

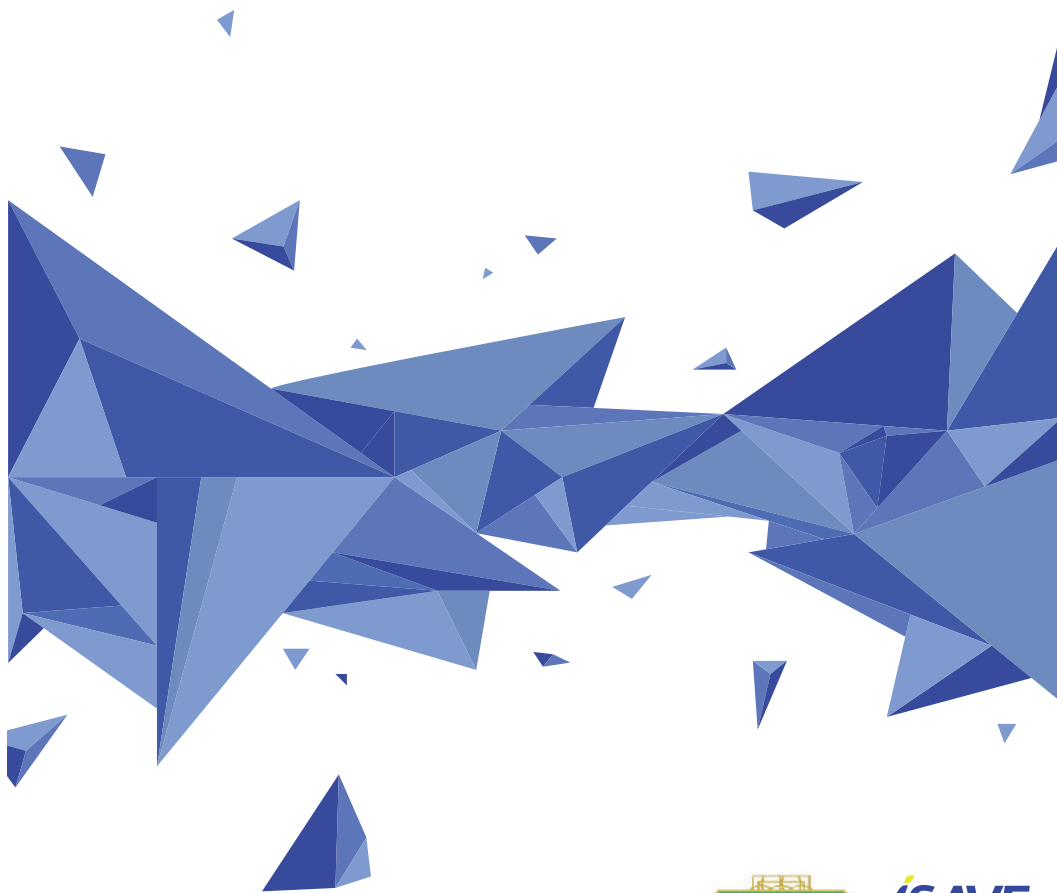


**MCB-ARIF HABIB**  
Savings and Investments Limited

# QUARTERLY REPORT

MARCH  
**2020**  
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited



## TABLE OF CONTENTS

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Vision, Mission and Core Values	02
Company Information	03
Directors' Report	04
Condensed Interim Balance Sheet	15
Condensed Interim Profit & Loss Account (Un-audited)	16
Condensed Interim Statement of Comprehensive Income (Un-audited)	17
Condensed Interim Statement of Changes in Equity (Un-audited)	18
Condensed Interim Cash Flow Statement (Un-audited)	19
Notes to the Condensed Interim Financial Information (Un-audited)	20

## **Vision**

To become synonymous with Savings

## **Mission**

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

## **Core Values**

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

## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating &amp; Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Share Registrar</b>	<b>CDC Share Registrar Services Limited</b> CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcsrsl.com	
<b>Bankers</b>	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Summit Bank Limited	
<b>Auditors</b>	<b>KPMG Taseer Hadi &amp; Co.</b> Chartered Accountants 1st Floor, Shaikh Sultan Trust, Building No. 2, Beaumont Road, Karachi - 75530	
<b>Legal Advisor</b>	<b>Akhund Forbes</b> D-21, Block-4, Scheme-5 Clifton, Karachi  <b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Registered Office</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

## DIRECTOR'S REPORT

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The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present report on the affairs of MCBAH for the quarter / nine months period ended March 31, 2020.

### 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.

### ECONOMY AND MONEY MARKET REVIEW

The third quarter of financial year 2019-20 (FY20) was full of gloom and doom, after the Coronavirus (Covid-19) outbreak wreaked havoc on the global economy. Global cases topped 1.5 million, while more than 80,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. While China took stringent measures to rein in the coronavirus, the other part of the globe especially EU and US was hit hard by the pandemic. On the flip side, the number of cases on the domestic side still dwarfed the developed world (approximately 4,500 cases as of now), however, the situation was still uncertain as of now. The Country has also been forced into a semi lockdown, which has affected the domestic businesses.

The outlook on GDP growth ranged from 2.4 per cent -3.0 per cent according to various institutions, prior to Covid-19 outbreak. However, as of late, the outbreak of COVID-19 has created uncertainty relative to trajectory of the GDP growth going forward. The weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected Large Scale Manufacturing (LSM) growth is expected to take a dent on the overall growth. LSM as anticipated continued on a downward trajectory as the import based consumption demand evaporated. LSM posted a decline of approximately 3.4 per cent in the first seven months of FY20, with most of the decline emanating from petroleum production and cyclical sectors.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments (BoP) position. The current account deficit in the first eight months of this year contracted by approximately 70 per cent on Year on Year (YoY) basis to USD 2.8 billion. Imports of goods and services continued to decline as it compressed by approximately 15 per cent while exports have started to inch up registering increase of approximately 3.2 per cent in first eight months of FY20. Remittances provided some cushion to BoP position increasing by approximately 5 per cent over the period. The Country received net foreign investment in debt securities worth approximately USD 3.1 billion during Jul-Feb period. However, USD 1.8 billion worth of sovereign debt was divested in the month of March. The foreign exchange reserves increased by USD 2.9 billion from Jul-Mar FY20 supported by flows from International Monetary Fund (IMF), multilateral institutions and foreign portfolio investors along with a curtailed current account deficit.

Federal Board of Revenue (FBR) has collected provisional taxes of PKR 3,050 billion during the first nine months of this fiscal year. Provisional tax collection prior to month of March was very encouraging, growing at a rate of 17 per cent YoY. However, lockdown enforced during the month of March led to a shortfall of nearly PKR 100-150 billion, which weakened the overall growth to 13 per cent in the first nine months of FY20.

## DIRECTOR'S REPORT

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Average CPI for clocked in CPI in at 11.5 per cent YoY for the first nine months of FY20. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. However, the inflationary pressures have started trending downwards with inflation for March clocking in at 10.2 per cent as lower petroleum prices along with easing food inflation put breaks on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1 per cent for the period.

The Monetary Policy Committee (MPC) in its first meeting of the month reduced the interest rate by 75 bps citing the easing outlook on inflation. During the month, another emergent meeting was called whereby the MPC decided to reduce the interest rates by a further of 150 bps following a global trend of easing by the central banks as a response to coronavirus outbreak.

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. The cumulative decline of 225 bps in interest rates further yields downwards in third quarter of this fiscal year. Three (3) Years bonds eased off by approximately 500 bps while the longer tenor (10Y) bonds also eased off by nearly approximately 450 bps during the first nine months of FY20.

### Equity Market Review

As panic hit equity markets around the globe post novel coronavirus spread, KSE-100 Index was no different. The benchmark index plunged by approximately 28 per cent in the third quarter of the current fiscal year, reversing all the previous gains of the fiscal year. This took the cumulative negative return of nine months of FY20 to 13.8 per cent. Also, KSE had its worst month since the financial crisis of 2008 as the global pandemic took a toll on all risk assets. Foreigners continued to shun risk assets across the emerging market and Pakistan did not turn out to be an exception. Foreign Investors Portfolio Investment (FIPI) selling during the quarter amounted to USD 130 million during the period. Individuals were the main buyers during the period taking exposure of USD 144 million in equities, while commercial banks and mutual funds turned out to be net sellers reducing their exposure by USD 48 million and USD 85 million respectively. Volumes and values traded averaged around 191 million shares/ PKR 7.1 billion during the period.

The energy chain underperformed severely during the quarter as crude oil prices had its one of the worst month of history, after Saudi Arabia started a price war as an agreement was not reached between OPEC and Russia. Alongside, a weak global demand amidst the contagious virus added fuel to the fire. Oil prices touched its 18-year low during the month. Exploration and Production (E&Ps), and Oil Marketing Companies (OMC') lost more than 40 per cent during the quarter. Commercial banks also lost nearly 30 per cent during the period, as Central Bank continued its easing policy, while foreigners continued to dump local banks as they shunned risk assets. Fertilizers and Pharmaceutical sectors outperformed the index as defensive plays remained in the radar of investors.

### Economy & Market – Future Outlook

The COVID-19 outbreak has created uncertainty related to economic numbers. Independent reports point out that Pakistan can lose up to 4.0 per cent of the GDP, if the lockdown is enforced for at least one more month. While Pakistan currently lags behind developed countries in terms of number of cases, we still await more data to have a clearer picture. Global picture also points out that with social distancing in place, things will get in control over the course of

## DIRECTOR'S REPORT

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next two months. If the trend continues, we expect global growth to show sign of recoveries by the third quarter. Albeit, if a second wave erupts, our optimism will not hold true. On the local side, the current data shows some light at the end of the tunnel. However, if things get out of control, Pakistan will have a more severe impact as it lacks health infrastructure along with fiscal muscles to combat the pandemic in the short run.

Government has announced fiscal stimulus worth PKR 700-800 billion to protect the vulnerable industries and segments of the society which are worst hit from the pandemic. With lower tax collection (PKR 500 billion shortfall expected from our expectation) and higher expenditures we expect fiscal deficit to fall north of 9 per cent of GDP. We believe the Government will get a waiver from IMF to meet the primary balance target this year.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the Central Government. The plunge of international oil prices to USD 34/BBL has come as a blessing in disguise. Global slowdown would be detrimental for exports and remittances from oil producing nations would be affected due to lower oil prices. Our forecast is that CAD will settle at 2.3 per cent of GDP for FY20 and 1.3 per cent of GDP for FY21, assuming the global economy starts picking up from third quarter of the calendar year. Given the rise in bond yields of emerging market countries, we expect the idea of raising funds from Eurobond to be shelved. Alongside privatization flows are also expected to be deferred for next year. Furthermore, we expect portfolio flows to revert back to zero this year. To meet the shortfall in external financing, a lot would depend on whether multilateral and bilateral institutions will facilitate deferred debt payments along with extension of additional credit. We expect additional financing of USD 2 billion from IMF and multilateral institutions, while we also expect Pakistan will be able to restructure debt of USD 2.5 billion. Assuming if the scenario plays out as we are expecting, the currency should stabilize at current levels as the REER as per our estimates is undervalued by 10 per cent at current level (PKR 167 vs USD).

CPI is expected to average approximately 11.1 per cent in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. The plunge in oil prices has provided much needed respite to inflationary outlook. With subdued oil prices and high base effect, we expect headline inflation to ease off in the next year and decline to an average of approximately 7.4 per cent. Risk to our expectations are significant increase in international commodity prices along with more than expected adjustment in utility tariffs. Based on our outlook of inflation, we expect interest rates to ease off by 100-150 bps in the next 12 months. However, if recessionary pressures build over the course of time, we do not rule out further cuts in interest rate from our base case.

From capital market perspective, particularly equities, we await more clarity on local status of Covid-19. Equities in terms of valuations have not been as cheap as they are now, however, at the same time, the economic outlook has not been as uncertain as it is now owing to Covid-19. On the flip side, the bond market is pricing a relatively normal economic scenario, whereby it expects inflation to significantly fall and economic activities to resume in the short run after the lockout period. If that is the case, then equities as an asset class is bound to outperform all the relative asset classes in the domestic market. The risk premiums (difference between earnings yield and 10Y bonds) have moved into unseen territory. Risk premium is currently close to approximately 10.0 per cent against the historical average of 0.9 per cent and a 15-year low of 6.0 per cent (happened in the financial crisis of 2008-09). We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

## DIRECTOR'S REPORT

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For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in most of the expected monetary easing expected going forward. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by approximately 26 per cent % to approximately PKR 645 billion at the end of 3QFY20 compared to end of 4QFY19. Total money market funds grew by approximately 71 per cent since June 2019. Within the money market sphere, Shariah Compliant Funds dominated as they grew by approximately 117% to PKR 62.8 billion. Equity and related funds declined massively by approximately 62 per cent from PKR 247 billion to PKR 185 billion over the quarter.

In terms of the segment share, Money Market funds commanded approximately 43 per cent of the share followed by Equity & Equity related funds with a share of approximately 29 per cent and Income funds having a share of approximately 26 per cent as at the end of 3QFY20.

Amongst pension funds, total Conventional fund size increased by approximately 6.4 per cent to PKR 9.66 billion and Islamic fund size increased by approximately 4.5 per cent to PKR 17.38 billion.

### Mutual Fund Industry Outlook

Fear in risky asset classes across the globe caused investors to focus on low risk funds. Capital Preservation, Income Funds with Government Securities and Money Market funds shall attract major inflows until the uncertainty prevails while inflows in equity and linked funds despite historic valuations remain contingent on clues towards stabilization. Industry continued to operate smoothly in lock down and both fixed income and equity markets continued to operate with some adjustment in operating hours. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

## COMPANY'S PERFORMANCE REVIEW

The Company recorded a gross income of Rs. 573.949 million (March 31, 2019: 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. 381.016million (March 31, 2019: 445.826 million), the Company earned a profit before tax of Rs. 192.932 million (March 31, 2019: 121.576 million). The net profit after tax for the period amounts to Rs. 127.539 million, as compared to net profit of Rs. 63.770 million for the corresponding period ended March 31, 2019. We would like to highlight that as on March 31, 2020 the Company was managing over Rs. 61.7 billion of net assets in CIS and VPS compared to Rs. 44.3 billion. An increase in 17.4 billion resultantly the Company is now ranked amongst Top 3. We expect the assets under management to strengthen further going forward contributing to the revenue growth and profitability.

Current quarter has been over shadowed by the pandemic which started in the early January 2020. As at March 31, 2020, almost the entire country is in some state of lock down. On March 31, 2020, the Pakistan Stock Exchange (PSX) 100 index closed at 29,231 points and the Index has shed more than 27% from December 31, 2019. Further the translation rate of USD / PKR



## DIRECTOR'S REPORT

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closed at Rs 166+. This impact was also witnessed in our Financial Statement where the unrealized loss for the quarter stands at over Rs. 85 million.

During the period, the Company has adopted IFRS 16, 'Leases'. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. It requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Due to adoption of IFRS- 16 Earnings per share has decreased by Rs. 3.4 million for the nine months period ended March 31, 2020 as a result of the adoption of IFRS 16.

### ACKNOWLEDGEMENT

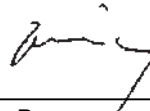
The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan, the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their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

For and on behalf of Board



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**Muhammad Saqib Saleem**  
Chief Executive Officer  
Karachi: April 20, 2020.



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**Nasim Beg**  
Director and Vice Chairman

## ڈائریکٹر رپورٹ

منافع بعد از ٹیکس 63.770 ملین روپے تھا۔ ہم خاص طور سے ذکر کرنا چاہیں گے کہ 31 مارچ 2020ء کو کمپنی CIS اور VPS میں 61.7 ملین روپے سے زائد مالیت کے اثاثہ جات کا انتظام چلا رہی تھی بمقابلہ 44.3 ملین روپے، یعنی 17.4 ملین روپے کا اضافہ ہوا۔ اس کی بدولت کمپنی کا شمار تین بہترین کمپنیوں میں ہو گیا ہے۔ ہمیں اُمید ہے کہ انتظامیہ کے تحت اثاثہ جات مزید مستحکم ہو کر آمدنی اور منافع کی صلاحیت میں ترقی کا سبب بنیں گے۔

موجودہ سہ ماہی پر جنوری 2020ء کے آغاز میں اُبھرنے والے کورونا وائرس کے تاریک سائے حاوی ہیں۔ 31 مارچ 2020ء تک تقریباً پورا ملک ایک قسم کے لاک ڈاؤن میں تھا۔ 31 مارچ 2020ء کو پاکستان اسٹاک ایکسچینج (پی ایس ایکس) 100 انڈیکس 29,231 پوائنٹس پر بند ہوا، اور 31 دسمبر 2019ء کے مقابلے میں انڈیکس میں 27 فیصد سے زائد کمی ہوئی ہے۔ مزید برآں، 31 مارچ 2020ء کو امریکی ڈالر کی پاکستانی روپے میں قدر 166 روپے سے زائد تھی۔ اس کا اثر ہمارے فنانسئل اسٹیٹمنٹ میں بھی اس صورت میں ظاہر ہوا کہ زیر بحث سہ ماہی کے لیے غیر تلافی شدہ خسارہ 85 ملین روپے سے زائد ہے۔

دورانِ مدت کمپنی نے بین الاقوامی مالیاتی رپورٹنگ کے معیار (آئی ایف آر ایس) 16 'لیز' کو اختیار کیا۔ یہ معیار بین الاقوامی اکاؤنٹنگ کے معیار (آئی اے ایس) 17 'لیز' کی جگہ لیتا ہے اور یہ خصوصاً lessees کی اکاؤنٹنگ میں ایک دُور رس تبدیلی ہے۔ اس کے مطابق lessees کو تمام لیز معاہدوں کے لیے لیز کی آئندہ ادائیگیوں اور حق استعمال کے حامل اثاثے (right-of-use asset) کی عکاسی کے ذریعے لیز کا اظہار کرنا ہے۔ آئی ایف آر ایس 16 اختیار کرنے کے باعث نو ماہ کی مدت محستہ 31 مارچ 2020ء کے لیے آمدنی فی شیئر میں 3.4 ملین روپے کی کمی ہو گئی۔

## اظہار تشکر

مینجمنٹ کمپنی کا بورڈ آف ڈائریکٹرز پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ مزید برآں، کمپنی کے ایمپلائز کی کاوشوں اور اُن کے عزم و اخلاص، اور حصص یافتگان کے کمپنی میں اعتماد کو ڈائریکٹرز کی طرف سے خراج تحسین پیش کیا جاتا ہے۔

برائے اور من جانب بورڈ



نیم بیگ  
ڈائریکٹر / اوپس چیئر مین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
کراچی، 20 اپریل 2020ء

## ڈائریکٹرز رپورٹ

حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے Inet اثاثہ جات مالی سال 2019-20ء کی تیسری سہ ماہی کے اختتام پر تقریباً 645 بلین روپے ہو گئے جو مالی سال 2018-19ء کی چوتھی سہ ماہی کے اختتام کے مقابلے میں تقریباً 26 فیصد اضافہ ہے۔ مجموعی منی مارکیٹ فنڈز میں جون 2019ء سے تقریباً 71 فیصد اضافہ ہوا۔ بازار زر کے دائرہ کار میں شریعہ کمپلائنس فنڈز حاوی رہے۔ تقریباً 117 فیصد بڑھ کر 62.8 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز دوران سہ ماہی 247 بلین روپے سے 185 بلین روپے ہو گئے جو تقریباً 26 فیصد کی خطرہ کی ہے۔

مالی سال 2019-20ء کی تیسری سہ ماہی کے اختتام پر شعبہ جاتی حصے کے اعتبار سے منی مارکیٹ فنڈز تقریباً 43 فیصد کے ساتھ قائدانہ حیثیت پر قائم رہے جبکہ ایکویٹی اور اس سے متعلقہ فنڈز تقریباً 29 فیصد اور انکم فنڈز تقریباً 26 فیصد کے ساتھ دوسرے اور تیسرے نمبر پر تھے۔

پینشن فنڈز میں کنوینشنل فنڈز کا مجموعی حجم تقریباً 6.4 فیصد بڑھ کر 9.66 بلین روپے ہو گیا اور اسلامک فنڈز کا حجم تقریباً 4.5 فیصد بڑھ کر 17.38 بلین روپے ہو گیا۔

### میوچل فنڈ کی صنعت کے مستقبل کے امکانات

دنیا بھر میں خطرات کے حامل اثاثہ جات میں خوف کے باعث سرمایہ کاروں نے کم خطرات کے حامل فنڈز پر توجہ مرکوز کی۔ غیر یقینی صورتحال جاری رہنے تک اکثر آمدات کپیٹل کے تحفظ، حکومتی سکیورٹیز میں انکم فنڈز، اور منی مارکیٹ فنڈز میں ہوں گی، جبکہ ایکویٹی اور اس سے متعلقہ فنڈز میں آمدات کا انحصار پرانی قدروں کے باوجود استحکام کی علامات پر ہے۔ لاک ڈاؤن کے دوران صنعت بلا رکاوٹ چلتی رہی اور مقررہ آمدنی اور ایکویٹی، دونوں مارکیٹس میں اوقات کار میں کچھ تبدیلیوں کے ساتھ کاروبار جاری رہا۔ ہماری سرگرمیاں بھی بلا رکاوٹ جاری رہیں، اور صارفین کے لیے ڈیجیٹل رسائی اور آن لائن سہولیات میں جارحانہ سرمایہ کاری سے حاصل ہونے والے مسابقتی فائدے اور آن لائن سرمایہ کاروں کی بڑھتی ہوئی تعداد کی بدولت ہمارے لیے مواقع موجود ہیں۔

### کمپنی کی کارکردگی کا جائزہ

کمپنی کی gross آمدنی 573.949 ملین روپے ہے (31 مارچ 2019ء : 567.402 ملین روپے)، جس میں انتظامیہ اور سرمایہ کاری کی مشاورت کی فیس اور دیگر آپریٹنگ آمدنی شامل ہیں۔ ایڈمنسٹریٹو، آپریٹنگ اور مالیاتی اخراجات اور 381.016 ملین روپے کی آمدنی کی شرکت (31 مارچ 2019ء : 445.826 ملین روپے) منہا کرنے کے بعد کمپنی کا منافع قبل از ٹیکس 192.932 ملین روپے ہے (31 مارچ 2019ء : 121.576 ملین روپے)۔ Net منافع بعد از ٹیکس برائے زیر بحث مدت 127.539 ملین روپے ہے، جس کے مقابلے میں 31 مارچ 2019ء کو ختم ہونے والی مماثل مدت کا net

## ڈائریکٹر رپورٹ

2.3 فیصد پر، اور مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار کے 1.3 فیصد پر آکر رکے گا، اس مفروضے کی بنیاد پر کہ عالمی معیشت میں جولائی سے بحالی کا سلسلہ شروع ہو جائے گا۔ اُبھرتی ہوئی مارکیٹوں کے ممالک میں بانڈ کے منافع جات میں اضافے کے پیش نظر ہمیں توقع ہے کہ ایورو بانڈ کے ذریعے فنڈ میں اضافے کی حکمت عملی کو فی الوقت اختیار نہیں کیا جائے گا۔ ساتھ ساتھ نجکاری سے ہونے والی آمدات متوقع طور پر اگلے سال کے لیے ملتی کر دی جائیں گی۔ مزید برآں ہمیں توقع ہے کہ پورٹ فولیو آمدات سال رواں واپس صفر تک چلی جائیں گی۔ خارجی فنانسنگ میں کمی کو پورا کرنے کے لیے بہت کچھ اس بات پر منحصر ہوگا کہ کثیر الجہتی اور دو جہتی ادارے قرضہ جات کی ملتی شدہ ادائیگیوں کی سہولت کے علاوہ اضافی قرضوں کی توسیع فراہم کر رہے ہیں یا نہیں۔ ہمیں آئی ایم ایف اور کثیر الجہتی اداروں سے 2 بلین ڈالر کی اضافی رقم کی فراہمی کی توقع ہے، جبکہ ہمیں یہ بھی اُمید ہے کہ پاکستان 2.5 بلین ڈالر قرض کی تفکیک نہ کر سکے گا۔ اگر صورتحال ہماری توقعات کے مطابق رہی تو ہمارا تخمینہ ہے کہ روپیہ موجودہ سطحوں پر مستحکم ہو جائے گا کیونکہ REER کی قدر موجودہ سطح پر ہمارے تخمینوں کے مطابق 10 فیصد کم مقرر ہوئی ہے (167 روپے بمقابلہ امریکی ڈالر)۔

موجودہ مالی سال میں صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 11.1 فیصد ہوگا جس کا سبب روپے کی قدر کی سُست رفتار اثر پذیر اور اشیائے خورد و نوش کی افراط زر میں اضافہ ہے۔ تیل کی قیمتوں میں چھلانگ سے افراط زر کے رجحان کو مطلوبہ مہلت حاصل ہوئی۔ تیل کی گھٹی ہوئی قیمتوں اور بلند base effect کی بنیاد پر ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 7.4 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یوٹیلٹی کی محصولات وغیرہ میں متوقع سے زیادہ ترمیمات کے باعث ہماری توقعات غلط ثابت ہو سکتی ہیں۔ افراط زر سے متعلق ہماری پیش بینی کی بنیاد پرائمری سیکٹر کی شرحوں میں اگلے بارہ ماہ میں 100 سے 150 بی پی ایس تک کی کمی کی اُمید ہے۔ تاہم اگر وقت گزرنے کے ساتھ کساد بازاری کے دباؤ میں اضافہ ہوا تو انٹریسٹ کی شرحوں میں مزید کمی بعید از قیاس نہیں ہے۔

کمپیٹل مارکیٹ خصوصاً ایکویٹیز کے معاملے میں ہم کو وڈ ۱۹ کی مقامی صورتحال مزید واضح ہونے کے منتظر ہیں۔ ایکویٹیز اپنی قدر کے اعتبار سے جتنی سستی فی الوقت ہیں اتنی پہلے کبھی نہیں تھیں، تاہم، بیک وقت، معاشی مستقبل بھی اتنا غیر یقینی پہلے کبھی نہیں تھا جتنا کو وڈ ۱۹ کی وجہ سے فی الوقت ہے۔ دوسری طرف بانڈ مارکیٹ نسبتاً معمول کے مطابق معاشی منظر پیش کر رہی ہے جس میں لاک آؤٹ مدت کے بعد مختصر میعاد میں افراط زر میں بڑی کمی اور معاشی سرگرمیوں کی بحالی کی اُمید کی جارہی ہے۔ اگر ایسا ہی ہو تو ایکویٹیز ایک اثاثہ جاتی زمرے کی حیثیت سے مقامی مارکیٹ میں ضرور تمام دیگر اثاثہ جاتی زمروں سے کارکردگی میں سبقت لے جائیں گی۔ خطرات کے پرمیئم (منافعوں اور دس سالہ بانڈز میں فرق) نا معلوم مقام پر چلے گئے ہیں۔ موجودہ طور پر خطرات کے پرمیئم تقریباً 10.0 فیصد کے قریب ہیں جبکہ اس کا تاریخی اوسط 0.9 فیصد ہے اور گزشتہ پندرہ برسوں کی کم ترین سطح 6.0 فیصد ہے (جو 2008-09ء کے مالی بحران کے دوران دیکھی گئی تھی)۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی وسیع تصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا کاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈ دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے

## ڈائریکٹر رپورٹ

ملین ڈالر کی سطح پر تھی۔ دورانِ سہ ماہی بنیادی خریدار افراط تھے جنہوں نے ایکویٹیز میں 48 ملین ڈالر کی سرمایہ کاری کی جبکہ کمرشل بینک اور میوچل فنڈز حتمی فروخت کا رر ہے جنہوں نے سرمایہ کاری میں بالترتیب 48 ملین ڈالر اور 85 ملین ڈالر کی کی۔ دورانِ مدت خرید و فروخت ہونے والے حجم اور قدروں کا اوسط تقریباً 191 ملین حصص / 7.1 بلین روپے تھا۔

دورانِ سہ ماہی توانائی کی کاروباری زنجیر میں کارکردگی شدید ناقص رہی کیونکہ خام تیل کی قیمتوں کی تاریخ کا یہ ایک بدترین مہینہ تھا۔ سعودی عرب نے قیمت کی جنگ شروع کر دی تھی کیونکہ پٹرولیم برآمد کرنے والے ممالک کی تنظیم (اوپیک) اور روس کے ساتھ معاہدہ طے نہیں پا سکا تھا۔ ساتھ ساتھ متعدد وائرس کے باعث کمزور عالمی مانگ نے صورتحال کو مزید خراب کر دیا۔ تیل کی قیمتیں گزشتہ اٹھارہ برسوں کی پست ترین سطح پر پہنچ گئیں۔ (تیل کی) دریافت اور پیداوار (ای این ڈی پی) اور تیل کی مارکیٹنگ کی کمپنیوں (اوائیم سی) کو دورانِ سہ ماہی 40 فیصد سے زائد کا نقصان ہوا۔ کمرشل بینکوں کو بھی تقریباً 30 فیصد خسارے کا سامنا ہوا کیونکہ مرکزی بینک نے تسہیل کی پالیسی جاری رکھی جبکہ غیر ملکیوں میں خطرات پر مبنی اثاثہ جات سے گریز اور اس کے نتیجے میں مقامی بینکوں سے بے اعتنائی کا رجحان برقرار رہا۔ کھاد اور دواسازی کے شعبوں کی کارکردگی انڈیکس سے سبقت لے گئی کیونکہ سرمایہ کاروں کی توجہ دفاعی حکمت عملی پر مرکوز رہی۔

### معیشت اور مارکیٹ - مستقبل کے امکانات

کووڈ-۱۹ وبا کے باعث معاشی اعداد میں عدم یقینی پیدا ہو گئی ہے۔ آزاد ذرائع کی رپورٹس اشارہ کر رہی ہیں کہ اگر لاک ڈاؤن کم سے کم بھی ایک اور مہینہ نافذ رہتا ہے تو پاکستان کو جی ڈی پی کے 4 فیصد تک کا نقصان ہو سکتا ہے۔ اگرچہ پاکستان میں کورونا وائرس سے متاثرہ افراد کی تعداد تاحال ترقی یافتہ ممالک کے مقابلے میں کم ہے لیکن واضح صورتحال جاننے کے لیے مزید معلومات اور اعداد و شمار درکار ہیں۔ عالمی منظر نامے سے ظاہر ہوتا ہے کہ سماجی فاصلہ اختیار کرنے سے اگلے دو ماہ کے دوران حالات قابو میں آ سکتے ہیں۔ اگر یہ رجحان برقرار رہا تو تیسری سہ ماہی تک عالمی ترقی میں بحالی کی علامات ظاہر ہونے کے امکانات موجود ہیں۔ تاہم اگر وبا کی دوسری لہر ابھر آئی تو ہماری رجائیت پسندی درست ثابت نہیں ہوگی۔ مقامی سطح پر موجودہ اعداد و شمار کچھ حد تک اُمید کی کرن ثابت ہو سکتے ہیں۔ لیکن اگر حالات قابو سے باہر ہو گئے تو پاکستان شدید متاثر ہوگا کیونکہ یہاں صحت عامہ کے شعبے کا ڈھانچہ اور مالیاتی ٹپھے کمزور ہونے کے باعث مختصر ميعاد میں اس وبا کا مقابلہ کرنے کی صلاحیت کا فقدان ہے۔

حکومت نے وبا سے سب سے زیادہ متاثرہ صنعتوں اور سماجی طبقات کے تحفظ کے لیے 700 سے 800 بلین روپے مالیت کی مالی امداد کا اعلان کیا ہے۔ ٹیکس کے وصولی میں (متوقع طور پر 500 بلین روپے کی) کمی اور خرچوں میں اضافے کی بدولت اُمید کی جاسکتی ہے کہ مالیاتی خسارے میں جی ڈی پی کے 9 فیصد سے زائد کمی ہوگی۔ ہمارے اندازے کے مطابق حکومت کو آئی ایم ایف کی طرف سے سالِ رواں بقایا جات کا بنیادی ہدف پورا کرنے کی چھوٹ مل جائے گی۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 34 ڈالر فی بیرل تک کم ہو جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی سطح پر منسبت زری کے برآمدات پر منفی اثرات مرتب ہوں گے اور تیل کی پست قیمتوں کے باعث تیل کی پیداوار کرنے والے ممالک سے ترسیلات زربھی متاثر ہوں گی۔ ہماری پیش گوئی ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2019-20ء کے لیے مجموعی ملکی پیداوار کے

## ڈائریکٹر رپورٹ

ذخائر میں جولائی تا مارچ کے دوران 2.9 بلین ڈالر اضافہ ہوا جس کی معاونت انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف)، کثیرالجہتی اداروں اور غیر ملکی دائرہ کار کے سرمایہ کاروں سے آمدات کے ساتھ ساتھ کرنٹ اکاؤنٹ کے خسارے میں کمی سے ہوئی۔ مالی سال کے ابتدائی نو ماہ کے دوران فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 3,050 بلین روپے کے عارضی ٹیکس جمع کیے۔ مارچ کے مہینے سے پہلے عارضی ٹیکس کی وصولی بہت حوصلہ افزا تھی اور اس میں 17 فیصد سال در سال ترقی ہو رہی تھی۔ تاہم مارچ کے مہینے میں لاک ڈاؤن کے نفاذ کے نتیجے میں تقریباً 100 سے 150 بلین روپے کی کمی ہوئی جس سے مالی سال 2019-20ء کے ابتدائی نو ماہ میں مجموعی ترقی 13 فیصد کم ہو گئی۔

مالی سال 2019-20ء کے ابتدائی نو ماہ کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 11.5 فیصد تھا۔ بھارت سے درآمدات پر پابندی عائد ہونے کے بعد جلد خراب ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافے کے باعث اشیائے خورد و نوش کی افراط زر پر بڑی ضرب پڑی۔ تاہم افراط زر کے دباؤ میں کمی کا رجحان شروع ہو گیا ہے جو مارچ میں 10.2 فیصد تھی کیونکہ پٹرولیم کی قیمتوں اور اشیائے خورد و نوش کی افراط زر میں کمی سے مجموعی افراط زر میں بھی کمی ہوئی ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ دیگر شعبوں میں پینالٹس کردہ بنیادی افراط زر کا بوجھ رہی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) نے اپنے پہلے ماہانہ اجلاس میں افراط زر کی صورتحال میں بہتری کا حوالہ دیتے ہوئے انٹریسٹ کی شرح میں 75 بیسیس پوائنٹس (بی پی ایس) کمی کی۔ دوران ایک اور اجلاس منظر عام پر آیا جس میں ایم پی سی نے کورونا وائرس کی وبا کے ردعمل کے طور پر عالمی سطح پر مرکزی بینکوں کے رجحان کی پیروی کرتے ہوئے انٹریسٹ کی شرحوں میں مزید 150 بی پی ایس کمی کا فیصلہ کیا۔ زیر جائزہ مدت کے دوران طویل تر ميعاد کے بانڈز کی خطیر طلب کے باعث پیداواری ختم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت اضافی نقد آیا جس کے باعث منافعوں میں کمی ہوئی۔ موجودہ مالی سال کی تیسری سہ ماہی میں انٹریسٹ کی شرحوں میں 225 بی پی ایس کی مجموعی کمی منافعوں میں بھی مزید کمی کا باعث بنی۔ مالی سال 2019-20ء کے ابتدائی نو ماہ کے دوران تین سالہ بانڈز میں تقریباً 500 بی پی ایس جبکہ طویل تر ميعاد کے (دس سالہ) بانڈز میں تقریباً 450 بی پی ایس کمی کی ہوئی۔

### ایکویٹی مارکیٹ کا جائزہ

کورونا وائرس کی وبا پھیلنے کے بعد دنیا بھر میں ایکویٹی مارکیٹس کو نقصان ہوا، اور کراچی اسٹاک ایکسچینج (کے ایس ای -100) کا معاملہ کچھ مختلف نہ تھا۔ انڈیکس کا یہ مقررہ معیار موجودہ مالی سال کی تیسری سہ ماہی میں تقریباً 28 فیصد گر گیا جس کے باعث مالی سال کے دوران ہونے والے تمام سابقہ منافع جات رائیگاں ہو گئے۔ اس کے نتیجے میں مالی سال 2019-20ء کے نو ماہ کا مجموعی منفی منافع 13.8 فیصد تک پہنچ گیا۔ مزید براں، 2008ء کے مالی بحران کے بعد کے ایس ای کے لیے یہ بدترین مہینہ تھا کیونکہ عالمی وبا نے خطرات پر مبنی اثاثہ جات کو زبوں حالی کا شکار کر دیا۔ غیر ملکیوں نے پوری اُبھرتی ہوئی مارکیٹ میں خطرات پر مبنی اثاثہ جات سے گریز کیا اور پاکستان اس صورتحال سے مستثنیٰ نہیں تھا۔ دوران سہ ماہی غیر ملکی سرمایہ کاروں کے دائرہ کار کی سرمایہ کاری (ایف آئی پی آئی) کی فروخت 130

## ڈائریکٹر رپورٹ

ایم سی بی عارف حبیب سیونگز اینڈ انوسٹمنٹس لمیٹڈ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی اے ایچ کے معاملات برائے سہ ماہی /نوماہ مختتمہ 31 مارچ 2020ء کی رپورٹ پیش خدمت ہے۔

### بنیادی کاروبار

ایم سی بی اے ایچ ایک غیر بینکاری مالیاتی ادارہ ہے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قانونی دائرہ کار کے تحت پینشن فنڈ منظم کے علاوہ اثاثہ جاتی انتظام کی کمپنی اور سرمایہ کاری مشیر کے طور پر لائسنس یافتہ ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2019-20ء تاریکی و تباہی سے بھرپور تھا کیونکہ کورونا وائرس (کووڈ-۱۹) کی وبائی عالمی معیشت میں آفت مچادی۔ دیکھتے ہی دیکھتے یہ قاتل وبا دنیا بھر میں پھیل گئی جس سے پندرہ لاکھ سے زائد افراد متاثر ہوئے جبکہ ۸۰ ہزار سے زائد لقمہء اجل بن گئے۔ چین نے سخت اقدامات اٹھا کر کورونا وائرس کو شکست دی جبکہ دنیا کے دوسرے حصے خصوصاً یورپی یونین اور امریکا بڑی طرح متاثر ہوئے۔ دوسری جانب اگرچہ ہمارے ملک میں متاثرہ افراد کی تعداد اب تک ترقی یافتہ دنیا کے مقابلے میں کم ہے (تقریباً 4,500 تا حال) لیکن صورت حال فی الوقت غیر یقینی ہے۔ ملک بھر میں نیم لاک ڈاؤن نافذ ہے جس سے مقامی کاروبار متاثر ہوئے ہیں۔ کووڈ-۱۹ کی وبا پھیلنے سے قبل مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی مختلف اداروں کے مطابق 2.4 فیصد سے 3.0 فیصد تک تھی۔ تاہم وبا کے باعث جی ڈی پی کی ترقی غیر یقینی صورتحال کا شکار ہو گئی ہے۔ اہم فصلوں (کپاس، گندم اور چینی) کی پیداوار میں متوقع کمی کے ساتھ ساتھ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) کی متوقع سے کم ترقی کے نتیجے میں صنعتی پیش رفت کے باعث مجموعی ترقی متاثر ہونے کا امکان ہے۔ ایل ایس ایم توقع کے مطابق کمی کا شکار رہی کیونکہ درآمداتی کھپت کی مانگ ہو ایں تحلیل ہو گئی۔ مالی سال 2019-20ء کے ابتدائی سات ماہ میں ایل ایس ایم میں تقریباً 3.4 فیصد کمی ہوئی جس کا بڑا تناسب پٹرولیم کی پیداوار اور گردش شعبوں سے متعلق ہے۔

مالیاتی سختی اور زرمبادلہ کی شرحوں میں ترمیمات کے لحاظ سے پالیسی اقدام کے تاخیر شدہ اثرات کے ثمرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن (بی او پی) کی صورتحال میں بہتری سے ہوتی ہے۔ سال رواں کے ابتدائی آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ سال در سال (YoY) بنیاد پر تقریباً 70 فیصد کم ہو کر 2.8 بلین ڈالر ہو گیا۔ مالی سال 2019-20ء کے ابتدائی آٹھ ماہ میں اشیاء اور خدمات کی درآمدات میں کمی کا سلسلہ جاری رہا اور یہ تقریباً 15 فیصد کم ہوئیں جبکہ برآمدات میں اضافے کا سلسلہ شروع ہو گیا ہے اور ان میں تقریباً 3.2 فیصد اضافہ ہوا۔ ترسیلات زر سے بی او پی کی حالت کو کچھ سہارا ملا کیونکہ دوران مدت ان میں تقریباً 5 فیصد اضافہ ہوا۔ جولائی تا فروری کی مدت کے دوران ملک میں قرضہ جاتی سیکیورٹیز میں تقریباً 3.1 بلین ڈالر مالیت کی حتی غیر ملکی سرمایہ کاری ہوئی۔ تاہم مارچ کے مہینے میں 1.8 بلین مالیت کے خود مختار قرضوں کی سرمایہ کاری واپس لے لی گئی۔ زرمبادلہ کے

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2020**

	Note	(Unaudited) 31 March, 2020	(Audited) 30 June, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipments	4.1	130,346,904	76,673,909
Intangible assets	4.2	298,661,223	308,284,728
Long-term investments	5	482,633,769	486,816,184
Long-term loans and prepayments	6	4,889,949	9,492,144
Long-term deposits		5,986,263	4,487,188
		<b>922,518,108</b>	<b>885,754,153</b>
<b>Current assets</b>			
Receivable from related parties	7	573,220,806	499,653,341
Loans and advances		2,913,795	9,968,368
Deposits, prepayments and other receivables	8	36,191,654	54,802,579
Accrued mark-up		406,508	181,212
Short-term investments	9	538,355,540	504,707,388
Advance tax - net of provision	10	79,420,879	66,090,652
Cash and bank balances		87,838,986	23,165,617
		<b>1,318,348,168</b>	<b>1,158,569,157</b>
<b>TOTAL ASSETS</b>		<b>2,240,866,275</b>	<b>2,044,323,310</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital		720,000,000	720,000,000
72,000,000 (30 June 2019: 72,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		700,565,784	742,226,313
<b>Total equity</b>		<b>1,420,565,784</b>	<b>1,462,226,313</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred taxation - net	11	54,694,768	42,342,682
Lease liabilities	4.4	41,268,810	-
<b>Current liabilities</b>			
Unclaimed dividend		84,144,032	4,256,938
Current portion of lease liabilities	4.4	30,599,194	-
Trade and other payables	12	609,593,688	535,497,377
<b>Total liabilities</b>		<b>820,300,491</b>	<b>582,096,997</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,240,866,275</b>	<b>2,044,323,310</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

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

Chief Executive Officer

Chief Financial Officer

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

Note	Nine months ended		Quarter ended		
	March 31 2020	March 31 2019	March 31 2020	March 31 2019	
<b>Revenue</b>					
Management fee / investment advisory fee	13	504,429,700	548,043,912	184,623,496	177,383,899
Processing and other related income		20,639,818	15,121,306	9,894,005	4,526,189
Profit on bank deposits		3,160,911	1,188,689	1,004,559	132,451
Dividend income		6,364,523	17,427,452	3,182,524	-
Capital gain / (loss) on sale of investments - net		36,503,399	1,079,227	7,399,837	8,488,586
Unrealised appreciation on re-measurement of investments classified as "financial assets at fair value through profit or loss" - net		2,850,376	(15,458,349)	(85,128,395)	27,426,938
<b>Total income</b>		<b>573,948,727</b>	<b>567,402,238</b>	<b>120,976,027</b>	<b>217,958,062</b>
<b>Expenses</b>					
Administrative expenses	10	(321,735,313)	(308,996,167)	(101,475,019)	(99,781,592)
Selling and distribution expenses	15	(52,929,880)	(138,354,605)	(14,317,743)	(48,392,541)
Financial charges		(7,471,188)	(695,216)	(3,526,790)	(350,288)
		(382,136,380)	(448,045,988)	(119,319,553)	(148,524,421)
Other income		1,119,398	2,219,604	342,859	236,820
<b>Profit for the period before taxation</b>		<b>192,931,744</b>	<b>121,575,854</b>	<b>1,999,333</b>	<b>69,670,461</b>
<b>Taxation</b>					
- Current		(52,693,286)	(53,756,833)	(20,019,340)	(16,462,506)
- Prior		(346,901)	(314,041)	-	-
- Deferred		(12,352,086)	(3,734,544)	(4,216,788)	(3,717,355)
		(65,392,273)	(57,805,418)	(24,236,128)	(20,179,861)
<b>Profit for the period after taxation</b>		<b>127,539,471</b>	<b>63,770,436</b>	<b>(22,236,795)</b>	<b>49,490,600</b>
Earnings per share - basic and diluted (Rupees)		1.77	0.89	(0.31)	0.69

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 (UN-AUDITED)**  
**For The Nine Months Ended March 31, 2020**

	Nine months ended		Quarter ended	
	March 31,	March 31,	March 31,	March 31,
	Rupees			
<b>Profit for the period after taxation</b>	127,539,471	63,770,436	(22,236,795)	49,490,600
<b>Other comprehensive income for the period</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net unrealised appreciation / (diminution) on re-measurement of 'available for sale' investments				
net of deferred tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>127,539,471</u>	<u>63,770,436</u>	<u>(22,236,795)</u>	<u>49,490,600</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, 2020**

	Reserves							
	Capital				Revenue			
	Issued, subscribed and paid-up capital	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriate d profit	Unrealised appreciation on re-measurement of 'available for sale' financial assets	Sub-total	Total
	Rupees							
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)					306,182,680	(309,727,895)	(3,545,215)	(3,545,215)
Balance as at July 01, 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	507,990,917	-	507,990,917	1,563,990,917
Total comprehensive income 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)
	-	-	-	-	(62,229,564)	-	(62,229,564)	(62,229,564)
Balance as at March 31, 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	445,761,353	-	445,761,353	1,501,761,353
Profit after taxation for the quarter ended 30 June 2019				-	(39,535,040)		(39,535,040)	(39,535,040)
Balance as at June 30, 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	406,226,313	-	406,226,313	1,462,226,313
Comprehensive income for the nine months ended March 31, 2020				-	127,539,471		127,539,471	127,539,471
Other comprehensive income for the nine months ended March 31, 2020				-	-		-	-
Total comprehensive income for the nine months ended March 31, 2020	-	-	-	-	127,539,471	-	127,539,471	127,539,471
Final dividend for the year ended 30 June 2019 at Rs 1.35 per share					(97,200,000)		(97,200,000)	(97,200,000)
Interim dividend for the period ended 30 June 2019 at Re.1.00 per share					(72,000,000)		(72,000,000)	(72,000,000)
Balance as at March 31, 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	364,565,784	-	364,565,784	1,420,565,784

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



Chief Executive Officer



Chief Financial Officer

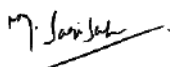


Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**For The Nine Months Ended March 31, 2020**

	<b>Nine months ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>-----Rupees-----</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	192,931,744	121,575,854
<b>Adjustments for non cash items:</b>		
Depreciation	25,523,893	14,918,290
Amortisation	10,001,535	7,906,889
Finance Cost on Lease Liabilities	5,367,682	-
Depreciation on right of use assets	18,344,709	-
(Gain) / Loss on sale of fixed assets	90,880	(1,256,160)
Capital gain on sale of marketable securities	(36,503,399)	(1,079,227)
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	(2,850,376)	15,458,349
Financial charges	2,103,506	695,216
	<u>22,078,431</u>	<u>39,743,357</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	215,010,175	161,319,211
<b>WORKING CAPITAL CHANGES</b> <b>(Increase) / decrease in current assets</b>		
Receivable from related parties	(73,567,465)	2,738,448
Loans and advances	7,054,573	(8,495,775)
Deposits, prepayments and other receivables	18,610,925	907,335
Mark-up accrued	(225,296)	15,103
	<u>(48,127,262)</u>	<u>(4,834,890)</u>
<b>Increase / (decrease) in current liabilities</b>		
Unclaimed Dividend	79,887,094	136,385
Trade and other payables	74,096,311	(54,839,063)
<b>NET CASH USED IN WORKING CAPITAL CHANGES</b>	<u>105,856,142</u>	<u>(59,537,568)</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	320,866,317	101,781,643
Income tax paid	(66,370,414)	(58,969,253)
Finance cost paid	(2,103,506)	(695,216)
Dividend paid	(169,200,000)	(126,000,000)
Rentals paid	(23,527,533)	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>59,664,864</u>	<u>(83,882,826)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(8,692,152)	(47,325,662)
Proceeds from sale of property plant and equipment	709,500	1,786,240
Net proceeds against redemption of investments	9,888,037	134,429,498
Long term loans and receivables	4,602,195	9,781,946
Long term deposits	(1,499,075)	(1,866,960)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>5,008,505</u>	<u>96,805,062</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>64,673,369</u>	<u>12,922,236</u>
Cash and cash equivalents at the beginning of the period	23,165,617	19,491,053
Cash and cash equivalents at the end of the period	<u>87,838,986</u>	<u>32,413,289</u>

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



Chief Executive Officer



Chief Financial Officer



Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

**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
- 1.2** The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Sindh, Pakistan.  
Previously, the registered office of the Company was situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Sindh, Pakistan.
- 1.3** 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.
- 1.4** 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 its management:

	Net assets value as at	
	March 31, 2020	June 30, 2019
	----- Rupees in million -----	
<b>Open-end Collective Investment Scheme (CISs)</b>		
Pakistan Income Fund	1,646	1,392
MCB Pakistan Stock Market Fund	7,281	9,556
MCB Pakistan Sovereign Fund	2,637	630
Pakistan Capital Market Fund	397	504
Pakistan Cash Management Fund	4,063	190
Pakistan Income Enhancement Fund	772	698
MCB Pakistan Asset Allocation Fund	1,092	2,048
MCB DCF Income Fund	4,226	3,933
MCB Cash Management Optimizer	27,012	13,903
MCB Pakistan Frequent Payout Fund	148	254
Alhamra Islamic Asset Allocation Fund	1,629	2,972
Alhamra Islamic Stock Fund	1,937	2,779
Alhamra Islamic Income Fund	3,717	2,335
Alhamra Islamic Active Asset Allocation Fund Plan - I	362	627
Alhamra Islamic Active Asset Allocation Fund Plan - II	183	708
Alhamra Daily Dividend Fund	2,668	752

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

	Net assets value as at	
	March 31, 2020	June 30, 2019
	----- Rupees in million -----	
<b>Pension Funds</b>		
Pakistan Pension Fund	1,595	1,559
Alhamra Islamic Pension fund	884	813
<b>Discretionary portfolio</b>	38,797	34,237

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, 2020	June 30, 2019
	----- Rupees in million -----	
Number of clients	36	61
Total portfolio at cost (Rs in millions)	33,448	28,281
Total portfolio at market value (Rs in millions)	29,289	26,826
Fee earned (Rs in millions)	26	36

- 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**

- 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 VIIIA 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).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA 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 VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

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- 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 2019.
- 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 2019, 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 March 2019.
- 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.

**2.2 Basis of measurement**

These condensed interim 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.

**2.3 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, ASSUMPTIONS AND CHANGES THEREIN**

- 3.1** The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Company for the year ended June 30, 2019, except for the adoption of new standards effective as of 1 July 2019 as referred to in note 3.4 to these condensed interim financial statements.

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

There were certain amendments to approved accounting standards that have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2019 are consistent with those disclosed in the half yearly published unaudited financial of the Company for the period ended December 31, 2019.

**3.3 Standards, amendments or an interpretations not yet effective**

Standards, amendments and interpretation of approved accounting standards effective for accounting period beginning on or after January 01, 2020 are consistent with those disclosed in the half yearly published unaudited financial of the Company for the period ended December 31, 2019.

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Nine Months Ended March 31, 2020**

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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 1 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 1 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 judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated - i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

### **3.4 Change in accounting policy including adoption of accounting policies**

Explained below is the impact of the adoption of IFRS 16 "Leases" on the Company's condensed interim financial statements, and also discloses the new accounting policy that has been applied from 1 July 2019, where it is different to that applied in prior periods.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

**3.4.1 IFRS 16 "Leases"**

On 1 July 2019, the Company adopted IFRS 16 Leases. This IFRS has introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 - Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 July 2019 was 14.13 percent.

The impact of IFRS 16 on the Company is primarily where the Company is a lessee in property lease contracts. The Company has elected to adopt simplified approach on transition and has not restated comparative information. On 1 July 2019, the Company recognized a lease liability, being the remaining lease payments, including extension options where renewal is reasonably certain, discounted using the Company's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid or accrued lease payments related to those leases. The increased in balance sheet as a result of the recognition of lease liability and right-to-use assets as of 1 July 2019 was Rs. 32,631,855 with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Current' and 'Non current' liabilities. Also in relation to those leases under IFRS 16, the Company has recognized depreciation and finance costs, instead of operating lease expenses.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

Upto 30 June 2019, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as asset in the statement of financial position. Payments or accruals under operating leases were recognised in the statement of profit or loss on a straight line basis over term of the lease.

	<b>31 March 2020</b>
<b>The effect of this change in accounting policy is as follows:</b>	
Increase in fixed assets - right of use assets	<b>72,696,485</b>
(Decrease) in prepayments - prepaid rent	<b>(5,719,254)</b>
Increase in deferred tax asset	<b>1,418,324</b>
	<b>68,395,555</b>
 (Increase) in lease liabilities	 <b>(71,868,004)</b>
 (Decrease) in net assets	 <b><u>(3,472,449)</u></b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

	<b>Nine months ended 31 March 2020</b>	<b>Quarter ended 31 March 2020</b>
<b>Impact on the Company's condensed interim statement of profit or loss:</b>		
(Increase) in financial charges - finance cost on lease liabilities	<b>(5,367,682)</b>	<b>(2,646,450)</b>
(Increase) / decrease in administrative expenses / selling and distribution expenses:		
- Depreciation on right of use assets	<b>(18,344,704)</b>	<b>(8,681,220)</b>
- Rent expense	<b>18,821,614</b>	<b>9,100,756</b>
(Decrease) in profit for the period before taxation	<b>(4,890,772)</b>	<b>(2,226,914)</b>
Decrease in tax	<b>1,418,324</b>	<b>645,805</b>
(Decrease) in profit for the period after taxation	<b>(3,472,448)</b>	<b>(1,581,109)</b>

In view of the application of above IFRS, the Company's accounting policy for right-of-use assets and its related lease liability is as follow:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases property for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimate useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### **3.4.2 Assets held for sale**

If the carrying value of assets are expected to be recovered primarily through sale rather than through continuing use, then these are classified as non-current assets held for sale. Immediately before classification as held for sale, these assets comprising of leasehold improvements and furniture and fixtures, are measured in accordance with applicable IFRSs. Thereafter, these assets are measured at the lower of their carrying amount and fair value less cost of sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurements are recognized in the statement of profit or loss.

### **3.5 Critical management estimates and judgments**

The preparation of condensed interim financial statements requires management to make judgments, 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

The significant judgments 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 2019.

**3.6 Financial risk management**

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 2019.

<b>4 FIXED ASSETS</b>	<i>Note</i>	<b>(Unaudited) 31 March 2020</b>	<b>(Audited) 30 June 2019</b>
		<b>----- (Rupees) -----</b>	
<b>Tangible</b>			
Property and equipment	4.1	<b>57,650,419</b>	76,673,909
Right of use assets	4.4	<b>72,696,485</b>	-
		<b>130,346,904</b>	76,673,909
<b>Intangible assets</b>			
Computer software	4.2	<b>24,534,290</b>	34,157,795
Goodwill	4.2	<b>82,126,933</b>	82,126,933
Management rights	4.2	<b>192,000,000</b>	192,000,000
		<b>298,661,223</b>	308,284,728
		<b>429,008,127</b>	<b>384,958,637</b>

**4.1 Property and equipment**

Following is a statement of property and equipment:

	<b>31 March 2020 (Unaudited)</b>				
	<b>Computers</b>	<b>Office equipments</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Vehicles</b>
	<b>----- (Rupees) -----</b>				
<b>As at 1 July 2019</b>					
Cost	50,316,668	28,800,538	18,742,110	77,725,699	1,794,000
Accumulated depreciation	(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)
Accumulated impairment losses	-	-	(3,008,277)	(27,237,796)	-
Net book value	<b>21,753,260</b>	<b>10,907,582</b>	<b>10,469,888</b>	<b>32,272,429</b>	<b>1,270,750</b>
<b>Nine months ended 31 March 2020</b>					
Opening net book value	21,753,260	10,907,582	10,469,888	32,272,429	1,270,750
Additions during the period	5,324,985	13,000	-	532,868	2,443,270
Disposals during the period:					
Cost	(1,078,718)	(20,266)	-	-	-
Accumulated depreciation	1,048,991	20,266	-	-	-
	(29,727)	-	-	-	(29,727)
Transfer to assets held for sale:					
- Cost	-	-	(1,520,246)	(32,279,774)	-
- Accumulated depreciation	-	-	419,419	10,301,441	-
- Accumulated impairment losses	-	-	630,158	20,665,010	-
	-	-	(470,669)	(1,313,323)	-
Write offs during the period:					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation for the period	(6,198,254)	(3,076,581)	(3,434,485)	(12,274,593)	(539,981)
Closing net book value	<b>20,850,263</b>	<b>7,844,001</b>	<b>6,564,734</b>	<b>19,217,381</b>	<b>3,174,039</b>
<b>As at 31 March 2020</b>					
Cost	54,562,935	28,793,272	17,221,864	45,978,793	4,237,270
Accumulated depreciation	(33,712,672)	(20,949,271)	(8,279,011)	(20,188,626)	(1,063,231)
Accumulated impairment loss	-	-	(2,378,119)	(6,572,786)	-
Net book value	<b>20,850,263</b>	<b>7,844,001</b>	<b>6,564,734</b>	<b>19,217,381</b>	<b>3,174,039</b>
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

	30 June 2019 (Audited)					
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	(Rupees)					
<b>As at 1 July 2018</b>						
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
<b>Year ended 30 June 2019</b>						
Opening net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
Additions during the year	17,479,135	2,613,764	4,055,584	14,703,222	-	38,851,705
Disposals during the year						
Cost	(753,982)	(1,845,899)	(2,048,369)	(3,309,035)	(7,662,267)	(15,619,552)
Accumulated depreciation	720,512	1,381,021	698,848	910,428	7,662,267	11,373,076
	(33,470)	(464,878)	(1,349,521)	(2,398,607)	-	(4,246,476)
Impairment charged during the year	-	-	(3,008,277)	(27,237,796)	-	(30,246,073)
Depreciation for the year	(6,316,120)	(4,711,797)	(1,748,234)	(7,363,381)	(448,500)	(20,588,032)
<b>Closing net book value</b>	<b>21,753,260</b>	<b>10,907,582</b>	<b>10,469,888</b>	<b>32,272,429</b>	<b>1,270,750</b>	<b>76,673,909</b>
<b>As at 30 June 2019</b>						
Cost	50,316,668	28,800,538	18,742,110	77,725,699	1,794,000	177,379,015
Accumulated depreciation	(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)	(70,459,033)
Accumulated impairment loss	-	-	(3,008,277)	(27,237,796)	-	(30,246,073)
Net book value	21,753,260	10,907,582	10,469,888	32,272,429	1,270,750	76,673,909
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%	

- 4.1.1 There were no disposal of fixed assets during the period, whose aggregate book value (cost minus accumulated depreciation and impairment loss) exceeds Rs. 5 million.
- 4.1.2 Included in the cost of property and equipment are fully depreciated items which are still in use, aggregating to Rs. 53.21 million as of March 31, 2020. (30 June 2019: Rs. 55.097 million).
- 4.1.3 This represents assets held for sale (earlier decided for disposal), which have been disposed off during the quarter ended 31 March 2020, at Rs.1,000,000 and Rs. 657,000 to Nishat Mills Limited (a Related Party) and M/S Muhammad Asim respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

**4.2 Intangible assets**

Following is a statement of intangible assets:

	31 March 2020 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
<b>As at 1 July 2019</b>				
Cost	82,095,045	82,126,933	192,000,000	356,221,978
Accumulated amortisation	(47,937,250)	-	-	(47,937,250)
Net book value	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
<b>Nine months ended 31 March 2020</b>				
Opening net book value	34,157,795	82,126,933	192,000,000	308,284,728
Additions during the period	378,029	-	-	378,029
Disposals / transfers during the period				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the period	(10,001,535)	-	-	(10,001,535)
<b>Closing net book value</b>	<u>24,534,289</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>298,661,223</u>
<b>As at 31 March 2020</b>				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortisation	(57,938,784)	-	-	(57,938,784)
Net book value	<u>24,534,290</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>298,661,223</u>
<b>Amortisation rates (% per annum)</b>	<u>25%</u>			
	30 June 2019 (Audited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
<b>As at 1 July 2018</b>				
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>
<b>Year ended 30 June 2019</b>				
Opening net book value	31,800,262	82,126,933	192,000,000	305,927,195
Additions during the year	13,665,267	-	-	13,665,267
Amortisation for the year	(11,307,734)	-	-	(11,307,734)
<b>Closing net book value</b>	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
<b>As at 30 June 2019</b>				
Cost	82,095,045	82,126,933	192,000,000	356,221,978
Accumulated amortisation	(47,937,250)	-	-	(47,937,250)
Net book value	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
<b>Amortisation rates (% per annum)</b>	<u>25%</u>			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

**4.3 Depreciation and amortisation is allocated as follows:**

		(Unaudited)			
	Note	31 March 2020		31 March 2019	
		Depreciation	Amortisation	Depreciation	Amortisation
		----- (Rupees) -----			
Charged to statement of profit or loss	13	24,839,169	9,543,406	14,580,121	7,727,656
Charged to Collective Investment Schemes under management	13.1	684,725	458,129	338,169	179,233
		<u>25,523,893</u>	<u>10,001,535</u>	<u>14,918,290</u>	<u>7,906,889</u>

**4.4 RIGHT OF USE ASSETS**

	(Unaudited) 31 March 2020	(Audited) 30 June 2019
	(Rupees)	
Opening written down value	-	-
Recognition due to application of modified retrospective approach	33,595,814	-
Additions during the period	57,445,380	-
Depreciation for the period	(18,344,709)	-
Closing written down value	<u>72,696,485</u>	<u>-</u>

Finance lease liabilities are payable as follows:	As at 31 March 2020 (Unaudited)		
	Minimum Lease Payments	Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	38,677,382	8,078,188	30,599,194
Later than one year and not later than five years	45,623,239	4,354,428	41,268,810
Later than five years	-	-	-
	<u>84,300,621</u>	<u>12,432,616</u>	<u>71,868,004</u>
Less: Current portion			<u>(30,599,194)</u>
			<u>41,268,810</u>

Finance cost on lease liabilities for the period amounts to Rs. 5.37 million. Finance lease liabilities have been discounted at 14.13% per annum.

**5 LONG-TERM INVESTMENTS**

**Investments in pension schemes - related parties**

At fair value through profit or loss  
Available-for-sale investments

At fair value through profit or loss	5.1	482,633,769	486,816,184
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

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

Name of the Investee Fund	Note	As at 1 July 2019	Purchase d during the period	Redeeme d / sold during the period	As at 31 March 2020	As at 31 March 2020 (Unaudited)		
						Carrying value	Market value	Unrealised diminution
			(Number of units)		(Rupees)			
Pakistan Pension Fund	5.1.1	805,305	-	-	805,305	245,136,795	243,734,065	(1,402,730)
Alhamra Islamic Pension Fund	5.1.1	876,129	-	-	876,129	241,679,389	238,899,704	(2,779,685)
						486,816,184	482,633,769	(4,182,415)

**6 LONG-TERM LOANS AND PREPAYMENTS**

**Loans:**

**Secured - considered good**

- to executives
- to other employees

Less: Current portion of loans

**Prepayments:**

Prepaid commission against bachat units

Less: Current portion

Note	(Unaudited) 31 March 2020	(Audited) 30 June 2019
	(Rupees)	
6.1	5,979,228	7,848,761
	3,011	5,711
	<b>(1,680,204)</b>	<b>(2,705,906)</b>
	<b>4,302,035</b>	<b>5,148,566</b>
	<b>8,705,201</b>	<b>27,269,553</b>
	<b>(8,117,287)</b>	<b>(22,925,975)</b>
	<b>587,914</b>	<b>4,343,578</b>
	<b>4,889,949</b>	<b>9,492,144</b>

- 6.1 This includes interest-free loans amounting to Rs. 1.71 million (30 June 2019: Rs. 3.41 million) for a period of 5 years given to executives as per the terms of employment for the purchase of motor vehicles. This also includes interest based housing finance loan amounting to Rs. 4.39 million (30 June 2019: Rs. 4.44 million) given to an executive at the rate of 4.5% per annum for a period of 20 years secured against the mortgage of house. The later balance has been discounted at 12.36% per annum and the actual amount due is Rs. 7.55 million (face value). Based on month end balances, the maximum aggregate balance of loans to an executive outstanding at any time during the year was Rs. 7.81 million (30 June 2019: Rs. 15.68 million).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

		(Unaudited) 31 March 2020	(Audited) 30 June 2019
		----- (Rupees) -----	
<b>7 RECEIVABLE FROM RELATED PARTIES</b>	<i>Note</i>		
<b>Unsecured - considered good</b>			
Pakistan Income Fund		14,521,414	11,216,556
MCB Pakistan Stock Market Fund		108,664,191	88,444,948
MCB Pakistan Sovereign Fund		46,895,368	34,012,893
Pakistan Capital Market Fund		8,857,964	7,785,923
Pakistan Pension Fund		8,509,851	9,756,371
Alhamra Islamic Pension Fund		7,450,686	4,281,943
Pakistan Cash Management Fund		12,315,362	11,933,267
Pakistan Income Enhancement Fund		24,687,505	22,460,182
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
MCB Pakistan Asset allocation Fund		42,738,887	42,458,066
MCB Cash Management Optimizer		79,177,917	67,958,476
MCB DCF Income Fund		138,164,176	133,112,513
MCB Pakistan Frequent Payout Fund		5,206,237	4,921,786
Alhamra Islamic Stock Fund		20,394,569	14,253,415
Alhamra Islamic Asset Allocation Fund		19,516,469	16,923,708
Alhamra Islamic Income Fund		16,331,235	14,569,385
Alhamra Islamic Active Asset Allocation Fund - Plan I		52,642	74,698
Alhamra Islamic Active Asset Allocation Fund - Plan II		23,373	63,493
Alhamra Daily Dividend Fund		2,455,437	934,256
MCB Financial Planning Fund (Proposed fund)		1,000,000	1,000,000
	7.1	561,230,642	490,429,239
<b>Advisory fee on account of discretionary portfolio management</b>			
Adamjee Life Assurance Company Limited		11,349,849	9,224,102
Nishat Mills Limited	4.1.3	1,000,000	
		<u>573,580,491</u>	<u>499,653,341</u>

- 7.1 The above amounts includes Federal Excise Duty amounting to Rs 399.62 million (30 June 2019: Rs 399.62 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 12.2 to the condensed interim financial statements.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

		(Unaudited) 31 March 2020	(Audited) 30 June 2019
	Note	----- (Rupees) -----	
<b>8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Deposits</b>		<b>1,165,546</b>	784,000
<b>Prepayments</b>			
Registration fee		1,125,000	68,505
Insurance		2,078,189	8,182,586
Current portion of prepaid commission against bachat units		8,117,287	22,925,975
Maintenance		609,940	2,106,127
Service level agreement		494,958	2,100,711
Software license		1,740,425	856,882
Others			49,360
		<b>14,165,800</b>	36,290,146
<b>Other receivables</b>			
Advisory fee on account of discretionary portfolio management		32,090,851	29,295,374
Others		405,372	386,234
		<b>32,496,223</b>	29,681,608
Provision against advisory fee	8.1	<b>(12,553,202)</b>	(11,953,175)
		<b>35,274,367</b>	54,802,579

**8.1 Movement in provision**

Opening balance	<b>11,953,175</b>	10,253,984
Provision made during the period	<b>600,027</b>	1,699,191
Closing balance	<b>12,553,202</b>	11,953,175

**8.1.1** This represents provision under the expected credit loss model under IFRS 9. Prior year figure of Rs. 1.7 million have not been apportioned to the corresponding period between 01 July 2018 to 31 March 2018, as the impact is not considered to be material.

<b>9 SHORT-TERM INVESTMENTS</b>		(Unaudited) 31 March 2020	(Audited) 30 June 2019
	Note		
<b>Investment in Collective Investment Schemes - related parties</b>			
At fair value through profit or loss	9.1	<b>538,355,540</b>	504,707,388

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

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

Name of the Investee Fund	Note	As at 1 July 2019	Purchased during the period	Redeemed / sold during the period	As at 31 March 2020	As at 31 March 2020 (Unaudited)		
						Carrying value	Market value	Unrealised appreciation / (diminution)
			(Number of units)				(Rupees)	
MCB DCF INCOME Fund		-	725,403	277,121	448,282	50,012,012	52,256,849	2,244,837
MCB CASH MANAGEMENT OPTIMIZER		2,108,505	52,013,933	49,802,711	4,319,727	434,747,236	435,827,599	1,080,363
ALHAMRA ISLAMIC INCOME FUND		-	312	312	-	-	-	-
MCB PAKISTAN STOCK MARKET FUND		3,227,916	1,392,279	4,200,487	419,708	25,000,000	26,977,248	1,977,248
MCB PAKISTAN SOVEREIGN FUND		-	8,242,168	7,852,769	389,399	21,563,503	23,293,844	1,730,341
PAKISTAN CASH MANAGEMENT FUND		-	4,794,607	4,794,607	-	-	-	-
Alhamra Daily Dividend Fund		367,040	4,797	371,837	-	-	-	-
						<u>531,322,752</u>	<u>538,355,540</u>	<u>7,032,788</u>

**10 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) 31 March 2020	(Audited) 30 June 2019
		----- (Rupees) -----	
11	DEFERRED TAX LIABILITY - NET	Note	
	Deferred tax liability on taxable temporary differences		
	- Intangible assets	62,731,393	56,787,409
	- Right of use asset	21,081,981	-
	- Investments at fair value through profit or loss	1,005,487	(4,939,642)
	- Non-Current assets held for sale	-	-
		84,818,861	51,847,767
	Deferred tax asset on deductible temporary differences		
	- Property and equipment	(3,067,639)	(5,046,559)
	- Finance cost on discounted loans	(915,728)	(992,105)
	- Provision against advisory fee	(3,640,421)	(3,466,421)
	- Prepaid Rents IFRS 16	(1,658,584)	-
	- Lease liabilities	(20,841,721)	-
		(30,124,093)	(9,505,085)
		54,694,768	42,342,682

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

	<b>Note</b>	<b>(Unaudited) March 31, 2020</b>	<b>(Audited) June 30, 2019</b>
<b>12 TRADE AND OTHER PAYABLES</b>		<b>-----Rupees-----</b>	
Accrued expenses and other payables		<b>94,899,190</b>	72,167,226
Sindh Workers' Welfare Fund	12.1	<b>35,769,050</b>	29,069,050
Withholding tax payable		<b>354,054</b>	927,724
Indirect taxes and duties payable	12.2	<b>437,791,498</b>	411,742,319
Payable to facilitators / distributors		<b>40,779,896</b>	21,591,058
		<b>609,593,688</b>	535,497,377

12.1 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.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 33.1 million (30 June 2019: Rs. 29.1 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.

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.

12.2 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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

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 is carrying liability for Federal Excise Duty (FED) amounting to Rs. 399.62 (30 June 2019: Rs. 399.62) million as a matter of abundant caution. This amount has also been classified as a balance receivable from related parties (in Note 7) and would be payable only after final verdict as explained above and when received from the funds.

**13 MANAGEMENT FEE / INVESTMENT ADVISORY FEE**

	Note	(Unaudited) Nine months ended		(Unaudited) Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Rupees		Rupees	
From Collective Investment Schemes - related parties	13.1	540,274,354	592,248,498	198,117,003	192,593,570
From Discretionary Portfolio	13.3	29,731,207	27,041,122	10,507,547	7,850,236
		570,005,561	619,289,620	208,624,550	200,443,806
Less: Indirect taxes and duties on management fees		(65,575,861)	(71,245,708)	(24,001,054)	(23,059,907)
		<u>504,429,700</u>	<u>548,043,912</u>	<u>184,623,496</u>	<u>177,383,899</u>

	Note	(Unaudited) Nine months ended		(Unaudited) Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Rupees		Rupees	
<b>13.1 From Collective Investment Schemes - related parties</b>					
MCB Cash Management Optimizer		77,932,370	82,955,119	33,216,863	26,597,613
MCB Pakistan Asset Allocation Fund		26,862,484	51,489,379	8,043,067	16,156,855
MCB DCF Income Fund		54,691,015	49,761,183	18,724,272	15,719,661
Alhamra Islamic Income Fund		23,496,120	20,551,009	8,065,509	7,981,367
MCB Pakistan Sovereign Fund		35,455,351	4,677,097	17,134,534	1,823,527
Pakistan Capital Market Fund		8,141,496	10,079,023	2,741,138	3,198,306
Pakistan Cash Management Fund		1,730,703	2,383,504	559,844	733,288
Pakistan Income Enhancement Fund		10,175,559	10,117,165	4,814,316	3,197,088
Pakistan Income Fund		21,959,829	12,235,457	8,395,524	4,071,254
Alhamra Islamic Asset Allocation Fund		42,496,483	63,636,002	12,865,342	20,385,773
MCB Pakistan Stock Market Fund		150,911,142	193,297,264	53,595,776	63,798,583
Alhamra Islamic Stock Fund		45,687,559	53,732,871	15,978,480	16,034,629
MCB Pakistan Frequent Payout Fund		2,640,581	3,894,598	864,461	1,287,124
Al Hamra Islamic Active Asset Allocation Fund - Plan I		168,953	458,794	52,625	52,666
Al Hamra Islamic Active Asset Allocation Fund - Plan II		102,172	133,097	24,879	40,012
Alhamra Daily Dividend Fund		5,340,631	2,576,638	1,583,775	1,361,471
		<u>507,792,448</u>	<u>561,978,200</u>	<u>186,660,406</u>	<u>182,439,217</u>
<b>From Pension Schemes - related parties</b>					
Pakistan Pension Fund		21,071,017	19,916,083	7,337,548	6,671,485
Pakistan Islamic Pension Fund		11,410,889	10,354,215	4,119,049	3,482,868
		<u>32,481,906</u>	<u>30,270,298</u>	<u>11,456,597</u>	<u>10,154,353</u>
	13.2	<u>540,274,354</u>	<u>592,248,498</u>	<u>198,117,003</u>	<u>192,593,570</u>

13.2 Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged to Collective Investment Schemes shall be within allowed expense ratio limit and shall not exceed the maximum rate of management fee disclosed in the Offering Document.

13.3 The Company is managing investments under discretionary portfolio management agreement. Investment advisory fee from the discretionary portfolios is calculated on a daily / monthly basis by charging specified rates to the net asset value of the portfolios as stated in the respective agreements with the clients. The details of these portfolios are given in note 1.4 of these condensed interim financial statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

**14 ADMINISTRATIVE AND OPERATING EXPENSES**

ADMINISTRATIVE AND OPERATING EXPENSES		(Unaudited)		(Unaudited)	
		Nine months ended		Quarter ended	
		March 31,	March 31,	March 31,	March 31,
		2020	2019	2020	2019
		----- Rupees -----		-----Rupees-----	
Salaries, allowances and other benefits		176,450,728	166,905,254	55,050,450	54,763,538
Legal and professional charges		3,945,231	6,137,793	1,406,727	1,908,739
Travelling and conveyance charges		976,085	4,874,160	507,549	1,031,172
Rent, utilities, repairs and maintenance	14.2	62,642,295	68,953,585	19,303,604	22,003,740
Office supplies		802,741	1,078,233	312,638	583,242
Auditors' remuneration		2,664,367	1,900,000	625,000	600,000
Directors' meeting fee		5,400,000	3,600,000	1,875,000	900,000
Insurance		1,622,880	1,330,530	504,103	540,315
Depreciation	4.3	24,839,169	14,580,121	8,218,505	5,420,207
Amortisation	4.3	9,543,406	7,727,656	2,789,722	2,728,345
Stamp duty and taxes		3,723,000	191,500	3,394,400	41,500
Registrar fee		231,558	532,408	59,058	165,517
Printing and stationery		3,267,065	2,838,604	1,074,148	844,097
Telephone expenses		3,921,945	4,241,503	1,143,575	1,320,098
Entertainment expenses		1,667,503	4,959,111	538,596	886,825
Books, periodicals and subscription		15,437,341	10,009,641	4,771,945	4,634,256
Impairment on property and equipment		-	3,100,000	-	-
Provision against advisory fees receivable		600,000	3,556,067	-	-
Sindh Workers' Welfare Fund		4,000,000	2,480,000	(100,000)	1,410,000
		321,735,313	308,996,167	101,475,019	99,781,592

14.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated 25 November 2015 as amended through SRO 639 (i) / 2019 dated 20 June 2019 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). Accordingly, expenses amounting to Rs. 36.75 million (31 March 2019: Rs. 33.81 million) have been charged by the Company to the respective CISs under its management.

14.2 This includes depreciation charged on right of use assets pertaining to head office amounting to Rs. 5,927,924 and Rs.1,481,981 for nine months and quarter ended respectively.

**15 SELLING AND DISTRIBUTION EXPENSES**

The SECP vide Circular 11/2019 dated 5 July 2019, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to all categories of open end mutual funds except for fund of funds for the cost pertaining to opening and maintenance of all branches by the AMC in all cities and payment of salaries to sales team posted at all branches of an AMC. The expenses amounting to Rs. 180.69 million (31 March 2019: Rs. 65.87 million) have been charged by the Company to aforesaid funds under its management.

**16 OTHER INCOME**

This includes interest income on loan to employees amounting to Rs. 0.41 million.

**17 CONTINGENCIES AND COMMITMENTS**

17.1 The contingencies and commitments of the Company remains unchanged during the period. For details of contingencies and commitments, refer Note 19 of the annual financial statements of the Company for the year ended 30 June 2019.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

**17.2** During the year ended 30 June 2015, the Company had obtained a short-term running finance facility under mark up arrangement with MCB Bank Limited (a related party) amounting to Rs. 500 millions. The facility carried mark-up at one month KIBOR+0.5% (30 June 2019: one month KIBOR+0.5%) per annum. The facility is secured against pledge of the government securities i.e. PIBs and T-Bills and will expire on 31 August 2020. The facility was unutilized as at 31 March 2020.

**18 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:

**18.1 Transactions with related parties during the period**

			Nine months ended	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	31 March 2020	31 March 2019
			(Rupees)	
MCB Bank Limited	Parent company with 51.33% Holding	Commission and other expenses	24,205,878	36,799,006
		Profit on bank deposits	2,830,556	979,179
		Branch sharing expenses	2,188,530	2,292,984
		Dividend paid	86,848,405	64,674,344
		Financial charges	281,642	333,148
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank charges	3,108	-
		Profit on bank deposits	10,858	
Nishat Real Estate Development Company (Pvt) Limited	Group Company of Parent Company	Quarterly Rent as per rental agreement	2,087,876	2,760,835
Nishat Hotels and Properties Limited	Group Company of Parent Company	Rent expense	-	2,114,065
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	14,772,706	13,912,581
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	3,186,230	4,708,909
		Dividend paid	10,910,345	-
		Rent as per rental agreement	1,595,000	
Dolmen City REIT	Group Company of Associated Company	Investment Advisory Fee	94,521	-
Nishat Mills Limited	Group Company of Parent Company	Gain on Disposal	516,009	-
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	43,274,173	32,225,448
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	-	94,608
MCB Cash Management Optimizer Funds under management		Management fee	77,932,370	82,955,119
		Investment in units	5,899,717,435	2,517,594,854
		Redemption of units	5,695,405,200	2,725,401,967
		Dividend Income	5,800,120	-
		Reimbursement of expenses	13,185,438	8,019,753
		Selling and marketing	30,337,299	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2020	31 March 2019
			----- (Rupees) -----	
MCB DCF Income Fund	Funds under management	Management fee	54,691,015	49,761,183
		Share of sales load	93,383	222,247
		Back end load	11,819	46,087
		Reimbursement of expenses	3,226,609	2,935,762
		Selling and marketing	9,256,322	
		Investment in units	80,139,578	
		Redemption of units	30,175,608	
Alhamra Islamic Income Fund	Funds under management	Management fee	23,496,120	20,551,009
		Share of sales load	1,219,232	108,946
		Back end load	6,579	
		Sharia fee paid on behalf of the fund	675,000	675,000
		Reimbursement of expenses	2,239,439	2,027,544
		Selling and marketing	2,871,262	
		Investment in units	31,849	
Redemption of units	32,257			
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	26,862,484	51,489,379
		Share of sales load	249,720	68,771
		Reimbursement of expenses	1,188,563	2,278,369
		Selling and marketing	11,696,793	9,112,511
		Back end load	2,301,469	2,260,513
		Investment in units	64	50,000,000
		Redemption of units	61	50,123,345
MCB Pakistan Frequent Payout Fund	Funds under management	Management fee	2,640,581	3,894,598
		Reimbursement of expenses	141,783	264,425
		Selling and marketing	910,771	-
		Share of sales load	398	
Alhamra Islamic Stock Fund	Funds under management	Management fee	45,687,559	53,732,871
		Share of sales load	346,959	512,813
		Reimbursement of expenses	2,021,572	2,377,558
		Selling and marketing	20,641,393	9,510,243
		Sharia fee paid on behalf of the fund	675,000	675,000
		Back end load	331,990	-
		Others		
MCB Pakistan Sovereign Fund	Funds under management	Management fee	35,455,351	4,677,097
		Share of sales load	1,035,027	-
		Reimbursement of expenses	1,503,902	453,317
		Selling and marketing	2,103,047	
		Investment in units	450,215,700	
		Redemption of units	432,007,784	
MCB Pakistan Stock Market Fund	Funds under management	Management fee	150,911,142	193,297,264
		Share of sales load	1,076,278	1,561,019
		Reimbursement of expenses	6,677,483	8,552,976
		Selling and marketing	71,659,355	34,211,905
		Investment in units	114,995,629	294,036,188
		Redemption of units	355,369,324	219,000,000
		Back end load	7,621	21,283
Others	-	8,605		
Pakistan Capital Market Fund	Funds under management	Management fee	8,141,496	10,079,023
		Share of sales load	12,728	9,985
		Reimbursement of expenses	360,243	448,911
		Selling and marketing	3,942,708	1,789,899
		Others	-	8,065
Pakistan Cash Management Fund	Funds under management	Management fee	1,679,393	2,383,504
		Reimbursement of expenses	1,007,609	242,658
		Share of sales load	10,530	
		Investment in units	250,600,798	
		Redemption of units	250,778,502	
Pakistan Income Enhancement Fund	Funds under management	Management fee	10,175,559	10,117,165
		Share of sales load	306,293	44,435
		Reimbursement of expenses	555,786	685,126
		Investment in units	286	962,667,273
		Redemption of units	290	963,339,660
		Selling and marketing	2,686,976	
		Back end load	4	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2020	31 March 2019
			(Rupees)	
Pakistan Income Fund	Funds under management	Management fee	21,959,829	12,235,457
		Share of sales load	374,483	325,390
		Reimbursement of expenses	1,167,259	1,157,193
		Others	-	18,570
		Selling and marketing	1,513,291	
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	42,496,483	63,636,002
		Share of sales load	1,128,570	903,250
		Back end load	13,961,454	8,781,476
		Reimbursement of expenses	1,880,375	2,815,753
		Selling and marketing	19,617,626	11,263,009
		Sharia fee paid on behalf of the fund	675,000	675,000
Alhamra Islamic Pension Fund	Funds under management	Management fee	11,410,889	9,163,020
		Share of sales load	314,787	165,690
		Contribution to fund on behalf of the employees	9,027,081	11,908,675
Pakistan Pension Fund	Funds under management	Management fee	21,071,017	19,916,083
		Share of sales load	145,184	82,530
		Contribution to fund on behalf of the employees	3,029,082	3,947,903
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	168,953	458,794
		Reimbursement of expenses	348,389	977,852
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	102,172	133,097
		Reimbursement of expenses	278,864	581,340
Alhamra Daily Dividend Fund	Funds under management	Management fee	5,434,322	2,576,638
		Dividend income	564,402	213,866
		Investment in units	479,741	41,181,782
		Redemption of units	37,183,725	41,181,782
		Selling and marketing	3,472,500	-
		Reimbursement of expenses	969,528	-
		Bank Charges	682,561	-
		Other Expenses	1,171,306	-
Directors & Executives	Directors and key executives	Dividend paid	28,996	43,123
Executive Director		Remuneration and other benefits	24,071,442	22,871,961
Vice Chairman		Sale of Vehicle	-	1,413,590
Key Management Personnel	Other connected persons / related parties	Remuneration and other benefits	103,821,561	30,498,705
Chief Investment Officer		Housing loan	7,550,525	2,000,000
				8,000,000

**18.2 Amount outstanding as at period end**

Name of the related	Relationship and percentage of shareholding	Nature of transaction	(Unaudited) 31 March 2020	(Audited) 30 June 2019
			(Rupees)	
MCB Bank Limited	Parent company with 51.33% Holding	Bank balance	79,317,958	13,096,131
		Other payable	4,506,356	4,380,075
		Commission payable	7,184,992	4,222,600
		Mark-up receivable	365,635	115,076
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	321,569	1,093,594
		Mark-up receivable	-	1,385
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Advisory fee receivable	13,443,234	9,224,102
Nishat Real Estate Development Company (Pvt.) Ltd.	Group Company of Parent Company	Rent Deposit	784,326	784,326
Nishat Mills Limited	Group Company of Parent Company	Receivable against sale of fixed assets	1,000,000	-



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2020	31 March 2019
			----- (Rupees) -----	
MCB DCF Income Fund	Funds under management	Remuneration receivable	6,363,151	5,401,541
		Sales load receivable	116,672	398,917
		Receivable against reimbursement of expenses	375,407	318,628
		Receivable against selling & marketing expenses	4,308,240	-
		Back end load receivable	7,278	-
		Federal excise duty on remuneration	99,060,437	99,060,437
		Federal excise duty on sales load	27,932,990	27,932,990
			<b>138,164,176</b>	<b>133,112,513</b>
		Closing balance of investment in units	52,256,849	-
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	2,390,256	4,371,402
		Sales load receivable	393,790	157,385
		Back end load receivable	22,231	6,779
		Receivable against reimbursement of expenses	105,764	193,409
		Receivable against selling & marketing expenses	4,626,543	2,528,787
		Federal excise duty on remuneration	19,027,350	19,027,350
		Federal excise duty on sales load	16,172,955	16,172,955
			<b>42,738,887</b>	<b>42,458,066</b>
		Closing balance of investment in units	435,827,600	212,000,020
MCB Cash Management Optimize Funds under	Funds under management	Remuneration receivable	13,292,813	12,918,501
		Receivable against reimbursement of expenses	5,423,926	754,375
		Receivable against selling & marketing expenses	6,175,578	-
		Federal excise duty on remuneration	54,266,812	54,266,812
		Federal excise duty on sales load	18,788	18,788
			<b>79,177,917</b>	<b>67,958,476</b>
		Closing balance of investment in units	435,827,600	212,000,020
Alhamra Islamic Income Fund	Funds under management	Remuneration receivable	3,224,092	2,594,241
		Sales load receivable	302,087	50,214
		Receivable against reimbursement of expenses	332,901	182,361
		Receivable against Shariah Fee	300,000	75,000
		Receivable against selling & marketing expenses	504,585	-
		Federal excise duty on remuneration	8,639,183	8,639,183
		Federal excise duty on sales load	3,028,386	3,028,386
			<b>16,331,235</b>	<b>14,569,385</b>
		Closing balance of investment in units	26,977,248	256,003,384
MCB Pakistan Stock Market Fund Funds under management	Funds under management	Remuneration receivable	15,605,739	18,552,037
		Sales load receivable	654,951	33,902
		Other receivable	-	-
		Receivable against reimbursement of expenses	690,519	820,868
		Receivable against selling & marketing expenses	30,829,429	10,331,523
		Federal excise duty on remuneration	54,773,935	54,773,935
		Federal excise duty on sales load	3,932,683	3,932,683
			<b>106,487,257</b>	<b>88,444,948</b>
		Closing balance of investment in units	26,977,248	256,003,384
Pakistan Income Fund	Funds under management	Remuneration receivable	4,298,862	1,594,359
		Sales load receivable	130,863	57,453
		Receivable against reimbursement of expenses	136,290	115,300
		Receivable against selling & marketing expenses	505,954	-
		Federal excise duty on remuneration	9,210,245	9,210,245
		Federal excise duty on sales load	239,199	239,199
			<b>14,521,414</b>	<b>11,216,556</b>
		Closing balance of investment in units	26,977,248	256,003,384
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	11,736,993	758,465
		Sales load receivable	923,657	-
		Receivable against reimbursement of expenses	234,285	56,616
		Receivable against selling & marketing expenses	802,619	-
		Federal excise duty on remuneration	29,027,974	29,027,974
		Federal excise duty on sales load	4,169,840	4,169,840

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2020	31 March 2019
			(Rupees)	
			<b>46,895,368</b>	<b>34,012,894</b>
		Closing balance of investment in units	23,293,845	-
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	835,780	953,936
		Sales load receivable	-	1,105
		Receivable against reimbursement of expenses	119,787	42,204
		Receivable against selling & marketing expenses	1,637,405	523,686
		Federal excise duty on remuneration	5,872,250	5,872,250
		Federal excise duty on sales load	392,742	392,742
			<b>8,857,964</b>	<b>7,785,923</b>
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	4,585,099	5,209,292
		Sales load receivable	4,558	51,015
		Back end load receivable	296,716	
		Receivable against reimbursement of expenses	202,880	230,793
		Receivable against selling & marketing expenses	9,191,161	2,873,160
		Receivable against Shariah Fee	300,000	75,000
		Federal excise duty on remuneration	5,689,242	5,689,242
		Federal excise duty on sales load	124,913	124,913
			<b>20,394,569</b>	<b>14,253,415</b>
Pakistan Pension Fund	Funds under management	Remuneration receivable	2,394,463	2,165,384
		Sales load receivable	138,922	1,614,522
		Federal excise duty on remuneration	5,976,465	5,976,465
			<b>8,509,851</b>	<b>9,756,371</b>
		Closing balance of investment in units	243,734,065	245,136,795
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	3,574,624	5,678,074
		Sales load receivable	516,746	226,884
		Back end load receivable	520,366	502,186
		Receivable against reimbursement of expenses	158,169	251,193
		Receivable against selling & marketing expenses	7,400,418	3,144,226
		Receivable against Shariah Fee	300,000	75,000
		Federal excise duty on remuneration	5,910,300	5,910,300
		Federal excise duty on sales load	1,135,845	1,135,845
			<b>19,516,469</b>	<b>16,923,708</b>
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	1,336,095	1,123,028
		Sales load receivable	84,258	128,583
		Federal excise duty on remuneration	3,030,332	3,030,332
			<b>4,450,686</b>	<b>4,281,943</b>
		Closing balance of investment in units	238,899,704	241,679,389
Pakistan Samaya Mahfooz Fund (Matured)	Funds under management	Remuneration receivable	-	-
		Sales load receivable	-	-
		Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
			<b>4,267,360</b>	<b>4,267,360</b>
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	209,355	383
		Receivable against reimbursement of expenses	161,950	
		Sales load receivable	11,174	
		Federal excise duty on remuneration	11,932,884	11,932,884
			<b>12,315,362</b>	<b>11,933,267</b>
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	2,837,290	991,301
		Sales load receivable	16,575	72,600
		Other receivable	-	-
		Receivable against reimbursement of expenses	63,437	60,251
		Receivable against selling & marketing expenses	434,172	
		Federal excise duty on remuneration	16,589,808	16,589,808
		Federal excise duty on sales load	4,746,222	4,746,222

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Nine months ended	
			31 March 2020	31 March 2019
			(Rupees)	
			24,687,505	22,460,182
MCB Pakistan Frequent Payout Fund	Funds under management	Remuneration receivable	398,676	435,465
		Sales load receivable	525	-
		Receivable against reimbursement of expenses	12,694	20,962
		Receivable against selling & marketing expenses	328,982	
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,624,619	3,624,619
			<b>5,206,237</b>	<b>4,921,787</b>
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Remuneration receivable	21,075	21,710
		Receivable against reimbursement of expenses	31,567	52,988
			<b>52,642</b>	<b>74,698</b>
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Remuneration receivable	7,478	4,353
		Receivable against reimbursement of expenses	15,895	59,140
			<b>23,373</b>	<b>63,493</b>
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	771,983	1,177,289
		Payable against bank charges	359,685	243,033
		Receivable against reimbursement of expenses	442,356	
		Receivable against selling & marketing expenses	881,413	
			<b>2,455,437</b>	<b>1,420,322</b>
		Closing balance of investment in units	-	36,703,984

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair values of investments in units of open-end collective investment schemes and pension schemes are based on the net assets value announced by the Company at each reporting date.

The estimated fair value of all other assets and liabilities is considered not to be significantly different from their carrying values as the items are either short-term in nature or are periodically repriced.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

#### - Level 1

quoted prices (unadjusted) in active markets for identical assets or liabilities [level 1];

#### - Level 2

inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) [level 2]; and

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For The Nine Months Ended March 31, 2020**

**Level 3**

inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) [level 3].

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On-balance sheet financial instruments		31 March 2020 (Unaudited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees)								
-----								
<b>Financial assets measured at fair value</b>								
Long-term investments		482,633,769	-	-	482,633,769	482,633,769	-	-
Short-term investments		538,355,540	-	-	538,355,540	538,355,540	-	-
		<u>1,020,989,310</u>	<u>-</u>	<u>-</u>	<u>1,020,989,310</u>	<u>1,020,989,310</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>								
Long-term loans	19.1	-	4,302,035	-	4,302,035			
Long-term deposits		-	5,986,263	-	5,986,263			
Receivable from related parties		-	573,220,806	-	573,220,806			
Loans and advances		-	2,913,795	-	2,913,795			
Deposits and other receivables		-	36,191,654	-	36,191,654			
Accrued mark-up		-	406,508	-	406,508			
Cash and Bank balances		-	87,838,986	-	87,838,986			
		<u>-</u>	<u>710,860,046</u>	<u>-</u>	<u>710,860,046</u>			
<b>Financial liabilities not measured at fair value</b>								
Trade & other payables	19.1	-	-	135,679,086	135,679,086			
Unclaimed dividend		-	-	84,144,032	84,144,032			
		<u>-</u>	<u>-</u>	<u>219,823,118</u>	<u>219,823,118</u>			
<b>On-balance sheet financial instruments</b>								
		30 June 2019 (Audited)						
		Carrying amount			Fair value			
Note		Fair value	Amortized	Other financial	Total	Level 1	Level 2	Level 3
(Rupees)								
-----								
<b>Financial assets measured at fair value</b>								
Long-term investments		486,816,184	-	-	486,816,184	486,816,184	-	-
Short-term investments		504,707,388	-	-	504,707,388	504,707,388	-	-
		<u>991,523,572</u>	<u>-</u>	<u>-</u>	<u>991,523,572</u>	<u>991,523,572</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>								
Long-term loans	19.1	-	5,148,566	-	5,148,566			
Long-term deposits		-	4,487,188	-	4,487,188			
Receivable from related parties		-	499,653,341	-	499,653,341			
Loans and advances		-	2,705,906	-	2,705,906			
Deposits and other receivables		-	18,512,433	-	18,512,433			
Accrued mark-up		-	181,212	-	181,212			
Cash and Bank balances		-	23,165,617	-	23,165,617			
		<u>-</u>	<u>553,854,263</u>	<u>-</u>	<u>553,854,263</u>			
<b>Financial liabilities not measured at fair value</b>								
Trade & other payables	19.1	-	-	93,758,284	93,758,284			
Unclaimed dividend		-	-	4,256,938	4,256,938			
		<u>-</u>	<u>-</u>	<u>98,015,222</u>	<u>98,015,222</u>			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**For The Nine Months Ended March 31, 2020**

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**19.1** The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

**20 GENERAL**

**20.1 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 statements during the current period.

**20.2 Date of authorisation for issue**

This condensed interim financial information was authorised for issue on \_\_\_\_\_ by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

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