے بھی عمدہ کارکردگی کا مظاہرہ کیا کیونکہ رسد کی بھرمار ختم ہوئی جس کے نتیجے میں مینوفیکچررز کی قیمتوں کے تعین کی قوت میں اضافہ ہوا۔ دوسری جانب فرینس آئل کے محدود اخراج کے ساتھ ساتھ مال کی پست سطح اور پلاسٹک کے بند ہونے کے باعث ریفائنریز متاثر ہوئیں۔ علاوہ ازیں، پٹرولیم مصنوعات کی کمزور بین الاقوامی margins نے منافع میں سست رفتاری پیدا کر دی۔ معاشی سست روی کے باعث OMCs بھی متاثر ہوئیں جس کی عکاسی فروخت کے حجم میں کمی سے ہوتی ہے (پٹرولیم مصنوعات کی مجموعی فروخت میں 23 فیصد کمی ہوئی اور فرینس آئل کی فروخت میں 55 فیصد کمی ہوئی)۔

مارکیٹ اور معیشت - مستقبل کا منظر

موجودہ حکومت نے خارجی عدم توازن پر قابو پانے کے لیے مجموعی طلب میں کمی کرنے کے مقصد سے روپے کی قدر میں کمی کی پیشی اور مالیاتی تنگی کی صورت میں جو سخت اقدامات کیے تھے ان کے ثمرات حاصل ہو رہے ہیں۔ موجودہ کیلنڈر کے ابتدائی دو ماہ کے ساتھ ہی کرنٹ اکاؤنٹ میں پالیسی کی تبدیلیوں کی عکاسی ہوئے گی ہے اور 50 فیصد سے زائد کمی کی ہوئی۔ برآمدات میں سست رفتار اضافے سے ملنے والی متوقع قوت سے خارجی اکاؤنٹ کے پائیدار سطحوں پر برقرار رہنے کی توقع ہے۔ ادائیگیوں کے توازن کے ضمن میں دوستانہ نمائندگان سے حاصل ہونے والا تعاون سال کے بقیہ حصے کے دوران رقم کی فراہمی کے لیے کافی ہوگا۔ بعد ازاں، Real Effective شرح مبادلاتی بنیادی قدر کے قریب ہے جس کے باعث پاکستانی روپے اور امریکی ڈالر میں عمومی باہمی کی پیشی متوقع ہے۔

تاہم آئی ایم ایف پروگرام میں شمولیت کی بدولت کثیرالجہت ایجنسیوں کے ذریعے خارجی آمد و رفت کے بالمقابل مطلوب مالیاتی استحکام اور معیشت میں ساخت سے متعلق مسائل سے نمٹنے کے لیے بہتر پالیسی انتظام فراہم ہوگا۔

آئی ایم ایف پروگرام میں توجہ کا رخ مالیاتی جانب منتقل ہونے کا امکان ہے۔ ترقیاتی بجٹ میں قابل ذکر کمی کے نتیجے میں مالیاتی خسارے میں کمی نہیں ہو سکی جس کی وجہ حکومت کے لیے حصول قرض کی بلند قیمت، اور آمدنی ٹیکس میں چھوٹ، ٹیلی کام محصولات میں کمی اور درآمدات میں سست روی کے باعث آمدنی جمع کرنے کی سست رفتار کارکردگی ہے۔ مالیاتی تنگی کے اثرات رواں ششماہی میں اخراجات کی جہت میں مزید ظاہر ہونے کی توقع ہے۔ کم آمدنی کے نتیجے میں رواں سال 6 فیصد سے زیادہ مالیاتی خسارہ ہونے کا امکان ہے۔ اگلے بجٹ کی زیادہ توجہ متوقع طور پر آمدنی پیدا کرنے کے اقدامات، بلند ٹیکس اور Duties وغیرہ کی طرف ہوگی۔

افراط زر کے دباؤ متوقع طور پر مزید ظاہر ہوں گے جیسا کہ روپے کی قدر میں کمی کے سبب رفتار اثرات، گیس کی قیمت میں اضافہ اور بجلی کی قیمت میں کمی کی پیشی کو شامل کرنے پر 9.4 فیصد کی حالیہ سطح سے عکاسی ہوتی ہے۔ تاہم زیادہ تر مالیاتی تنگی آئندہ افراط زر کے دباؤ کی عکاسی کے لیے کی گئی ہے، اور مزید تنگی کی وسعت 50 bps کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سست روی کا شکار رہے گی کیونکہ کرنسی میں کمی اور مالیاتی پالیسی میں مزید تنگی کھپت کے رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے درمیان مسائل کے حل پر توجہ دینے کی زیادہ موزوں مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں، تاہم راستہ متوقع طور پر دشوار اور مکنتنا پائندہ پالیسی اقدامات سے پُر ہوگا۔

ایم سی بی - عارف حبیب سیونگزر اینڈ انویسٹمنٹس لمیٹڈ (MCBAH) کے بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2019ء کو ختم ہونے والے نو ماہ کے دوران کمپنی کے معاملات کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

کمپنی ایک غیر بینکاری مالیاتی ادارہ ہے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ریگولیٹری نظام کے تحت ریتھن فنڈ منیجر کے علاوہ Asset مینجمنٹ (اثاثہ جاتی انتظام کی) کمپنی اور انویسٹمنٹ ایڈوائزر (مشیر سرمایہ کاری) کے طور پر لائسنس شدہ ہے۔

کاروبار کا ماحول

معیشت اور بازار زر کا جائزہ

مالی سال کے آغاز ہی سے معیشت کو کرنٹ اکاؤنٹ کے خلیہ خسارے اور غیر ملکی ذخائر میں کمی کے باعث خارجی بحران کی شکل میں سنگین چیلنجز وراثت میں ملے۔ ان مسائل سے نمٹنے کے لیے مرکزی بینک نے ہم پالیسی اقدامات اٹھائے (موجودہ مالی سال میں روپے کی قدر میں 16 فیصد کمی اور انٹریسٹ کی شرح میں 425 bps اضافہ)۔ بالآخر استحکام کی کوششوں کے ثمرات حاصل ہوئے اور مالی سال 2019ء کے پہلے آٹھ ماہ کے دوران کرنٹ اکاؤنٹ کے خسارے میں 22 فیصد کمی ہوئی۔ مزید براں، حالیہ رجحان زیادہ امید افزا ہے کیونکہ فروری 2019-2018ء کا کرنٹ اکاؤنٹ کا خسارہ 400 ملین ڈالر سے کم تھا جو گزشتہ 3 برسوں کی پست ترین سطح ہے۔

اگرچہ حکومت انٹرنیشنل مونٹری فنڈ (آئی ایم ایف) پروگرام کے حوالے سے غیر یقینی صورتحال سے دو چار رہی لیکن دوستانہ اتحادیوں سے رقم حاصل کرنے میں کامیاب ہوئی جس کی بدولت مختصر میعاد کے لیے خارجی اکاؤنٹ میں موجود غلطی ہو گئی۔ سعودی عرب، متحدہ عرب امارات اور چین نے ادائیگیوں کے توازن میں 8 ملین ڈالر تک کی معاونت فراہم کی، جبکہ سعودی عرب نے پاکستان کے لیے 20 ملین ڈالر کی سرمایہ کاریوں کے اعلان کے ساتھ ساتھ تیل کے شعبے میں 3 ملین ڈالر کی پیشگی ادائیگی کی سہولت فراہم کی۔ مجموعی ملکی پیداوار (GDP) میں 2.5 سے 3 فیصد تک ترقی متوقع ہے کیونکہ گزشتہ برس بلند ترین جڑواں خساروں کے سبب توسیعی مالیاتی پالیسیاں جاری رکھنے کی حکومتی صلاحیت متاثر ہوئی۔ وسیع پیمانے کی مینیجنگ (LSM) مالی سال 2019ء کے سات ماہ کے دوران پہلے ہی پست سطح پر ہے، جبکہ کمزور زرعی ترقی (کپاس اور گندم ہدف تک نہیں پہنچ سکیں گے) کے ساتھ ساتھ Wholesale اور Retail تجارت میں قابل ذکر کمی (درآمداتی کمپینیشن) کے باعث موجودہ سال کے دوران کل مجموعی طلب سست روی کا شکار ہوگی۔

روپے کی قدر میں کمی اور بجلی اور گیس وغیرہ کی قیمتوں میں ردوبدل کے ساتھ ساتھ کمزور پمپس انڈیکس (CPI) افراط زر کے دباؤ میں اضافے کی نشاندہی کرتا رہا ہے۔ افراط زر کا اوسط اس سال 7 فیصد سے کم رہا لیکن آنے والے مہینوں میں تقریباً 9 فیصد پر قائم رہنے کا امکان ہے، اور توقع ہے کہ یہ سطح بجلی اور گیس وغیرہ کی قیمتوں میں کمی پیشی کے ساتھ ساتھ روپے کی قدر میں کمی کے سبب زواثر کے باعث اگلے مالی سال میں برقرار رہے گی۔ افراط زر میں متوقع مزید اضافے اور ادائیگیوں کے توازن کی کمزور صورتحال کے باعث موجودہ سال میں مرکزی بینک نے انٹریسٹ کی شرحوں میں 500 bps اضافہ کیا۔

حکومت نے اشارہ دیا ہے کہ وہ آئی ایم ایف پروگرام پر غور فریب دیکھ کر دیکھنے والی ہے۔ ساتھ ساتھ حکومت کو اہم ترین بنیادی مسائل پر توجہ دینی ہوگی تاکہ طویل المیعاد پائیدار معاشی ترقی کی راہ پر گامزن ہو سکے۔

دوران مالی سال مارکیٹ کے شرکاء کی مالیاتی تگھی کی مسلسل توقعات کے باعث پیداواری ختم بلندی کی طرف گامزن رہا۔ پہلے نو ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں 425 bps اضافہ کیا جو مارکیٹ کے بڑے حصے کی توقعات کے مطابق تھا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بینک ڈائریکٹریٹ متعہ دیلا میوں کو کمزور حجم اور بلند سطحوں پر شہرکت کے باعث اسٹیٹ بینک آف پاکستان کو مسترد کرنا پڑا۔ خارجی میدان میں خدشات نے مارکیٹ کے شرکاء کو طویل المیعاد پر بڑی انٹرنیشنل سے دور رکھا۔ زیر جائزہ مدت کے دوران 314.38 ملین مالیت کے حکومت پاکستان اجارہ سلک کی مدت تکمیل ہوئی، اور ان کی جگہ اسٹیٹ بینک آف پاکستان کی طرف سے تازہ سلک جاری نہیں کیے گئے۔

CONDENSED INTERIM BALANCE SHEET

As at March 31, 2019

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
	Note	Rupees	
ASSETS			
Non-current assets			
Fixed assets	4	421,600,556	400,730,566
Long-term investments	5	512,051,724	520,628,175
Long-term loans and prepayments		20,448,704	30,230,650
Long-term deposits		4,956,188	3,089,228
		959,057,173	954,678,619
Current assets			
Receivable from related parties		508,371,671	511,110,119
Loans and advances		15,568,045	7,072,270
Deposits, prepayments and other receivables		74,200,861	75,108,196
Accrued mark-up		185,104	200,207
Short-term investments	6	478,339,753	618,571,508
Advance tax - net of provision	7	67,394,306	62,495,927
Cash and bank balances		32,413,288	19,491,053
		1,176,473,028	1,294,049,280
TOTAL ASSETS		2,135,530,201	2,248,727,899
Share capital and reserves			
Authorised share capital		720,000,000	720,000,000
72,000,000 (30 June 2018: 72,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		785,306,568	847,536,132
Total equity		1,505,306,568	1,567,536,132
Liabilities			
Non-current liabilities			
Deferred taxation - net		58,571,730	54,837,186
Current liabilities			
Unclaimed dividend		4,340,017	4,203,632
Trade and other payables	8	567,311,886	622,150,949
Total liabilities		630,223,633	681,191,767
TOTAL EQUITY AND LIABILITIES		2,135,530,201	2,248,727,899
CONTINGENCIES AND COMMITMENTS			

exed 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 ENDED MARCH 31, 2019

Note	Nine months ended		Quarter ended		
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	
<hr/> <div style="text-align: right;">Rupees</div> <hr/>					
Revenue					
Management fee / investment advisory fee	9	548,043,912	514,444,817	177,383,899	174,416,508
Processing and other related income		15,121,306	15,798,547	4,526,189	10,463,712
Profit on bank deposits		1,188,689	995,326	132,451	447,192
Dividend income		17,427,452	-	-	-
Capital gain / (loss) on sale of investments - net		1,079,227	(8,824,265)	8,488,586	3,450,266
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(15,458,349)	9,831,964	27,426,938	3,267,019
Total income		567,402,238	532,246,389	217,958,062	192,044,697
Expenses					
Administrative expenses	10	(407,552,248)	(334,541,004)	(133,659,339)	(125,509,698)
Selling and distribution expenses		(37,318,523)	(79,124,416)	(13,104,794)	(28,077,392)
Financial charges		(695,216)	(391,616)	(350,288)	(35,300)
Sindh Workers' Welfare Fund		(2,480,000)	(2,970,000)	(1,410,000)	(850,000)
		(448,045,988)	(417,027,036)	(148,524,421)	(154,472,390)
Other income		2,219,604	27,677,430	236,820	5,946,053
Profit for the period before taxation		121,575,854	142,896,783	69,670,461	43,518,360
Taxation					
- Current		(53,756,833)	(49,287,223)	(16,462,506)	(18,267,181)
- Prior		(314,041)	(3,308,336)	-	-
- Deferred		(3,734,544)	(10,197,799)	(3,717,355)	(3,360,219)
		(57,805,418)	(62,793,358)	(20,179,861)	(21,627,400)
Profit for the period after taxation		63,770,436	80,103,425	49,490,600	21,890,960
Earnings per share - basic and diluted (Rupees)		0.89	1.11	0.69	0.30

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 ENDED MARCH 31, 2019

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	-----Rupees-----			
Profit for the period after taxation	63,770,436	80,103,425	49,490,600	21,890,960
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net unrealised appreciation / (diminution) on re-measurement of 'available for sale' investments	-	141,495	-	59,640,700
net of deferred tax	-	141,495	-	59,640,700
Total comprehensive income for the period	<u>63,770,436</u>	<u>80,244,920</u>	<u>49,490,600</u>	<u>81,531,660</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, 2019

Issued, subscribed and paid-up capital	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	Unrealised appreciation or depreciation available for sale financial assets	Sub-total	Total
Balance as at July 1, 2017							
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
Final dividend for the year ended June 30, 2017 @ 17.5% declared subsequent to the year end							
-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Other comprehensive income for the nine months ended March 31, 2018							
-	-	-	-	80,103,425	141,495	80,244,920	80,244,920
Balance as at March 31, 2018							
720,000,000	396,000,000	(60,000,000)	336,000,000	157,718,759	320,063,598	477,782,357	1,533,782,357
Profit after taxation for the quarter ended 30 June 2018							
-	-	-	-	44,089,478	-	44,089,478	44,089,478
Other comprehensive income for the three months ended 30 June 2018							
-	-	-	-	-	(10,335,703)	(10,335,703)	(10,335,703)
Balance as at June 30, 2018							
720,000,000	396,000,000	(60,000,000)	336,000,000	201,808,237	309,727,895	511,536,132	1,567,536,132
Adjustment due to adoption of IFRS 9 Note (3.4.2)							
-	-	-	-	309,727,895	(309,727,895)	-	-
Balance as at July 01, 2018							
720,000,000	396,000,000	(60,000,000)	336,000,000	511,536,132	-	511,536,132	1,567,536,132
Profit after taxation for the nine months ended March 31, 2019							
-	-	-	-	63,770,436	-	63,770,436	63,770,436
Final dividend for the year ended June 30, 2018 @ 17.5% declared subsequent to the year end							
-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Balance as at March 31, 2019							
720,000,000	396,000,000	(60,000,000)	336,000,000	449,306,568	-	449,306,568	1,505,306,568


M. Saeed
Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended	
	March 31, 2019	March 31, 2018
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	121,575,854	142,896,783
Adjustments for non cash items:		
Depreciation	14,918,290	13,745,527
Amortisation	7,906,889	5,678,067
(Gain) / Loss on sale of fixed assets	(1,256,160)	195,399
Capital gain on sale of marketable securities	(1,079,227)	8,824,265
Impairment of leasehold improvements	3,100,000	-
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	15,458,349	(9,831,964)
Financial charges	695,216	391,616
	39,743,357	19,002,910
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
	161,319,211	161,899,693
WORKING CAPITAL CHANGES (Increase) / decrease in current assets		
Receivable from related parties	2,738,448	(31,755,204)
Deposits, prepayments and other receivables	922,438	(14,969,483)
Loans and advances	(8,495,775)	(5,664,354)
	(4,834,890)	(52,389,042)
Increase / (decrease) in current liabilities		
Trade and other payables	(54,702,679)	16,618,104
NET CASH USED IN WORKING CAPITAL CHANGES	(59,537,569)	(35,770,938)
CASH FLOW FROM OPERATING ACTIVITIES	101,781,642	126,128,756
Income tax paid	(58,969,253)	(61,546,613)
Finance cost paid	(695,216)	(391,616)
Dividend paid	(126,000,000)	(126,000,000)
NET CASH FLOW FROM OPERATING ACTIVITIES	(83,882,827)	(61,809,474)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(47,325,662)	(44,251,390)
Proceeds from sale of property plant and equipment	1,786,240	77,960
Net proceeds against redemption of investments	134,429,498	108,827,921
Long term loans and receivables	9,781,946	(1,565,322)
Long term deposits	(1,866,960)	32,832
NET CASH USED IN INVESTING ACTIVITIES	96,805,062	63,122,001
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	12,922,235	1,312,528
Cash and cash equivalents at the beginning of the period	19,491,053	18,692,497
Cash and cash equivalents at the end of the period	32,413,288	20,005,025

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (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 January 19, 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 the 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 May 21, 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being June 27, 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 June 30, 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 May 23, 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 "The registered office of the Company is situated at 24th Floor, Centre point, Off 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 8 October 2018. Currently, the Company is managing the following funds under management:

	Net assets value as at	
	March 31, 2019	June 30, 2018
	----- Rupees in million -----	
Open-end Collective Investment Scheme (CISs)		
Pakistan Income Fund	1,254	1,519
MCB Pakistan Stock Market Fund	11,436	10,113
MCB Pakistan Sovereign Fund	723	585
Pakistan Capital Market Fund	562	619
Pakistan Cash Management Fund	216	889
Pakistan Income Enhancement Fund	811	1,350
MCB Pakistan Asset Allocation Fund	2,825	3,213
MCB DCF Income Fund	3,827	4,872
MCB Cash Management Optimizer	11,979	11,993
MCB Pakistan Frequent Payout Fund	272	487
Alhamra Islamic Asset Allocation Fund	3,489	3,633
Alhamra Islamic Stock Fund	3,009	3,550
Alhamra Islamic Income Fund	2,350	2,715
Alhamra Islamic Active Asset Allocation Fund Plan - I	827	1,404
Alhamra Islamic Active Asset Allocation Fund Plan - II	757	794
Alhamra Daily Dividend Fund	410	502

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Net assets value as at	
	March 31, 2019	June 30, 2018
	----- Rupees in million -----	
Pension Funds		
Pakistan Pension Fund	1,577	1,572
Alhamra Islamic Pension fund	829	774
Discretionary portfolio	34,952	32,106

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

	Net assets value as at	
	March 31, 2019	June 30, 2018
	----- Rupees in million -----	
Number of clients	64	78
Total portfolio at cost (Rs in millions)	34,132	31,180
Total portfolio at market value (Rs in millions)	34,409	30,681
	March 31, 2019	March 31, 2018
Fee earned (Rs in millions)	24	16

- 1.5 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

2.2 Statement of compliance

- a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standards (IFRS) 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 VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

- b) The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements 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 30 June 2018.
- c) The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 2018, whereas, the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2017.
- d) These condensed interim financial statements are unaudited.
- e) The company has made investments in mutual funds established under trust structure. As per SECP notification SRO 56(1)/ 2016 dated January 28, 2016, the requirements of consolidation under section 237 of the repealed Companies Ordinance, 1984 (section 228 of the Companies Act, 2017) and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the mutual funds are not being consolidated by the Company.

2.3 Accounting convention

These financial statements have been prepared on the basis of historical cost convention, except those financial asset that have been carried at fair values in accordance with the requirement of International Financial Reporting Standards (IFRS) 9.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, AS SUMPTIONS AND CHANGES THEREIN

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 July 2018 as referred to in note 3.4 to these condensed interim financial statements.

3.2 New standards, interpretations and amendments adopted by the Company

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018. The impact of the adoption of these standards and the new accounting policies are disclosed in note 3.4 below. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Company's condensed interim financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's condensed interim financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's condensed interim financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's condensed interim financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's condensed interim financial statements.

- 3.4** The below explains the impact of the adoption of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 Financial Instruments' on the Company's condensed interim financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

3.4.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2017 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

The application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company. It did not have an impact on management fees and investment advisory fees nor on processing and other related income. Accordingly, there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

3.4.2 IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

- (a) In accordance with the transitional provisions of IFRS 9, short-term and long-term investments classified as 'available-for-sale' have been mandatorily reclassified as 'fair value through profit or loss'. As mutual fund units do not qualify as equity instruments, the irrevocable election to present subsequent changes in the fair value through OCI is not available, therefore, these need to be classified as fair value through profit or loss.

The Company has adopted modified retrospective restatement for adopting IFRS 9 and accordingly, all changes arising on adoption of IFRS 9 have been adjusted at the beginning of the current period. The effect of change in accounting policy is as follows:

	As reported at 30 June 2018	Change	As at 1 July 2018
	-----Rupees-----		
Impact on Statement of Financial Position			
Investments - available for sale	714,896,286	(714,896,286)	-
Investments - at fair value through profit or loss	424,303,397	714,896,286	1,139,199,683
Impact on Statement of Changes in Equity			
Unrealized appreciation on re-measurement of 'available for sale' financial assets	309,727,895	(309,727,895)	-
Retained earnings	201,808,237	309,727,895	511,536,132

There is no impact on the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows as the company has opted for modified retrospective restatement as mentioned above.

- (b) The financial assets classified as 'loans and receivables' have been classified as amortised cost as these are held by the company to collect contractual cash flows; and cash flows are solely payments of principal and interest.
- (c) Short term investments previously classified as financial asset at FVTPL have been mandatorily classified as FVTPL based on the fact disclosed in point (a) above.

Besides above reclassification, IFRS 9 does not have impact on Company's other accounting policies.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments classified as at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all loans and advances. Loans and advances are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's significant receivable from its related parties having good collection history with no historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

- 3.5 The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2018.

- 3.6 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 30 June 2018.

4 FIXED ASSETS

	Note	(Unaudited) March 31, 2019	(Audited) June 30, 2018
----- (Rupees) -----			
Tangible			
Property and equipment	4.1	111,801,629	92,902,785
Capital work in progress		1,276,270	1,900,586
		113,077,899	94,803,371
Intangible assets			
Computer software	4.2	34,395,724	31,800,262
Goodwill	4.2	82,126,933	82,126,933
Management rights	4.2	192,000,000	192,000,000
		308,522,657	305,927,195
		421,600,556	400,730,566

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

4.1 Property and equipment

Following is a statement of property and equipment:

March 31, 2019 (Unaudited)						
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
As at 1 July 2018	(Rupees)					
Cost	33,591,515	28,032,673	16,734,895	66,331,512	9,456,267	154,146,862
Accumulated depreciation	(22,967,800)	(14,562,180)	(4,214,559)	(11,762,521)	(7,737,017)	(61,244,077)
Net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
Nine months ended 31 March 2019	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
Opening net book value	16,756,004	2,149,301	4,055,316	14,486,322	-	37,446,943
Additions during the period:						
Cost	(753,982)	(1,845,899)	(79,679)	-	(7,095,287)	(9,774,847)
Accumulated depreciation	720,512	1,381,021	48,218	-	7,095,287	9,245,038
	(33,470)	(464,878)	(31,461)	-	-	(529,809)
Write offs during the period:						
Cost	-	-	(968,690)	(3,309,035)	-	(4,277,725)
Accumulated depreciation	-	-	267,297	910,428	-	1,177,725
	-	-	(701,393)	(2,398,607)	-	(3,100,000)
Depreciation for the period	(4,245,426)	(3,632,122)	(1,278,707)	(5,425,660)	(336,375)	(14,918,290)
Closing net book value	23,100,823	11,522,794	14,564,091	61,231,046	1,382,875	111,801,629
As at 31 March 2019						
Cost	49,593,537	28,336,075	19,741,842	77,508,799	2,360,980	177,541,233
Accumulated depreciation	(26,492,714)	(16,813,281)	(5,177,751)	(16,277,753)	(978,105)	(65,739,604)
Net book value	23,100,823	11,522,794	14,564,091	61,231,046	1,382,875	111,801,629
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%	
June 30, 2018 (Audited)						
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
As at 1 July 2017	(Rupees)					
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	9,558,975	12,889,626	12,308,671	52,313,623	-	87,070,895
Year ended 30 June 2018						
Opening net book value	9,558,975	12,889,626	12,308,671	52,313,623	-	87,070,895
Additions during the year	5,934,633	5,687,731	1,709,864	8,583,475	1,794,000	23,709,703
Disposals during the year:						
Cost	(437,870)	(178,634)	-	-	-	(616,504)
Accumulated depreciation	395,676	77,876	-	-	-	473,552
	(42,194)	(100,758)	-	-	-	(142,952)
Depreciation for the year	(4,827,699)	(5,006,106)	(1,498,199)	(6,328,107)	(74,750)	(17,734,861)
Closing net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
As at 30 June 2018						
Cost	33,591,515	28,032,673	16,734,895	66,331,512	9,456,267	154,146,862
Accumulated depreciation	(22,967,800)	(14,562,180)	(4,214,559)	(11,762,521)	(7,737,017)	(61,244,077)
Net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%	

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

4.1.2 This represents cost of certain capital expenditure being incurred for the development of the company's mobile phone application.

4.2 Intangible assets

Following is a statement of intangible assets:

	March 31, 2019 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2018				
Cost	68,429,778	82,126,933	192,000,000	342,556,711
Accumulated amortisation	(36,629,516)	-	-	(36,629,516)
Net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
Nine months ended 31 March 2019				
Opening net book value	31,800,262	82,126,933	192,000,000	305,927,195
Additions during the period	10,503,035	-	-	10,503,035
Amortisation for the period	(7,907,573)	-	-	(7,907,573)
Closing net book value	<u>34,395,724</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,522,657</u>
As at 31 March 2019				
Cost	78,932,813	82,126,933	192,000,000	353,059,746
Accumulated amortisation	(44,537,089)	-	-	(44,537,089)
Net book value	<u>34,395,724</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,522,657</u>
Amortisation rates (% per annum)	<u>25%</u>			
	June 30, 2018 (Audited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2017				
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>
Year ended 30 June 2018				
Opening net book value	12,133,786	82,126,933	192,000,000	286,260,719
Additions during the year	28,409,453	-	-	28,409,453
Amortisation for the year	(8,742,977)	-	-	(8,742,977)
Closing net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
As at 30 June 2018				
Cost	68,429,778	82,126,933	192,000,000	342,556,711
Accumulated amortisation	(36,629,516)	-	-	(36,629,516)
Net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
Amortisation rates (% per annum)	<u>25%</u>			

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

4.3 Depreciation and amortisation is allocated as follows:

	Note	(Unaudited)		
		March 31, 2019	March 31, 2018	
		Depreciation	Amortisation	Amortisation
		(Rupees)		
Charged to statement of profit or loss	13	14,580,121	7,727,656	5,534,539
Charged to Collective Investment Schemes under management	13.1	338,169	179,233	143,528
		<u>14,918,290</u>	<u>7,906,889</u>	<u>5,678,067</u>

	Note	(Unaudited) March 31, 2019	(Audited) June 30, 2018
		(Rupees)	
5 LONG-TERM INVESTMENTS			
Investments in pension schemes - related parties			
At fair value through profit or loss	5.1	512,051,724	-
Available-for-sale investments		-	520,628,175
		<u>512,051,724</u>	<u>520,628,175</u>

5.1 At fair value through profit or loss

Name of the Investee Fund	Note	As at 1 July 2018	Purchased during the period	Redeemed / sold during the period	As at March 31, 2019		As at March 31, 2019 (Unaudited)	
					(Number of units)		Carrying value	Unrealised diminution
					(Rupees)			
Pakistan Pension Fund	5.1.1	805,305	-	-	805,305		255,569,563	155,919
Alhamra Islamic Pension Fund	5.1.1	876,129	-	-	876,129		265,058,612	(8,732,370)
							<u>520,628,175</u>	<u>(8,576,451)</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

5.1.1 Previously classified as available-for-sale investments. The impact for the reclassification is explained in note 3.4.2 of these condensed interim financial information.

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
6	SHORT-TERM INVESTMENTS	-----Rupees-----	
	Investment in Collective Investment Schemes - related parties		
	At fair value through profit or loss	6.1 478,339,753	424,303,397
	Available-for-sale investments	-	194,268,111
		478,339,753	618,571,508

6.1 At fair value through profit or loss

Name of the Investee Fund	Note	As at 1 July 2018	Purchased during the period	Redeemed / sold during the period	As at 31 March 2019	As at 31 March 2019 (Unaudited)		
						Carrying value	Market value	Unrealised appreciation / (diminution)
		----- (Number of units) -----				----- (Rupees) -----		
MCB Cash Management Optimizer		4,005,352	25,168,453	27,036,332	2,137,474	214,912,998	215,552,699	639,701
MCB Pakistan Stock Market Fund	9.1.1	2,048,989	2,432,680	1,569,518	2,912,150	270,308,653	262,787,054	(7,521,599)
						485,221,651	478,339,753	(6,881,898)

6.1.1 Previously classified as available-for-sale investments. The impact for the reclassification is explained in note 3.4.2 of these condensed interim financial information.

7 ADVANCE TAX - NET OF PROVISIONS

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010, 2011 and 2017. The income tax returns upto the tax year 2018 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
8	TRADE AND OTHER PAYABLES	-----Rupees-----	
	Accrued expenses and other payables	74,110,181	81,637,452
	Sindh Workers' Welfare Fund	8.1 28,049,050	25,569,050
	Withholding tax payable	3,106,030	1,767,302
	Indirect taxes and duties payable	8.2 412,867,808	408,073,171
	Payable to facilitators / distributors	49,178,817	105,103,974
		567,311,886	622,150,949

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

- 8.1 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.

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 was not in the spirit of law 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 year ended 30 June 2017. Further, as a consequence of passage of the 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. 28.04 million (30 June 2018: Rs. 25.6 million) with effect from 1 July 2014. Moreover, the management has decided not to reverse WWF amounting to Rs. 5.10 million which have been already paid to Tax Authority until the said amount is refunded back.

- 8.2 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 the Company has maintained full provision for Federal Excise Duty (FED) amounting to Rs. 399.62 (30 June 2018: Rs. 399.62) million as a matter of abundant caution.

9 MANAGEMENT FEE / INVESTMENT ADVISORY FEE

		Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
9	MANAGEMENT FEE / INVESTMENT ADVISORY FEE Note	-----Rupees-----		-----Rupees-----	
	From Collective Investment Schemes - related parties	592,248,498	563,230,575	192,593,570	190,734,992
	From Discretionary Portfolio	27,041,122	18,092,068	7,850,235	6,355,662
		619,289,620	581,322,643	200,443,805	197,090,654
	Less: Indirect taxes and duties on management fees	(71,245,708)	(66,877,826)	(23,059,907)	(22,674,146)
		548,043,912	514,444,817	177,383,898	174,416,508

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

9.1 From Collective Investment Schemes - related parties

Note	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	-----Rupees-----		-----Rupees-----	
MCB Cash Management Optimizer	82,955,119	64,747,313	26,597,613	23,572,934
MCB Pakistan Asset Allocation Fund	51,489,379	54,917,524	16,156,855	18,262,516
MCB DCF Income Fund	49,761,183	73,519,722	15,719,661	21,489,822
Alhamra Islamic Income Fund	20,551,009	14,091,706	7,981,367	5,521,662
MCB Pakistan Sovereign Fund	4,677,097	5,804,738	1,823,527	1,629,877
Pakistan Capital Market Fund	10,079,023	10,629,685	3,198,306	3,548,065
Pakistan Cash Management Fund	2,383,504	4,177,590	733,288	895,568
Pakistan Income Enhancement Fund	10,117,165	17,074,062	3,197,088	5,534,231
Pakistan Income Fund	12,235,457	19,422,024	4,071,254	5,832,273
Alhamra Islamic Asset Allocation Fund	63,636,002	37,177,912	20,385,773	15,227,703
Pakistan Pension Fund	19,916,083	18,096,052	6,671,485	6,158,692
Pakistan Islamic Pension Fund	10,354,215	8,940,592	3,482,868	3,031,922
MCB Pakistan Stock Market Fund	193,297,264	175,199,106	63,798,583	59,259,055
Alhamra Islamic Stock Fund	53,732,871	52,346,960	16,034,629	18,458,275
MCB Pakistan Frequent Payout Fund	3,894,598	6,033,675	1,287,124	1,951,347
Al Hamra Islamic Active Asset Allocation Fund - Plan I	458,794	703,553	52,666	226,569
Al Hamra Islamic Active Asset Allocation Fund - Plan II	133,097	348,361	40,012	134,481
Alhamra Daily Dividend Fund	2,576,638	-	1,361,471	-
	592,248,498	563,230,575	192,593,570	190,734,992

10 ADMINISTRATIVE AND OPERATING EXPENSES

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	-----Rupees-----		-----Rupees-----	
Salaries, allowances and other benefits	267,941,336	204,897,566	90,051,286	80,597,426
Legal and professional charges	6,137,793	10,316,544	1,908,739	1,048,603
Travelling and conveyance charges	4,874,160	9,118,564	1,031,172	7,154,766
Rent, repairs, utilities and maintenance	68,953,585	59,784,680	22,003,740	18,543,095
Office supplies	1,078,233	968,519	583,242	422,076
Auditors' remuneration	1,900,000	1,817,450	600,000	600,000
Directors' meeting fee	3,600,000	3,800,000	900,000	1,650,000
Insurance	1,330,530	927,103	540,315	434,227
Depreciation	14,580,121	13,397,858	5,420,207	5,085,809
Amortisation	7,727,656	5,534,539	2,728,345	2,414,413
Stamp duty and taxes	191,500	413,050	41,500	25,000
Registrar fee	532,408	344,165	165,517	123,303
Printing and stationery	2,838,604	2,632,690	844,097	1,032,525
Telephone expenses	4,241,503	5,262,363	1,320,098	1,624,465
Entertainment expenses	4,959,111	2,625,541	886,825	433,950
Books, periodicals and subscription	10,009,641	9,931,150	4,634,256	4,320,040
Impairment on property and equipment	3,100,000	-	-	-
Provision against advisory fees receivable	3,556,067	2,769,222	-	-
	407,552,248	334,541,004	133,659,339	125,509,698

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

- 10.1** 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 33.81 million have been charged by the Company to the respective CISs under its management.

11 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. 65.87 million have been charged by the Company to aforesaid funds under its management.

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 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, by filing 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 to 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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

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 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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

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.

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 was 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 filed before the concerned Commissioner Appeals - Sindh Revenue Board has been decided confirming the order of the AC-SRB. An appeal, against the order of the Commissioner Appeals has been filed before the Appellate Tribunal which is pending adjudication.

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.

12.3 During the nine months ended 31 March 2019, the Sindh Revenue Board has issued two orders dated October 3 and 10, 2018 raising a demand of Rs. 7.9 million and 2.7 million respectively wherein input tax claimed by the Company on various transactions has been disallowed by the assessing Officer on the ground that the output tax against the same has not been offered by the respective vendors. Appeals against the aforesaid orders have been filed before the Commissioner Appeals – Sindh Revenue Board which is pending adjudication. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

13 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as at the period end. Therefore, all 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%, companies having common directorship, Collective Investment Schemes and voluntary pension schemes managed by the Company, directors, key management personnel and their close family members and retirement benefit plan. The transactions with related parties are in the normal course of business and are carried out at contracted rates and terms. Details of such transactions are as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

13.1 Transactions with related parties during the period

Transactions with related parties during the period			Nine months ended	
			31 March 2019	31 March 2018
			(Rupees)	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction		
MCB Bank Limited	Parent company with 51.33% Holding	Commission and other expenses	36,799,006	40,215,406
		Profit on bank deposits	979,179	830,732
		Reimbursement of expenses	-	17,520,000
		Branch sharing expenses	2,292,984	3,212,226
		Dividend paid	64,674,344	64,674,344
		Financial charges	333,148	391,616
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank charges	-	6,877
Nishat Real Estate Development Company (Pvt) Limited	Group Company of Parent Company	Rent expense	2,760,835	2,457,555
Nishat Hotels and Properties Limited	Group Company of Parent Company	Rent expense	2,114,065	1,820,000
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	13,912,581	10,548,222
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	4,708,909	8,277,699
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	32,225,448	32,225,448
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	94,608	421,132
MCB Cash Management Optimizer	Funds under management	Management fee	82,955,119	64,747,313
		Investment in units	2,517,594,854	362,647,360
		Redemption of units	2,725,401,967	376,808,970
		Reimbursement of expenses	8,019,753	9,010,683
MCB DCF Income Fund	Funds under management	Management fee	49,761,183	73,519,722
		Share of sales load	222,247	36,135
		Back end load	46,087	-
		Reimbursement of expenses	2,935,762	4,337,447
Alhamra Islamic Income Fund	Funds under management	Management fee	20,551,009	14,091,706
		Share of sales load	108,946	538,735
		Sharia fee paid on behalf of the fund	675,000	675,000
		Reimbursement of expenses	2,027,544	2,050,186
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	51,489,379	54,917,524
		Share of sales load	68,771	105,932
		Reimbursement of expenses	2,278,369	2,429,980
		Selling and marketing	9,112,511	9,719,645
		Back-end load	2,260,513	7,705,364
		Redemption of units	50,000,000	-
		Investment in units	50,123,345	-
MCB Pakistan Frequent Payout Fund	Funds under management	Management fee	3,894,598	6,033,675
		Reimbursement of expenses	264,425	535,452
		Selling and marketing	-	1,053,116

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2019	31 March 2018
			(Rupees)	
Alhamra Islamic Stock Fund	Funds under management	Management fee	53,732,871	52,346,960
		Share of sales load	512,813	342,577
		Reimbursement of expenses	2,377,558	2,316,238
		Selling and marketing	9,510,243	9,264,729
		Sharia fee paid on behalf of the fund	675,000	675,000
MCB Pakistan Sovereign Fund	Funds under management	Management fee	4,677,097	5,804,738
		Share of sales load	-	885
		Reimbursement of expenses	453,317	820,412
MCB Pakistan Stock Market Fund	Funds under management	Management fee	193,297,264	175,199,106
		Share of sales load	1,561,019	1,591,879
		Reimbursement of expenses	8,552,976	7,752,173
		Selling and marketing	34,211,905	31,008,446
		Investments in units	294,036,188	49,672,080
		Redemption of units	219,000,000	142,647,360
		Back-end load	21,283	20,699
Others	8,605	-		
Pakistan Capital Market Fund	Funds under management	Management fee	10,079,023	10,629,685
		Share of sales load	9,985	50,225
		Reimbursement of expenses	448,911	470,340
		Selling and marketing	1,789,899	-
		Others	8,065	-
Pakistan Cash Management Fund	Funds under management	Management fee	2,383,504	4,177,590
		Reimbursement of expenses	242,658	600,485
Pakistan Income Enhancement Fund	Funds under management	Management fee	10,117,165	17,074,062
		Share of sales load	44,435	138,772
		Reimbursement of expenses	685,126	1,471,971
		Investments in units	962,667,273	-
		Redemption of units	963,339,660	-
Pakistan Income Fund	Funds under management	Management fee	12,235,457	19,422,024
		Share of sales load	325,390	61,173
		Reimbursement of expenses	1,157,193	1,145,842
		Others	18,570	-
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	63,636,002	37,177,912
		Share of sales load	903,250	793,372
		Back end load	8,781,476	3,922,100
		Reimbursement of expenses	2,815,753	1,644,970
		Selling and marketing	11,263,009	6,579,909
Shariah fee paid on behalf of the fund	675,000	675,000		
Alhamra Islamic Pension Fund	Funds under management	Management fee	9,163,020	8,940,593
		Share of sales load	165,690	137,907
		Contribution to fund on behalf of the employees	11,908,675	8,756,937

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2019	31 March 2018
			(Rupees)	
Pakistan Pension Fund	Funds under management	Management fee	19,916,083	18,096,053
		Share of sales load	82,530	171,875
		Contribution to fund on behalf of the employees	3,947,903	3,455,751
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	458,794	703,553
		Reimbursement of expenses	977,852	1,099,110
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	133,097	348,361
		Back-end load	-	180,916
		Reimbursement of expenses	581,340	515,338
Alhamra Daily Dividend Fund	Funds under management	Management fee	2,576,638	-
		Dividend income	213,866	-
		Investments in units	41,181,782	-
		Redemption of units	41,181,782	-
Directors & Executives Executive Director Vice Chairman Chief Executive Officer	Directors and key executives	Dividend paid	43,123	-
		Remuneration and other benefits	22,871,961	13,794,888
		Sale of Vehicle	1,413,590	-
		Club membership loan	-	2,000,000
Key Management Personnel Chief Investment Officer	Other connected persons / related parties	Remuneration and other benefits	30,498,705	25,211,559
		Club membership loan	2,000,000	-
		Housing loan	8,000,000	-

13.2 Amount outstanding as at period end			(Unaudited) 31 March 2019	(Audited) 30 June 2018
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Rupees)	
MCB Bank Limited	Parent company with 51.33% Holding	Bank balance	22,335,414	14,713,692
		Other payable	14,380,075	14,379,790
		Commission payable	3,931,077	3,331,143
		Mark-up receivable	88,048	166,561
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	1,083,299	1,056,985
		Mark-up receivable	1,218	1,041
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Advisory fee receivable	9,295,125	9,023,008
		Receivable against sale of intangible	2,500,000	2,500,000
Nishat Real Estate Development Company (Pvt.) Ltd.	Group Company of Parent Company	Rent Deposit	784,326	784,326
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	112,363	506,193
MCB DCF Income Fund	Funds under management	Remuneration receivable	104,602,476	105,431,420
		Sales load receivable	28,020,157	28,324,680
		Receivable against reimbursement of expenses	326,917	375,822

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited) 31 March 2019	(Audited) 30 June 2018
			(Rupees)	
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	24,511,529	24,871,165
		Sales load receivable	16,189,596	16,757,790
		Back-end load	219,075	1,293,734
		Receivable against reimbursement of expenses	242,647	258,560
		Receivable against selling & marketing expenses	2,859,416	3,184,835
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	63,977,936	63,337,767
		Closing balance of investment in units	215,552,699	424,303,397
		Receivable against reimbursement of expenses	344,071	1,182,824
Alhamra Islamic Income Fund	Funds under management	Remuneration receivable	11,129,432	10,659,129
		Sales load receivable	3,124,405	3,114,407
		Receivable against reimbursement of expenses	203,311	464,421
		Receivable against shariah fee	75,000	75,000
MCB Pakistan Stock Market Fund	Funds under management	Remuneration receivable	76,536,036	74,514,641
		Sales load receivable	4,277,852	4,489,367
		Other receivable	5,022	5,026
		Closing balance of investment in units	262,787,054	194,268,111
		Receivable against reimbursement of expenses	962,907	873,464
		Receivable against selling & marketing expenses	11,291,785	10,946,767
Pakistan Income Fund	Funds under management	Remuneration receivable	10,545,713	10,298,358
		Sales load receivable	476,551	445,802
		Receivable against reimbursement of expenses	110,666	122,321
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	29,756,730	29,452,072
		Sales load receivable	4,211,542	4,169,841
		Receivable against reimbursement of expenses	59,338	52,952
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	6,958,566	7,050,273
		Sales load receivable	393,424	396,220
		Receivable against reimbursement of expenses	48,061	52,147
		Receivable against selling & marketing expenses	566,072	138,284
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	11,539,011	12,221,892
		Sales load receivable	169,857	143,179
		Receivable against reimbursement of expenses	258,832	289,060
		Receivable against selling & marketing expenses	2,837,988	3,620,042
		Receivable against Shariah Fee	75,000	75,000
Pakistan Pension Fund	Funds under management	Remuneration receivable	8,253,972	8,140,003
		Sales load receivable	1,578,368	841,023
		Closing balance of investment in units	255,725,482	255,569,563

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited) 31 March 2019	(Audited) 30 June 2018
			(Rupees)	
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	12,732,552	12,443,393
		Sales load receivable	1,358,624	4,163,891
		Back end load receivable	1,548,662	744,899
		Receivable against reimbursement of expenses	301,821	289,026
		Receivable against selling & marketing expenses	3,608,101	3,395,929
		Receivable against shariah fee	75,000	75,000
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	4,223,935	4,099,420
		Sales load receivable	256,020	358,280
		Closing balance of investment in units	256,326,242	265,058,612
Pakistan Sarmaya Mahfooz Fund (Matured)	Funds under management	Remuneration receivable	1,960,082	1,960,082
		Sales load receivable	2,307,278	2,307,278
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	12,135,155	12,174,814
		Receivable against reimbursement of expenses	18,385	68,521
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	17,670,864	17,911,242
		Sales load receivable	4,745,162	4,748,432
		Other receivable	-	3,529
		Receivable against reimbursement of expenses	69,133	115,348
MCB Pakistan Frequent Payout Fund	Funds under management	Remuneration receivable	1,285,382	1,393,526
		Sales load receivable	3,624,618	3,624,619
		Receivable against reimbursement of expenses	23,518	39,913
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Remuneration receivable	1,009,193	74,282
		Receivable against reimbursement of expenses	75,557	116,499
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Remuneration receivable	12,205	38,774
		Receivable against reimbursement of expenses	64,339	67,036
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	575,270	157,897
		Payable against bank charges	153,651	19,212
		Other receivable	-	40,000

14 GENERAL

14.1 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

14.2 Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 19, 2019 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer










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