

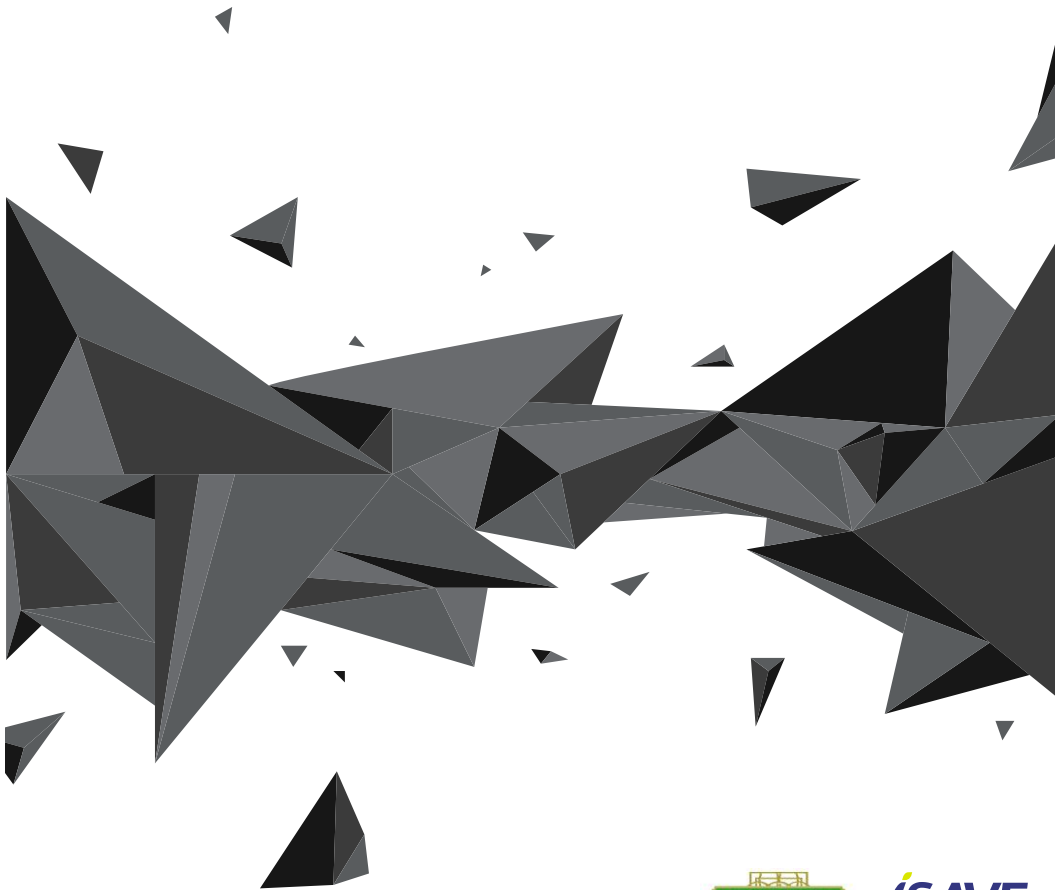


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2022
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited



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Vision

“To be the most coveted Savings and Investment company,
while leading the effort to make the saving
population and industry grow”

Mission

“To be the preferred Savings and Investment Manager in Pakistan
by being best in class in customer services
and maximizing stakeholders’ value”

Core Values

HONESTY

We ensure to build trust through responsible actions and honest
relationships with our colleagues, customers and stakeholders

INTEGRITY

We work with integrity in everything we do, and embody our principles
when working with stakeholders as well as internal and external customers.
We assure to promote the integrity for the ultimate benefit for everyone

ETHICS

As a trusted custodian of customer funds, we are committed to
conforming to the highest level of ethical standards in the workplace
that involves putting customer interest first and maintaining
our stakeholders trust in the Company

PROFESSIONALISM

We value everyone and treat our external and internal
customers and our stakeholders with respect, dignity and professionalism

COMPANY INFORMATION

Board of Directors	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
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	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
Credit Committee	Mr. Nasim Beg Mr. Ahmed Jahangir	Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Share Registrar	CDC Share Registrar Services Limited 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	
Bankers	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Summit Bank Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2022

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present report on the affairs of the company for the half year ended December 31, 2022.

PRINCIPAL BUSINESS

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

The BUSINESS ENVIROMENT

Economy and Money Market Review

The macroeconomic landscape continued to remain challenging. The economy was jolted with the worst floods in more than a decade, which caused severe damage to the infrastructure, wiped off crops, devastated livestock and resulted in the loss of precious lives. Earlier, elevated commodity prices due to pent up demand post Covid restrictions saw another upward push due to escalation of Russia-Ukraine conflict.

SBP foreign exchange reserves have fallen to critically low levels of USD 3.2 billion (import cover of less than 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. Due to tough impact on vast majority of poor population, government has been reluctant to agree to harsh steps which are pre-condition to IMF loans such as increasing electricity, gas and petrol prices. Unlocking IMF funding however remains critical as the delay in the IMF program is leading to a slowdown in foreign flows from bilateral and multilateral partners.

The country posted a current account deficit (CAD) of USD 3.1 billion in first five months of the fiscal year 2023 (5MFY23) declining by 57% YoY compared to a deficit of USD 7.2 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 2.0% decrease in exports coupled with 16.2% drop in imports led to 26% contraction in trade deficit. The government initially kept a lid on imports through administrative measures such as imposing import quotas on selective imports. These import restrictions helped the Rupee gain some strength against the USD, from a low of 240 in July 2022 to PKR 226.4 at December 2022 end.

Headline inflation represented by CPI averaged 25.0% during the half as compared to 9.8% in the corresponding period last year. Higher food prices as an aftermath of floods coupled with higher electricity tariff and rising petroleum prices were the major contributors towards rising CPI. The inflationary pressures were broad based which is depicted by core inflation increasing to 16.4% compared to 12.3% at the end of last fiscal year. SBP increased the policy rate by a further 100bps to 16.0% in the latest monetary policy held in November 2022. On the fiscal side, FBR tax collection increased by 17.0% in 1HFY23 to PKR 3,428 billion compared to PKR 2,929 billion in the same period last year. This missed the target by 218 billion.

Secondary markets yields increased in the half on account of monetary tightening and an additional bout of inflationary pressures post floods. The 3,6 and 12 Month T-Bills yield increased by 171, 184 and 170 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 219, 168 and 78bps respectively during 1HFY23.

Equity Market Review

The KSE-100 index closed in negative territory, declining by 1,120 points (-2.7%) in 1HFY23 to close at 40,420 points. The initial exuberance on the account of the resumption of the IMF program and support from friendly countries soon washed away with catastrophic floods, which further deteriorated the already

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2022

ailing economic conditions of the country. The period under review was marked with elevated inflation (CPI clocking in at a 47-year high), depleting SBP Reserves (lowest levels since April 2014), and a surprise interest rate hike by 100bps, which kept investors in a grim situation. Moreover, continuous delay in the completion of the 9th review under the IMF Program amid political turbulence in the country further dented investors' sentiments.

Foreigners remained net sellers with an outflow of USD 1 million, while on the local front, Mutual Funds offloaded about USD 64 million, which was largely absorbed by Banks and individuals with net buying of USD 50 million and USD 48 million respectively. During the first half, average trading volumes saw a decline to 219 million shares compared to about 240 million shares during the preceding half. Similarly, the average trading value during the half saw a drop of 23% over the last half to near USD 30 million.

Commercial Banks, Auto Assemblers, Pharmaceuticals and Chemicals sector were the major contributors to the index decline posting -542/-429/-322/-160 points, respectively. Banking sector struggled to foreign selling pressure despite positing healthy earnings growth and strong balance sheets. Automobile Assemblers struggled due to poor volumetric sales thanks to restrictions imposed by SBP. On the flip side, Technology sector added 964 points to the index.

Economy & Market – Future Outlook

We expect FY23 GDP growth to decline to 0.6% as monetary tightening, rupee devaluation and the prevailing uncertainty will lead to slowdown in the economy. The loss of cotton and rice crop in the aftermath of floods would trim agriculture growth to 0.4% while industrial growth is expected to clock at -6.8% owing to demand slowdown and shortage of raw materials. The government is taking administrative measures to control imports, which may reduce service sector growth to 3.1%.

We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 18% YoY to USD 59 billion as we will witness volumetric compression in several segments of the economy. Thus we expect the CAD to ease to USD 6.8 billion (2.0% of GDP) in FY23, a massive drop, when compared with USD 17.4 billion (4.5% of GDP) in FY22.

The successful resumption of IMF program will unlock funding from bilateral and multilateral sources. The aid commitment by multilateral agencies in the aftermath of floods should lend support to foreign inflows. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account in the medium term to stave off external concerns.

The rupee has recovered from its recent low due to continuous drain in forex reserves encouraging spreads in Interbank and open market to widen significantly. We believe that restoring a market based exchange rate would bring equilibrium by incentivizing exports and remittances and discouraging imports. Thus we expect USD/PKR to close at 251 by fiscal year end on an assumed REER of 90.

We expect Average FY23 inflation to clock at 24.8% compared to 12.1% in FY22. We foresee the second round impact of the currency devaluation and expected increase in petroleum, electricity and gas prices, which will keep inflation numbers elevated for remainder of the year. SBP has increased the policy rate to 16.0% to cool aggregate demand and deescalate inflationary pressures. Given the significant economic challenges, we do not rule out a scenario where SBP further increases interest rates in the next monetary policy. We expect monetary easing cycle to begin in second half of CY23 where decline in inflation can provide some breather.

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2022

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market appears to have priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 9.1%, a discount of 55% from its historical average. Similarly, Earning Yield minus Risk Free Rate are close to 7.1%, compared to historical average of 2.7% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. However, we do not see this potential translating into gains, unless issues on the external fronts are dealt with. The market is currently trading at PER of 4.8x, while offering a dividend yield of 11.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

Mutual Fund Industry Review

The Net Assets of the open end mutual funds industry increased by about 26.1% during 1HFY23 to PKR 1,531 billion. Total money market funds grew by about 34.2% since June 2022. Within the money market sphere, the conventional funds showed a growth of 19.8% to PKR 535 billion while Islamic funds increased by 62.7% to PKR 367 billion. In addition, the total fixed Income funds increased by about 24.1% since June 2022 to PKR 370 billion. Equity and related funds declined by 13.3% as market witnessed a drop in 1HFY23, eroding AUMs as concern over macroeconomic factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 58.9%, followed by Income funds with 24.2% and Equity and Equity related funds having a share of 13.0% as at the end of 1HFY23.

Mutual Fund Industry Outlook

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, a correction in stock prices has opened up valuations and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

Company's Performance Review

Like FY 2021-2022 1HY of FY 2022-2023 also started with success. During the six months the Company AUMs grew by Rs. 42 billion (22.5%) and reached to Rs. 229 billion (June 30, 2022: Rs.187 billion); and compared to corresponding period AUMs grew by Rs. 57 billion (33%). During 1HY 2023 the Company's core revenue was Rs. 529 million compared to Rs. 469 million in 1HY 2022.

During the half year KSE 100 showed negative return of about 2.7% compared to negative return of 5.83% in the corresponding period. Despite negative returns in equity market, due to better fund management the Company earned investment income of Rs. 50.2 million compared to Rs. 1.8 million in the same corresponding period. Due to higher AUMs and improved investment income, the Company earned profit after taxation of Rs. 141.5 million (EPS: Rs. 1.97) compared to Rs. 138 million (EPS: Re. 1.92) in the corresponding period.

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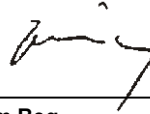
Acknowledgement

The Directors would like to express their deep appreciation to our shareholders who have consistently demonstrated their confidence in the Company. We would also like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each individual of the Company and are confident that they will continue to do so in the future.

For and on Behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: February 03, 2023



Nasim Beg
Director and Vice Chairman

ڈائریکٹر رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2022ء

میو چل فز کی صنعت کے مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المدد سرمایہ کاروں کے لیے کم ترین جو خطرے کی کم سطح پر رہتا چاہتے ہیں۔ تاہم اسٹاک کی قیمتوں میں تھج سے تعینات قدر کھل گئی ہیں اور طویل المدد سرمایہ کار ان پر شش سطحوں پر ایکوٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو بہت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

کمپنی کی کارکردگی کا جائزہ

مالی سال 2021-2022 کی طرح مالی سال 2022-2023 کا نصف بھی کامیابی کے ساتھ شروع ہوا۔ چھ ماہ کے دوران کمپنی کے اے یو ایم میں 42 ملین روپے (22.5 فیصد) کا اضافہ ہوا۔ جو 229 ارب روپے تک پہنچ گئے۔ (30 جون 2022: 187 ارب روپے)؛ اور اسی مدت کے مقابلے میں اے یو ایم میں 57 ملین روپے (33 فیصد) کا اضافہ ہوا۔ پہلے ششماہی 2023 کے دوران کمپنی کی بنیادی آمدنی 529 ملین روپے تھی۔ جب کہ یہ پہلے ششماہی 2022 میں 469 ملین روپے تھی۔

اس سال پہلی ششماہی میں (KSE100) کارپوریشن منفی 2.7 فیصد رہا جبکہ پچھلے سال اسی دوران (KSE100) کارپوریشن منفی 5.8 فیصد رہا تھا۔ ایکویٹی مارکیٹ میں منفی منافع کے باوجود، بہتر فنڈ منیجمنٹ کی وجہ سے کمپنی نے 50.2 ملین روپے کی سرمایہ کاری کی آمدنی حاصل کی۔ اسی مدت میں پچھلے سال 1.8 ملین روپے کی آمدنی ہوئی تھی۔ زیادہ اے یو ایم اور بہتر سرمایہ کاری کی آمدنی کی وجہ سے، کمپنی نے 141.5 ملین روپے ٹیکس کی ادائیگی کے بعد منافع کمایا۔ (Rs.1.97:EPS) اس کے بالمقابل اسی مدت میں کمپنی نے 138 ملین (Re.1.92:EPS) منافع کمایا تھا۔

اظہار تشکر

ڈائریکٹر ہمارے شہر بولڈرز کے لیے اپنی گہری تعریف کا اظہار کرنا چاہیں گے جنہوں نے مسلسل کمپنی پر اپنے اعتماد کا اظہار کیا ہے۔ ہم کمپنی کے ہر فرد کے عزم، لگن اور اخراجی سوچ کے لیے اپنی مخلصانہ تعریف بھی ریکارڈ پر رکھنا چاہیں گے اور یقین رکھتے ہیں کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

من جانب ڈائریکٹر



نیم بگ
ڈائریکٹر اوپنس چیئر مین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
03 فروری 2023ء

ڈائریکٹر ز رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2022ء

انڈیکس میں کمی میں اہم ترین کردار کرشل بینکوں، گاڑیوں کی اسمبلنگ، دودا سازی اور کیمیکل کے شعبوں نے ادا کیا جنہوں نے بالترتیب 542، -429، -332 اور -160 پوائنٹس کم کیے۔ بینکاری کے شعبے کی ناقص کارکردگی کی وجہ گھٹا کا ڈیٹا پلاٹ ہے جہاں مقامی قرض کو دوبارہ شیڈیول کیا گیا۔ گاڑیوں کی اسمبلنگ کی کمپنیاں فروخت کے ناقص حجم کے باعث مشکل کا شکار ہوئیں جس کی وجہ ایس بی پی کی عائد کردہ پابندیاں ہیں۔ دوسری جانب ٹیکنالوجی کے شعبے نے انڈیکس میں 964 پوائنٹس کا اضافہ کیا۔

معیشت اور بازار - مستقبل کے امکانات

مالی سال 2023ء میں جی ڈی پی کی ترقی میں 0.6 فیصد کمی متوقع ہے کیونکہ مالیاتی سختی، روپے کی قدر میں کمی اور موجودہ غیر یقینی صورتحال کے نتیجے میں معیشت منسبت زروی کا شکار ہو جائے گی۔ سیلاب کی تباہ کاریوں کے ضمن میں کپاس اور چاول کی فصلوں کے ضیاع کے باعث زراعت کی ترقی متاثر ہو کر 0.4 فیصد ہو جائے گی جبکہ صنعتی ترقی 6.8 فیصد متوقع ہے جس کی وجہ مانگ میں منسبت زروی اور خام مال کی قلت ہیں۔ حکومت درآمدات پر قابو پانے کے لیے انتظامی اقدامات کر رہی ہے جس کے باعث خدمات کے شعبے کی ترقی کم ہو کر 3.1 فیصد ہو جائے گی۔

ہم حکومت سے امید کرتے ہیں کہ وہ درآمدات کی لگام مضبوطی سے سمجھ کر کرے گی اور ڈالر کے غیر ضروری اخراجاتی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 18 فیصد YoY کم ہو کر 59 بلین ڈالر ہو جائیں گی کیونکہ معیشت کے متعدد گوشوں کے حجم منکوحاں گئے۔ چنانچہ میں متوقع ہے کہ مالی سال 2023ء میں ایسے ڈی کم ہو کر 6.8 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) ہو جائے گا جو مالی سال 2022ء کے 17.4 بلین ڈالر (جی ڈی پی کے 4.5 فیصد) کے مقابلے میں ایک بڑی کمی ہے۔

آئی ایم ایف پروگرام کی کامیابی بحالی ایک کلیدی مثبت پیش رفت ہے کیونکہ اس کی بدولت ہم دو مثبتی اور کثیر الجہتی ذرائع سے رقم حاصل کر سکیں گے۔ سیلاب کی تباہ کاریوں کے ضمن میں کثیر الجہتی انجینیئری کی طرف سے امداد کے وعدے سے غیر ملکی آدائی بہاؤ کو معاہدہ حاصل ہوگی۔ تاہم ہماری خارجی حالت اب بھی غیر یقینی ہے کیونکہ وقت طلب عالمی حالات کے باعث اس بات کا امکان کم ہے کہ ہم بین الاقوامی پورہ بانڈ یا منسٹک جاری کریں۔ ایف ڈی آئی اور آر ڈی اے سے حاصل ہونے والی آمدنیاں بھی موجودہ معاشی مشکلات کے باعث متوقع طور پر ریزی رہیں گی۔ چنانچہ میں درمیانی مدت میں قابلِ بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی خدمات ختم ہو سکیں۔

غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی کی وجہ سے روپیہ اپنی حالیہ کم ترین سطح سے بحال ہوا ہے جس سے انٹر بینک اور اوپن مارکیٹ میں فرق کو نمایاں طور پر وسیع کرنے کی حوصلہ افزائی ہوئی ہے۔ ہم سمجھتے ہیں کہ مارکیٹ پر مبنی شرح زرمبادلہ سے توازن پیدا ہوگا کیونکہ برآمدات اور ترسیلات زر میں ترقیات پیدا ہوں گی اور درآمدات کی حوصلہ شکنی ہوگی۔ چنانچہ ہماری توقع ہے کہ 90 کے مندرجہ REER پر مالی سال کے اختتام پر ڈالر روپیہ تقریباً 251 روپے پر ہوگا۔

مالی سال 2023ء میں اوسط ہجانی 24.8 فیصد متوقع ہے، بالعمامہ مالی سال 2022ء میں 12.1 فیصد کے۔ روپے کی قدر میں کمی کے اثر کا دوسرا ڈور، اور پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ بھی متوقع ہے، جس کے باعث سال کے قریب حصے کے دوران ہجانی کے عدد بلند سطح پر رہیں گے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 16.0 فیصد کر دیا ہے تاکہ مجموعی مانگ اور ہجانی کے دباؤ سے نمٹا جاسکے۔ معیشت میں قابلِ ذکر منسبت زروی اور مانگ میں کمی کے باعث اس بات کا امکان خارج از بحث نہیں ہے کہ ایس بی پی اگلی مائٹری پالیسی میں شروع سوڈ میں مزید اضافہ کرے۔ میں امید ہے کہ مالی سال 2023ء کی دوسری ششماہی میں مالیاتی تسہیل کا دور شروع ہوگا، اور ہجانی میں کمی سے حالات میں بہتری آئے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں گھٹنے سے تعین قدر مزید گھٹ گئی ہے۔ مارکیٹ نے بظاہر شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.1 فیصد ہو گیا ہے جو اس کے قدیم اوسط سے 55 فیصد کمی ہے۔ اسی طرح، Earning Yield Minus Risk Free Rate تقریباً 7.1 فیصد ہیں، اور ان کے قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر مارکیٹ میں ہونے والی تجارت میں بھرپور کمی کا پتہ چلتا ہے۔ ہم سمجھتے ہیں کہ شعبہ جات اور اسٹاکس کا بہت قریبی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیوں پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ تاہم میں نہیں لگتا کہ خارجی جہات کے مسائل سے نمٹنے بغیر اس استعداد سے منافع حاصل ہوں گے۔ موجودہ طور پر مارکیٹ میں 4.8x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی آمدنی 11.2 فیصد پر ہے۔

حاصلین قرض کے لیے ہم توقع کرتے ہیں کہ Money مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی گمرانی، اور پیکش شرحوں پر انکم فنڈز میں حکمتی بانڈز شامل کرنے کے مواقع سے استفادہ، جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے inet اثاثہ جات مالی سال 2023ء کے نصف اول کے دوران تقریباً 26.1 فیصد بڑھ کر 1,531 بلین روپے ہو گئے۔ مجموعی Money مارکیٹ فنڈز میں جون 2022ء سے اب تک تقریباً 34.2 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 19.8 فیصد بڑھ کر 535 بلین روپے ہو گئے، جبکہ اسٹاک فنڈز 62.7 فیصد بڑھ کر 367 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز جون 2022ء سے اب تک تقریباً 24.1 فیصد بڑھ کر 370 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 13.3 فیصد کم ہو گئے جس کی وجہ مالی سال 2023ء کے نصف اول میں مارکیٹ میں اغلاط اور اثاثہ جات تحت الا نظامیہ میں کمی ہے کیونکہ مجموعی معاشی عوامل سے متعلق غمناک سرماہیوں کی حوصلہ شکنی کا سبب بنے۔ شعبہ جاتی اعتبار سے مالی سال 2023ء کے نصف اول کے اختتام پر Money مارکیٹ فنڈز تقریباً 58.9 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.2 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور ایکویٹی سے متعلق فنڈز تھے جن کا 13.0 فیصد حصہ تھا۔

ڈائریکٹر رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2022ء

ایم سی بی عارف حبیب سیکنڈ اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی اے ایچ کے معاملات برائے ششماہی مختتمہ 31 دسمبر 2022ء کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

کمپنی ایک غیر بینکاری مالیاتی ادارہ ہے جو سیکیورٹی اینڈ انکیٹیجیشن آف پاکستان کے قانونی دائرہ کار کے تحت اثاثہ جاتی انتظامی کمپنی، سرمایہ کاری، ہشیر اور انویسٹمنٹ فنڈ منیجمنٹ کے طور پر لائسنس شدہ ہے۔

کاروبار کا ماحول

معیشت اور بازار زر کا جائزہ

ملک کا مجموعی معاشیاتی منظر بدستور ناخوشگوار رہا۔ معیشت گزشتہ دہائی سے زیادہ کے بدترین سیلاب کے باعث شدید متاثر ہوئی جس سے اقتصادی ڈھانچے کو گہمیر نقصان پہنچا، فصلوں کا صفایا ہو گیا، مویشی ہلاک ہوئے اور قیمتی جائیں ضائع ہوئیں۔ اس سے قتل، کووڈ پابندیوں کے بعد جناس کی بڑھتی ہوئی مانگ کی وجہ سے اشیاء کی قیمتوں میں روس۔ یوکرین کے تنازعہ کی وجہ سے مزید اضافہ دیکھا گیا۔ ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 3.2 بلین ڈالر ہو گئے ہیں (جو صرف تین ہفتوں کا درآمداتی ادائیگیوں کو پورا کر سکتے ہیں) بالعموم مالی سال کے آغاز پر جو 9.8 بلین ڈالر تھے۔ غریب آبادی کی آکسیت پرکڑے اثرات کی وجہ سے حکومت سخت اقدامات پر راضی ہونے سے گریزاں ہے جو آئی ایم ایف کے قرضوں کی تکنیکی شرط ہیں جیسے بجلی، گیس اور پیٹرول کی قیمتوں میں اضافہ۔ تاہم آئی ایم ایف کی فنڈنگ کو غیر مطلق کرنا بہت اہم ہے کیونکہ آئی ایم ایف پروگرام میں تاخیر دہرے اور کثیر جتنی شراکت داروں سے غیر ملکی بہاؤ میں سست روی کا باعث بن رہی ہے۔

ملک نے مالی سال 2023 کے پہلے پانچ ماہ میں 3.1 بلین ڈالر کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو 57 سال در سال کم تھا، بالعموم گزشتہ سال مماثل مدت میں 7.2 بلین ڈالر۔ تجارتی خسارے میں کمی کرنٹ اکاؤنٹ خسارے (CAD) میں بہتری کا اہم ترین سبب تھی کیونکہ برآمدات میں 2 فیصد کمی کے ساتھ ساتھ درآمدات میں 16.2 فیصد کمی کے نتیجے میں تجارتی خسارہ 26 فیصد منکسر ہوا۔ حکومت نے اقتصادی اقدامات مثلاً منتخب اشیاء پر درآمداتی کوٹے عائد کرنے کے ذریعے درآمدات کو قابو میں رکھا۔ ان درآمداتی پابندیوں سے روپے کو بمقابلہ ڈالر کچھ تقویت حاصل ہوئی اور روپے کی قدر جولائی 2022ء میں 240 کی پست سطح سے اٹھ کر دسمبر 2022ء کے اختتام تک 226.4 ہو گئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفین قیمت کے انڈیکس سے ہوتی ہے، کا اوسط دوران ششماہی 25.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 9.8 فیصد تھا۔ سیلابوں کے نتیجے میں اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی کے نرخ میں اضافہ اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے اہم ترین اسباب تھے۔ مہنگائی کا دباؤ پی پی پی کے نتیجے میں تجارتی خسارے کا اظہار بنیادی افراط زر (core inflation) میں 16.4 فیصد کی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے نومبر 2022ء کی تاہ ترین ماہی پالیسی میں پالیسی کو مزید 100 بیسیس پوائنٹس (بی پی ایس) بڑھا کر 16.0 فیصد کر دیا۔ مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی میں مالی سال 2023ء کی پہلی ششماہی میں 17.0 فیصد اضافہ ہوا اور 3,428 بلین روپے ٹیکس جمع ہوا، جبکہ گزشتہ سال مماثل مدت میں 2,929 بلین روپے تھا۔ اس طرح پرف سے 218 بلین روپے کم ٹیکس وصول ہوا۔

ٹائو مارکیٹوں کی پیداوار میں دوران ششماہی اضافہ ہوا جس کے اسباب مالیاتی سختی اور بعد از سیلاب مہنگائی کے دباؤ کی نئی لہر ہیں۔ دوران ششماہی 3، 6 اور 12 ماہانہ ٹی۔ ہیلز کے منافع جات میں پائریٹیج 171، 184 اور 170 بی پی ایس، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں پائریٹیج 168، 219 اور 78 بی پی ایس کا اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج KSE-100 انڈیکس منفی علاقے میں بند ہوا؛ دوران ششماہی 1,120 پوائنٹس (2.7 فیصد) کم ہو کر 40,240 پوائنٹس پر بند ہوا۔ آئی ایم ایف پروگرام کی بحالی اور دوست ممالک کی طرف سے تعاون کے حوالے سے جوابدہائی جوش و خروش تھا وہ جلد ہی تباہ کن سیلابوں کی نذر ہو گیا جس کے نتیجے میں پہلے سے بد حال ملکی معیشت مزید متاثر ہو گئی۔ زیر جائزہ مدت میں مہنگائی میں اضافہ ہوا (سی پی آئی گزشتہ 47 برسوں کی بلند ترین سطح پر پہنچ گیا) جس کے باعث ایس بی پی کے ذخائر کم ہو گئے (اور اپریل 2014ء سے اب تک کی پست ترین سطح پر پہنچ گئے)، اور شرح معمولی 100bps کے غیر متوقع اضافے کے باعث سرمایہ کار تشویش کا شکار رہے۔ مزید برآں، آئی ایم ایف پروگرام کے تحت نویں (9th) جائزے میں مسلسل تاخیر اور ملک میں سیاسی افراتفری نے سرمایہ کاروں کو مزید پریشانی سے دوچار کر دیا۔

غیر ملکی افراد 1 ملین ڈالر اخراجی بہاؤ کے ساتھ خالص خریدار رہے، جبکہ مقامی جہت میں میوچل فنڈ نے 64 ملین ڈالر کی فروخت کی جس کے بڑے خریدار بینک (50 ملین ڈالر) اور افراد (48 ملین ڈالر) تھے۔ دوران نصف اول اوسط تجارتی حجم 219 ملین حصص رہا، جبکہ سائید نصف میں تقریباً 240 ملین حصص رہا تھا۔ اسی طرح، دوران ششماہی اوسط تجارتی قدر گزشتہ ششماہی کے مقابلے میں 23 فیصد کم ہو کر تقریباً 30 ملین ڈالر ہو گئی۔

INDEPENDENT AUDITOR'S REVIEW REPORT



A.F. FERGUSON & CO.

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of MCB-Arif Habib Savings and Investments Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **MCB-Arif Habib Savings and Investments Limited** ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended December 31, 2022 and December 31, 2021 in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and relevant notes have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is **Junaid Mesia**.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 22, 2023
UDIN: RR2022106111wq204hEy

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■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

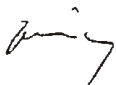
	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property and equipment	4	151,686,996	76,688,447
Intangible assets	5	304,590,108	312,168,996
Long term investments	6	620,167,293	606,166,373
Long term loans and prepayments	7	25,394,040	23,896,199
Long term deposits		6,240,853	5,523,103
		1,108,079,290	1,024,443,118
Current assets			
Receivable from funds under management	8	591,196,786	546,112,389
Loans and advances	9	7,619,052	7,663,910
Prepayments and other receivables	10	61,567,679	68,682,229
Accrued mark-up on savings accounts		465,688	48,905
Short term investments	11	485,329,505	508,648,355
Taxation - net	12	32,464,463	25,729,009
Cash and bank balances		57,105,699	51,523,257
		1,235,748,872	1,208,408,054
Total assets		2,343,828,162	2,232,851,172
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (June 30, 2022: 72,000,000) ordinary shares of Rs. 10 each		720,000,000	720,000,000
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		784,006,158	714,491,234
Total equity		1,504,006,158	1,434,491,234
Non-current liabilities			
Deferred taxation - net	13	80,892,032	74,117,465
Lease liability against right-of-use assets	14	70,584,578	24,762,567
Current liabilities			
Current portion of lease liability against right-of-use assets	14	31,845,491	20,073,011
Trade and other payables	15	651,203,604	674,196,391
Unclaimed dividend		5,296,299	5,210,504
Total liabilities		839,822,004	798,359,938
Total equity and liabilities		2,343,828,162	2,232,851,172
CONTINGENCIES AND COMMITMENTS			

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The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

		Half year ended		Quarter ended	
	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees)			
REVENUE					
Management and investment advisory fee	16	487,137,013	445,723,608	262,468,610	208,190,276
Sales load and other related income		42,221,467	23,200,194	23,609,023	12,704,387
Profit on savings accounts		2,250,295	829,174	1,175,489	358,577
Dividend income on short term investments		5,572,531	2,314,586	2,558,155	1,993,978
Gain on sale of short term investments - net		24,554,101	6,540,643	9,894,259	978,042
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss' - net	6 & 11	20,063,465	(7,012,914)	5,323,486	17,791,463
Total revenue		581,798,872	471,595,291	305,029,022	242,016,723
EXPENSES					
Administrative expenses	17	(284,761,992)	(224,263,816)	(159,609,760)	(109,220,366)
Selling and distribution expenses	18	(75,566,104)	(45,601,008)	(32,962,700)	(32,876,621)
		(360,328,096)	(269,864,824)	(192,572,459)	(142,096,987)
Financial charges		(3,288,323)	(2,821,313)	(2,032,346)	(1,373,007)
Other expenses	19	(5,944,145)	(5,475,402)	(2,784,375)	(2,300,258)
		(9,232,468)	(8,296,715)	(4,816,721)	(3,673,265)
Other income		598,908	2,257,695	304,566	2,026,614
Profit for the period before taxation		212,837,216	195,691,447	107,944,407	98,273,085
Taxation - net	20	(71,322,292)	(57,614,929)	(40,922,292)	(25,214,929)
Profit for the period after taxation		141,514,924	138,076,518	67,022,115	73,058,156
Earnings per share		1.97	1.92	0.93	1.01

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


 Chief Executive Officer

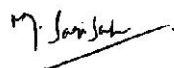

 Chief Financial Officer


 Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For The Half Year and Quarter Ended 31 December 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Profit for the period after taxation	141,514,924	138,076,518	67,022,115	73,058,156
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>141,514,924</u>	<u>138,076,518</u>	<u>67,022,115</u>	<u>73,058,156</u>

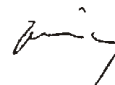
The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For The Half Year Ended 31 December 2022

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve	Total
		Share premium	Deficit on amalgamation	Sub-total	Unappropriated profit	
----- (Rupees) -----						
Balance as at July 1, 2021	720,000,000	396,000,000	(60,000,000)	336,000,000	547,129,589	1,603,129,589
Profit after taxation for the half year ended December 31, 2021	-	-	-	-	138,076,518	138,076,518
Other comprehensive income for the half year ended December 31, 2021	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	138,076,518	138,076,518
Final dividend for the year ended June 30, 2021 at Rs. 2.75 per share declared on October 26, 2021	-	-	-	-	(198,000,000)	(198,000,000)
Balance as at December 31, 2021 (un-audited)	720,000,000	396,000,000	(60,000,000)	336,000,000	487,206,107	1,543,206,107
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	35,285,127	35,285,127
Other comprehensive income for the half year ended June 30, 2022	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	35,285,127	35,285,127
Interim dividend for the year ended June 30, 2022 at Rs. 2.00 per share declared on February 08, 2022	-	-	-	-	(144,000,000)	(144,000,000)
Balance as at June 30, 2022 (audited)	720,000,000	396,000,000	(60,000,000)	336,000,000	378,491,234	1,434,491,234
Profit after taxation for the half year ended December 31, 2022	-	-	-	-	141,514,924	141,514,924
Other comprehensive income for the half year ended December 31, 2022	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	141,514,924	141,514,924
Final dividend for the year ended June 30, 2022 at Re. 1 per share declared on November 02, 2022	-	-	-	-	(72,000,000)	(72,000,000)
Balance as at December 31, 2022 (un-audited)	720,000,000	396,000,000	(60,000,000)	336,000,000	448,006,158	1,504,006,158

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

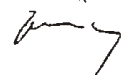
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
For The Half Year Ended 31 December 2022

	Note	Half year ended December 31,	
		2022	2021
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		212,837,216	195,691,447
Adjustments for non-cash and other items:			
Depreciation	4.1	27,675,077	23,416,617
Amortisation	5.1	8,366,259	5,023,764
Interest expense on lease liability against right-of-use assets		3,196,897	2,821,313
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6 & 11	(20,063,465)	7,012,914
Gain on sale of short term investments - net		(24,554,101)	(6,540,643)
Profit on savings accounts		(2,250,295)	(829,174)
Dividend income on short term investments		(5,572,531)	(2,314,586)
		(13,202,159)	28,590,205
Operating cash inflow before working capital changes		199,635,057	224,281,652
Movement in working capital			
(Increase) / decrease in current assets			
Receivable from funds under management		(45,084,397)	(6,416,153)
Loans and advances		44,858	(6,105,804)
Prepayments and other receivables		7,114,550	14,691,047
		(37,924,989)	2,169,090
(Decrease) / increase in current liabilities			
Trade and other payables		(22,992,787)	(14,160,498)
Net cash generated from operations		138,717,281	212,290,244
Taxes paid		(71,283,179)	(55,659,420)
Profit received on savings accounts		1,833,512	817,681
Long term loans and prepayments		(1,497,841)	(15,714,137)
Long term deposits		(717,750)	(229,200)
		(71,665,258)	(70,785,076)
Net cash generated from operating activities		67,052,023	141,505,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(26,190,934)	(8,836,181)
Additions to intangible assets		(787,371)	-
Dividend received on short term investments		5,572,531	2,314,586
Sale of short term investments - net		53,935,496	81,252,091
Net cash generated from investing activities		32,529,722	74,730,496
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid against right-of-use assets		(22,085,098)	(17,912,376)
Dividend paid		(71,914,205)	(197,672,503)
Net cash used in financing activities		(93,999,303)	(215,584,879)
Net increase in cash and cash equivalents during the period		5,582,442	650,785
Cash and cash equivalents at the beginning of the period		51,523,257	43,929,106
Cash and cash equivalents at the end of the period		57,105,699	44,579,891

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022**

1 LEGAL 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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). In the year 2008, AHIML was listed on the Karachi Stock Exchange Limited (now Pakistan Stock Exchange Limited) by way of offer for sale of shares by 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 Company of AHIL] and MCB Bank Limited (MCB Bank) [the then Parent Company 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 operations and to have access to 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) on 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 year ended June 30, 2011, which owns 51.33% share capital of in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB - Arif Habib Savings and Investments Limited with effect from May 23, 2013.
- 1.2** The principal activities of the Company are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services. The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. The Company is a subsidiary of MCB Bank Limited (Parent Company) which owns 51.33% share capital of the Company. The Parent Company's registered office is situated at MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan. The Company operates various branches all over Pakistan.
- 1.3** The Company is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) to carry on the business of investment advisor and asset management under the said rules. Further, the Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005.
- 1.4** The Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated October 6, 2022 (2022: 'AM1' dated October 6, 2021).
- 1.5** The Company currently manages the following collective investment schemes and voluntary pension schemes:

	(Un-audited)	(Audited)
	Net asset value as at	
	December 31, 2022	June 30, 2022
	----- Rupees -----	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	3,386,612,669	3,210,024,732
MCB Pakistan Stock Market Fund	5,930,264,418	8,875,332,211
MCB Pakistan Sovereign Fund	668,949,550	610,370,828
Pakistan Capital Market Fund	339,067,564	381,608,943
Pakistan Cash Management Fund	16,456,027,004	5,705,266,175
Pakistan Income Enhancement Fund	1,510,956,297	870,358,432
MCB Pakistan Asset Allocation Fund	669,224,473	837,982,501
MCB DCF Income Fund	5,936,996,505	4,617,314,828
MCB Cash Management Optimizer	75,483,273,405	64,153,167,773
Alhamra Islamic Money Market Fund	28,731,838,191	11,894,221,247
Alhamra Islamic Asset Allocation Fund	1,489,691,263	1,689,070,592
Alhamra Islamic Stock Fund	2,673,410,290	2,430,343,452
Alhamra Islamic Income Fund	6,691,597,726	4,783,374,897
Alhamra Daily Dividend Fund	3,819,872,278	7,652,101,092
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	112,422,223	145,408,899
Alhamra Wada Fund (Alhamra Wada Plan I)	-	658,476,391
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	-	225,157,255
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II)	1,456,551,116	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII)	224,621,397	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	174,435,598	109,655,821
Voluntary Pension Funds		
Pakistan Pension Fund	2,392,668,376	2,106,812,510
Alhamra Islamic Pension Fund	1,628,487,307	1,450,158,599
	<u>159,776,967,650</u>	<u>122,406,207,178</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Half Year and Quarter Ended 31 December 2022

1.6 The Company is also managing investments under discretionary portfolio management agreements, the details of which are given in note 16.2 to these condensed interim financial statements.

1.7 In accordance with the requirements of Rule 9 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient insurance coverage from Jubilee General Insurance Company Limited against any losses that may be incurred as a result of employee's fraud or gross negligence. Jubilee General Insurance Company Limited has been assigned a credit rating of 'AA++ (ifs)' by Pakistan Credit Rating Agency Limited (PACRA) dated November 3, 2022 (2022: 'AA++ (ifs)' dated March 31, 2022).

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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 applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the 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 requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2022.

Further, the Securities and Exchange Commission of Pakistan (SECP) has directed vide SRO 56(I)/2016 dated January 28, 2016 that the requirements of IFRS 10, 'Consolidated financial statements', are not applicable in case of investments made by companies in mutual funds established under the Trust Deed structure. Accordingly, implications of IFRS 10 in respect of the Company's investment in mutual funds managed by it have not been considered in these condensed interim financial statements.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the following:

- Right-of-use assets and their related lease liability are carried at present value of future lease rentals adjusted for any lease payments made at or before the commencement date of the lease; and
- Investments are carried at fair value as disclosed in notes 6 and 11 to these condensed interim financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Company's annual accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Company's operations and, therefore, have not been detailed in these condensed interim financial statements.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

2.4.1 The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Amendments	Effective date (annual periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12, - 'Income taxes' (amendments)	January 1, 2023

The management is currently in the process of assessing the impact of these amendments on the condensed interim financial statements of the Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

2.4.2 There are certain other standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies applied and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2022.

3.2 The preparation of the condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited financial statements of the Company as at and for the year ended June 30, 2022. The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements of the Company for the year ended June 30, 2022.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees)	(Rupees)
4 PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	151,686,996	69,650,447
Capital work-in-progress		-	7,038,000
		<u>151,686,996</u>	<u>76,688,447</u>

4.1 Operating fixed assets

The following is the statement of operating fixed assets:

December 31, 2022 (Un-audited)						
Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Right-of-use assets - Leasehold buildings	Total
(Rupees)						
As at July 1, 2022						
Cost	66,335,011	21,860,420	10,131,415	17,196,518	4,237,270	135,033,401
Accumulated depreciation	(52,237,415)	(17,468,549)	(6,994,735)	(7,278,265)	(3,370,103)	(90,509,140)
Accumulated impairment	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	<u>14,097,596</u>	<u>4,391,871</u>	<u>2,410,763</u>	<u>3,358,789</u>	<u>867,167</u>	<u>44,524,261</u>
Half year ended December 31, 2022						
Opening net book value	14,097,596	4,391,871	2,410,763	3,358,789	867,167	44,524,261
Additions (at cost)	27,081,668	493,148	125,718	361,400	5,167,000	76,482,692
Disposals						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Depreciation charge for the period	(6,716,550)	(998,967)	(939,292)	(914,447)	(843,636)	(17,262,185)
Closing net book value	<u>34,462,714</u>	<u>3,886,052</u>	<u>1,597,189</u>	<u>2,805,742</u>	<u>5,190,531</u>	<u>103,744,768</u>
As at December 31, 2022						
Cost	93,416,679	22,353,568	10,257,133	17,557,918	9,404,270	211,516,093
Accumulated depreciation	(58,953,965)	(18,467,516)	(7,934,027)	(8,192,712)	(4,213,739)	(107,771,325)
Accumulated impairment	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	<u>34,462,714</u>	<u>3,886,052</u>	<u>1,597,189</u>	<u>2,805,742</u>	<u>5,190,531</u>	<u>103,744,768</u>
Depreciation rate (% per annum)	<u>25%</u>	<u>20% - 50%</u>	<u>25% - 67%</u>	<u>25% - 50%</u>	<u>25%</u>	<u>20% - 33%</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

June 30, 2022 (Audited)						
Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Right-of-use assets - Leasehold buildings	Total
(Rupees)						
As at July 1, 2021						
Cost	61,402,064	19,252,265	8,182,368	13,388,935	4,237,270	105,099,764
Accumulated depreciation	(44,367,298)	(15,674,244)	(5,291,723)	(5,798,064)	(2,385,539)	(58,081,180)
Accumulated impairment	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	17,034,766	3,578,021	2,164,728	1,031,407	47,018,584	72,679,237
Year ended June 30, 2022						
Opening net book value	17,034,766	3,578,021	2,164,728	1,031,407	47,018,584	72,679,237
Additions (at cost)	6,326,485	2,873,936	1,949,047	3,807,583	-	30,006,779
Disposals						
Cost	(1,393,538)	(265,781)	-	-	-	(1,659,319)
Accumulated depreciation	1,337,998	262,488	-	-	-	1,600,486
	(55,540)	(3,293)	-	-	-	(58,833)
Depreciation charge for the year	(9,208,115)	(2,056,793)	(1,703,012)	(1,480,201)	(32,427,960)	(47,860,645)
Effect of termination	-	-	-	-	(73,142)	(73,142)
Closing net book value	14,097,596	4,391,871	2,410,763	3,358,789	44,524,261	69,650,447
As at June 30, 2022						
Cost	66,335,011	21,860,420	10,131,415	17,196,518	4,237,270	135,033,401
Accumulated depreciation	(52,237,415)	(17,468,549)	(6,994,735)	(7,278,265)	(3,370,103)	(90,509,140)
Accumulated impairment	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	14,097,596	4,391,871	2,410,763	3,358,789	44,524,261	69,650,447
Depreciation rate (% per annum)	25%	20% - 50%	25% - 67%	25% - 50%	25%	20% - 33%

Note **December 31, 2022** **December 31, 2021**
(Un-audited) **(Un-audited)**
----- (Rupees) -----

4.1.1 Depreciation charge for the year has been allocated as follows:

Administrative expenses	19,876,852	16,451,140
Selling and distribution expenses	7,798,225	6,965,477
	<u>27,675,077</u>	<u>23,416,617</u>

4.1.2 The operating fixed assets includes items costing Rs. 66.793 million (June 30, 2022: Rs. 57.114 million) which are fully depreciated as of December 31, 2022 but are still in active use of the Company.

		December 31, 2022	June 30, 2022
		(Un-audited)	(Audited)
5 INTANGIBLE ASSETS	Note	----- (Rupees) -----	
Definite life			
Computer software	5.1	30,463,175	38,042,063
Indefinite life			
Goodwill	5.1	82,126,933	82,126,933
Management rights	5.1	192,000,000	192,000,000
		274,126,933	274,126,933
		<u>304,590,108</u>	<u>312,168,996</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

5.1 Following is the statement of intangible assets:

December 31, 2022 (Un-audited)				
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at July 1, 2022				
Cost	121,663,317	82,126,933	192,000,000	395,790,250
Accumulated amortisation	(83,621,254)	-	-	(83,621,254)
Net book value	<u>38,042,063</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>312,168,996</u>
Half year ended December 31, 2022				
Opening net book value	38,042,063	82,126,933	192,000,000	312,168,996
Additions	787,371	-	-	787,371
Amortisation charge for the year	(8,366,259)	-	-	(8,366,259)
Closing net book value	<u>30,463,175</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>304,590,108</u>
As at December 31, 2022				
Cost	122,450,688	82,126,933	192,000,000	396,577,621
Accumulated amortisation	(91,987,513)	-	-	(91,987,513)
Net book value	<u>30,463,175</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>304,590,108</u>
Amortisation rate (% per annum)	<u>25% - 33%</u>			
June 30, 2022 (Audited)				
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at July 1, 2021				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortisation	(72,880,427)	-	-	(72,880,427)
Net book value	<u>10,153,390</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>284,280,323</u>
Year ended June 30, 2022				
Opening net book value	10,153,390	82,126,933	192,000,000	284,280,323
Additions	38,629,500	-	-	38,629,500
Amortisation charge for the year	(10,740,827)	-	-	(10,740,827)
Closing net book value	<u>38,042,063</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>312,168,996</u>
As at June 30, 2022				
Cost	121,663,317	82,126,933	192,000,000	395,790,250
Accumulated amortisation	(83,621,254)	-	-	(83,621,254)
Net book value	<u>38,042,063</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>312,168,996</u>
Amortisation rate (% per annum)	<u>25% - 33%</u>			

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees)	
6 LONG TERM INVESTMENTS			
At fair value through profit or loss			
Investments in units of pension funds under management	6.1	619,902,293	605,901,373
Investment in shares	6.2	265,000	265,000
		<u>620,167,293</u>	<u>606,166,373</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

6.1 Investments in units of pension funds under management

Name of the investee fund	As at July 1, 2022	Purchased during the period	Redeemed during the period	As at December 31, 2022	As at December 31, 2022 (Un-audited)			As at June 30, 2022 (Audited)		
					Carrying value	Market value	Unrealised (diminution)/ appreciation on re-measurement of investments	Carrying value	Market value	Unrealised (diminution)/ appreciation on re-measurement of investments
					----- (Rupees) -----			----- (Rupees) -----		
Alhamra Islamic Pension Fund - Equity Sub-Fund	305,160	-	-	305,160	161,002,394	156,119,835	(4,882,559)	195,064,349	161,002,394	(34,061,955)
Alhamra Islamic Pension Fund - Debt Sub-Fund	289,051	-	-	289,051	75,592,695	80,651,092	5,058,397	70,100,720	75,592,695	5,491,975
Alhamra Islamic Pension Fund - Money Market Sub-Fund	281,918			281,918	66,639,755	71,531,031	4,891,276	61,559,594	66,639,755	5,080,161
Pakistan Pension Fund - Equity Sub-Fund	252,196	-	-	252,196	122,602,561	117,238,352	(5,364,209)	147,552,310	122,602,561	(24,949,749)
Pakistan Pension Fund - Debt Sub-Fund	253,109	-	-	253,109	87,843,968	94,968,983	7,125,015	80,313,979	87,843,968	7,529,989
Pakistan Pension Fund - Money Market Sub-Fund	300,000	-	-	300,000	92,220,000	99,393,000	7,173,000	84,006,000	92,220,000	8,214,000
					<u>605,901,373</u>	<u>619,902,293</u>	<u>14,000,920</u>	<u>638,596,952</u>	<u>605,901,373</u>	<u>(32,695,579)</u>

6.2 During the year ended June 30, 2022, Mutual Funds Association of Pakistan (MUFAP) had converted into a Self-Regulatory Organization (SRO) upon the directive of SECP and thus, is required to be registered under Section 42 of the Companies Act, 2017. Since it was converted into a SRO, the capital requirements were met from all the Asset Management Companies (AMCs) who are also the members of MUFAP. All AMCs contributed equally towards the share capital of MUFAP by subscribing for 26,500 shares at a par value of Rs. 10 each, raising a total capital of Rs. 5,035,000 comprising of 503,500 shares of Rs. 10 each. Hence, the Company also subscribed for the shares of MUFAP being its member.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
7 LONG TERM LOANS AND PREPAYMENTS			
Considered good - secured			
Loan to executive	7.1	4,183,229	4,226,794
Less: current portion	9	(95,591)	(89,891)
		4,087,638	4,136,903
Considered good - unsecured			
Loan to director	7.2	12,097,179	12,309,656
Loans to executives	7.3	5,425,292	5,999,291
Loans to employees	7.3	547,127	950,448
Less: current portion	9	(6,052,839)	(5,587,826)
		12,016,759	13,671,569
	7.3	16,104,397	17,808,472
Prepayments			
Prepaid commission against bachat units		29,313,834	21,882,874
Less: current portion	7.4	(20,024,191)	(15,795,147)
		9,289,643	6,087,727
		<u>25,394,040</u>	<u>23,896,199</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

- 7.1 This represents loan given to an executive at a rate of 4.5% per annum and was initially recorded at its fair value using an effective rate of 12.36% per annum. This loan is advanced for the purpose of housing finance and is repayable in monthly installments as a deduction from salary having a maximum repayment period of up to twenty years. This loan is secured against the documents of the immovable property acquired and life insurance policy in favour of the Company.
- 7.2 This represents loan given to Chief Executive Officer at a rate of 1 year KIBOR minus 1% per annum with KIBOR to be reset annually from the date of disbursement and was initially recognised at its fair value using an effective rate of 17.09% per annum. This loan is advanced for the purpose of housing finance and is repayable in monthly installments having a maximum repayment period of up to four years.
- 7.3 These represent interest free loans given to employees and executives. These loans are provided for booking advance (lease down payment) at 20% of the invoice price at the time of purchasing the vehicle as per the policy of the Company and are repayable in monthly installments as a deduction from salary having a maximum repayment period of up to five years.
- 7.4 This represents commission paid on the issuance of bachat units of different funds under the management of the Company. The commission amount is amortised over the period of the contract, unless redeemed earlier, in which case it is charged off immediately. However, in the case of early redemption, the unamortised portion is recovered from the investor in the form of back-end load.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
8	RECEIVABLE FROM FUNDS UNDER MANAGEMENT	----- (Rupees) -----	-----
Considered good - unsecured			
Pakistan Income Fund		15,848,418	16,126,269
MCB Pakistan Stock Market Fund		98,032,338	107,167,590
MCB Pakistan Sovereign Fund		34,307,178	34,406,687
Pakistan Capital Market Fund		7,410,176	7,507,087
Pakistan Pension Fund		8,389,117	8,254,655
Alhamra Islamic Pension Fund		4,687,601	4,581,729
Pakistan Cash Management Fund		26,934,702	14,838,404
Pakistan Income Enhancement Fund		24,282,745	25,141,625
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
MCB Pakistan Asset allocation Fund		37,578,426	37,937,781
MCB Cash Management Optimizer		107,292,934	83,258,472
MCB DCF Income Fund		144,873,478	139,165,020
Alhamra Islamic Money Market Fund		19,293,998	7,672,895
Alhamra Islamic Stock Fund		19,641,720	19,601,577
Alhamra Islamic Asset Allocation Fund		11,757,145	13,118,408
Alhamra Islamic Income Fund		16,959,834	16,928,459
Alhamra Daily Dividend Fund		6,967,583	6,056,186
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)		18,014	20,286
Alhamra Wada Fund (Alhamra Wada Plan I)		-	35,783
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)		-	22,721
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)		122,836	3,395
Alhamra Wada Fund (Alhamra Wada Plan V)		568,091	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV)		322,085	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II)		1,387,547	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII)		253,460	-
	8.1	<u>591,196,786</u>	<u>546,112,389</u>

- 8.1 The above amounts represent receivable on account of management fee, Sindh sales tax on management fee, sales load charged on selected funds, Sindh sales tax on sales load, selling and marketing expenses and allocated expenses charged to these funds. This also includes Federal Excise Duty receivable from the funds under its management as more fully explained in note 15.2 to these condensed interim financial statements.

- 8.2 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. Therefore, the Management Company is charging its remuneration keeping in view the maximum allowable threshold.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

- 8.3 In accordance with Regulation 60 of the NBFC Regulations, the Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme (CIS).

Therefore, the Company is charging the allocated expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

- 8.4 The SECP had allowed asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to a maximum limit of 0.4% per annum of the average annual net assets of the Fund or actual expenses, whichever is lower.

The SECP through its Circular 11 dated July 5, 2019 had removed the maximum cap of 0.4% per annum for charging of selling and marketing expenses to a Fund. Furthermore, the time limit of three years had also been removed in the circular issued by the SECP. The asset management company can charge such expenses to the Fund as per the annual plan and the same should be approved by the Board of Directors of the Company.

The Board of Directors of the Company had approved the annual plan for charging of selling and marketing expenses to the funds under the management of the Company and has given a discretion for charging of selling and marketing expenses directly to the Fund as proposed by the management as per the requirements of SECP Circular 11 dated July 5, 2019. The Company is charging the selling and marketing expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
9 LOANS AND ADVANCES			
Considered good - secured			
Current portion of loan to executive	7	95,591	89,891
Considered good - unsecured			
Current portion of loans to director, executives and employees	7	6,052,839	5,587,826
Advance to employees, suppliers and contractors		1,470,622	1,986,193
		<u>7,619,052</u>	<u>7,663,910</u>
10 PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments			
Current portion of prepaid commission against bachat units		20,024,191	15,795,147
Prepaid insurance		2,633,042	11,075,978
Prepaid maintenance		1,043,279	1,794,850
Prepaid IT service level agreements		6,798,010	10,272,464
Prepaid license fee		572,191	735,679
Prepaid registration fee		2,174,323	-
Others		549,204	30,001
		<u>33,794,240</u>	<u>39,704,119</u>
Other receivables			
Considered good - unsecured			
Advisory fee on account of discretionary portfolio management			
Due from related party	10.1	14,670,841	10,456,642
Due from others	10.2	4,970,022	9,669,730
		<u>19,640,863</u>	<u>20,126,372</u>
Considered doubtful			
Due from others		12,402,117	12,402,117
Commission receivable		8,002,428	8,483,538
Others		130,148	368,200
		<u>40,175,556</u>	<u>41,380,227</u>
Provision against advisory fee	10.3	(12,402,117)	(12,402,117)
		<u>61,567,679</u>	<u>68,682,229</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

- 10.1** This includes management fee receivable from Adamjee Life Assurance Company Limited under discretionary portfolio management agreement.
- 10.2** This represents management fee and performance fee receivable from separately managed accounts under discretionary portfolio management agreements.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
10.3 Provision against advisory fee			
Opening balance		12,402,117	12,402,117
Provision made during the period		-	-
Closing balance		<u>12,402,117</u>	<u>12,402,117</u>

11 SHORT TERM INVESTMENTS

At fair value through profit or loss

Investments in units of other funds under management	11.1	<u>485,329,505</u>	<u>508,648,355</u>
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11.1 Investments in units of other funds under management

Name of the investee fund	As at July 1, 2022	Purchased / reinvested during the period	Redemed during the period	As at December 31, 2022	As at December 31, 2022 (Un-audited)			As at June 30, 2022 (Audited)		
					Carrying value	Market value	Unrealised (diminution) / appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation / (diminution) on re- measurement of investments
					----- Number of units -----			----- Rupees -----		

**Investments in units of funds
under management**

MCB Cash Management Optimizer	-	25,231,202	(23,224,599)	2,006,603	203,359,984	203,672,212	312,228	-	-	-
Alhamra Islamic Income Fund	-	625,768	(340,420)	285,348	30,650,000	31,144,035	494,035	-	-	-
MCB Pakistan Stock Market Fund	1,044,927	565,814	(1,610,741)	-	-	-	-	99,549,568	90,390,302	(9,159,266)
MCB Pakistan Sovereign Fund	-	9,307,195	(9,307,195)	-	-	-	-	120,554,382	120,895,058	340,676
Alhamra Islamic Money Market Fund	-	755,671	(755,671)	-	-	-	-	-	-	-
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	1,207,021	-	(341,662)	865,359	86,674,252	89,901,694	3,227,442	-	-	-
Alhamra Islamic Stock Fund	1,911,887	-	(1,911,887)	-	-	-	-	18,915,988	17,398,169	(1,517,819)
Alhamra Wada Fund (Alhamra Wada Plan I)	500,338	2,994	(503,332)	-	-	-	-	50,033,787	50,033,787	-
Alhamra Wada Fund (Alhamra Wada Plan II)	-	404,417	(404,417)	-	-	-	-	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan III)	-	191,913	(191,913)	-	-	-	-	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan IV)	-	462,646	(462,646)	-	-	-	-	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan V)	-	250,000	(95,168)	154,832	15,483,247	15,621,326	138,079	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	1,701,188	18,378	(1,719,566)	-	-	-	-	170,118,779	170,118,779	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III)	-	411,096	(411,096)	-	-	-	-	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV)	-	207,111	(207,111)	-	-	-	-	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II)	-	250,000	-	250,000	25,000,000	25,714,125	714,125	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII)	-	1,001,983	(368,658)	633,325	63,340,947	64,239,907	898,960	60,000,000	59,812,260	(187,740)
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	600,000	48,812	(100,644)	548,168	54,758,530	55,036,206	277,676	-	-	-
	6,965,361	39,735,000	(41,956,726)	4,743,635	479,266,960	485,329,505	6,062,545	519,172,504	508,648,355	(10,524,149)
	<u>6,965,361</u>	<u>39,735,000</u>	<u>(41,956,726)</u>	<u>4,743,635</u>	<u>479,266,960</u>	<u>485,329,505</u>	<u>6,062,545</u>	<u>519,172,504</u>	<u>508,648,355</u>	<u>(10,524,149)</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	

12 TAXATION - NET

Taxation refundable - net	12.1	<u>32,464,463</u>	<u>25,729,009</u>
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12.1 This represents tax paid to taxation authorities net of provision for taxation. The status of tax contingencies is given in note 21.1 to these condensed interim financial statements.

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	----- (Rupees) -----	

13 DEFERRED TAXATION - NET

Deferred tax liabilities arising on taxable temporary differences

- Intangible assets	89,018,644	88,245,858
- Right-of-use-assets	34,235,773	14,693,006
- Short term investments	1,151,883	-
	<u>124,406,300</u>	<u>102,938,864</u>

Deferred tax assets arising on deductible temporary differences

- Property and equipment (other than right-of-use assets)	(4,695,261)	(7,128,082)
- Short term investments	-	(1,949,238)
- Provision against advisory fee	(4,092,699)	(4,092,699)
- Finance cost on loans to executive and director	(924,385)	(855,639)
- Lease liability against right-of-use assets	(33,801,923)	(14,795,741)
	<u>(43,514,268)</u>	<u>(28,821,399)</u>
	<u>80,892,032</u>	<u>74,117,465</u>

14 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

The Company has entered into lease agreements in respect of its various rented offices. These were initially measured at the present value of remaining lease payments, discounted using the Company's incremental borrowing rate that ranges from 8.08% per annum to 17.48% per annum. The lease liabilities are subsequently being measured at amortised cost using the effective interest rate method.

The amount of future payments for the leases and the period in which these payments will become due are as follows:

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	----- (Rupees) -----	
Present value of minimum lease payments	102,430,069	44,835,578
Less: current portion	<u>(31,845,491)</u>	<u>(20,073,011)</u>
	<u>70,584,578</u>	<u>24,762,567</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022**

	December 31, 2022 (Un-audited)		June 30, 2022 (Audited)	
	Minimum lease payments	Present value of minimum	Minimum lease payments	Present value of minimum lease payments
	----- Rupees -----			
Not later than one year	45,645,621	31,845,491	23,839,253	20,073,011
Later than one year and not later than five years	82,857,377	70,584,578	29,476,739	24,762,567
	128,502,998	102,430,069	53,315,992	44,835,578
Less: finance cost allocated to future periods	(26,072,929)	-	(8,480,414)	-
Present value of minimum lease payments	102,430,069	102,430,069	44,835,578	44,835,578
Less: current portion	(31,845,491)	(31,845,491)	(20,073,011)	(20,073,011)
	<u>70,584,578</u>	<u>70,584,578</u>	<u>24,762,567</u>	<u>24,762,567</u>

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
15 TRADE AND OTHER PAYABLES			
Accrued expenses and other liabilities		54,289,561	54,239,108
Bonus payable		37,282,516	78,712,411
Sindh Workers' Welfare Fund	15.1	59,843,826	55,493,826
Sales tax payable on management fee		16,422,708	10,863,039
Federal Excise Duty payable	15.2	412,892,880	412,892,880
Withholding tax payable		32,391,295	7,059,953
Payable to facilitators / distributors		38,080,818	54,935,174
		<u>651,203,604</u>	<u>674,196,391</u>

15.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that AMC's and mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments. The MUFAP has also taken up the matter with the Sindh Finance Ministry to have AMC's / CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on AMC's / CISs / mutual funds, the management as a matter of abundant caution made provision in respect of SWWF on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from July 1, 2014).

15.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Company and sales load was applicable with effect from June 13, 2013. The Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Company had discontinued making further provision in respect of FED with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED already made amounting to Rs. 412.893 million is being retained in these condensed interim financial statements of the Company as the matter is pending before the Supreme Court of Pakistan.

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For The Half Year and Quarter Ended 31 December 2022

16 MANAGEMENT AND INVESTMENT ADVISORY FEE

	(Un-audited)			
	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note	(Rupees)			
Management fee from collective investment schemes - related parties				
MCB Cash Management Optimizer	134,631,074	51,476,295	81,229,598	23,869,316
MCB Pakistan Asset Allocation Fund	15,306,935	20,445,137	7,422,666	11,206,460
MCB DCF Income Fund	44,038,096	35,603,791	23,466,827	18,071,438
Alhamra Islamic Income Fund	18,560,394	16,344,458	8,840,148	9,116,649
MCB Pakistan Sovereign Fund	2,521,552	4,118,270	944,228	1,981,868
Pakistan Capital Market Fund	7,056,757	8,806,309	3,389,874	4,391,000
Pakistan Cash Management Fund	38,225,307	6,467,612	25,562,822	4,704,236
Pakistan Income Enhancement Fund	3,311,988	5,858,438	1,511,006	3,605,969
Pakistan Income Fund	9,511,889	45,942,515	3,953,351	18,591,969
Alhamra Islamic Asset Allocation Fund	29,295,070	43,524,201	13,875,461	21,420,836
MCB Pakistan Stock Market Fund	94,784,129	136,926,364	43,973,565	65,968,181
Alhamra Islamic Stock Fund	28,692,288	39,946,820	14,909,936	18,314,824
Alhamra Islamic Money Market Fund	51,604,906	11,321,361	29,765,599	4,321,500
Alhamra Daily Dividend Fund	10,861,657	3,849,948	5,845,699	2,138,310
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	48,286	30,690	24,156	16,043
Alhamra Wada Fund (Alhamra Wada Plan I)	576,636	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan II)	1,987,611	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan III)	719,796	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan IV)	2,370,674	-	1,560,526	-
Alhamra Wada Fund (Alhamra Wada Plan V)	170,404	-	170,404	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	650,598	-	330,351	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	458,424	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II)	1,704,920	-	1,704,920	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III)	241,817	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV)	1,548,981	-	1,424,580	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII)	333,372	-	333,372	-
	499,213,561	430,662,209	270,239,089	207,718,600
Management fee from pension schemes - related parties				
Pakistan Pension Fund	13,111,856	11,636,766	6,758,332	3,046,837
Alhamra Islamic Pension Fund	8,899,110	17,280,545	4,540,474	11,400,283
	22,010,966	28,917,311	11,298,806	14,447,120
Investment advisory fee from separately managed accounts	16.2 29,240,298	44,088,157	15,051,635	13,089,293
	550,464,825	503,667,677	296,589,530	235,255,012
Less: Sindh Sales Tax	16.1 (63,327,812)	(57,944,069)	(34,120,920)	(27,064,736)
	487,137,013	445,723,608	262,468,610	208,190,276

16.1 This pertains to Sindh sales tax levied by the Provincial Government of Sindh at the rate of 13% (December 31, 2021: 13%) through the Sindh Sales Tax on Services Act, 2011.

16.2 The Company is also managing portfolio of investors under discretionary portfolio management agreements. Investment advisory fee from the discretionary portfolio is calculated on daily / monthly basis by charging specified rates to the net asset value of the portfolio as stated in the respective agreements with the clients. In addition, performance fee is charged to some investors based on the contractual rates at the end of the respective mandates. The details of this portfolio are given below:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

			December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Discretionary portfolio				
Number of portfolios			35	36
Total portfolio at cost (in Rupees)			65,672,963,591	55,580,268,329
Total portfolio at market value (in Rupees)			62,795,802,085	53,160,217,039

		----- (Un-audited) -----			
		Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note ----- (Rupees) -----					
17 ADMINISTRATIVE EXPENSES					
Salaries, allowances and other benefits		205,100,308	156,162,931	114,042,164	82,910,238
Legal and professional charges		5,280,780	4,904,529	473,860	2,183,490
Travelling and conveyance		1,127,640	594,373	665,192	354,373
Rent, utilities, repairs and maintenance		43,732,382	48,824,006	18,938,624	18,561,577
Office supplies		834,494	824,669	241,433	402,973
Directors' meeting fee		6,050,000	4,350,000	3,125,000	2,325,000
Insurance		3,346,099	976,266	1,545,074	530,132
Depreciation	4.1.1	19,876,852	16,451,140	14,495,138	8,280,043
Amortisation	5.1	8,366,259	5,023,764	4,213,032	2,511,882
Stamp duty and taxes		501,478	-	-	-
Registrar fee		387,200	799,196	180,000	463,277
Printing and stationery		2,260,997	2,083,849	1,030,767	1,007,414
Telephone expenses		2,772,703	2,834,036	1,098,842	1,488,373
Entertainment expenses		3,039,318	1,820,516	1,967,740	1,000,008
Fees and subscription		12,635,885	10,622,575	6,940,687	5,947,647
		<u>315,312,395</u>	<u>256,271,850</u>	<u>168,957,553</u>	<u>127,966,427</u>
Reimbursement of expenses from					
Collective Investment Schemes (CISs)	8.3	(30,550,403)	(32,008,034)	(9,347,793)	(18,746,061)
		<u>284,761,992</u>	<u>224,263,816</u>	<u>159,609,760</u>	<u>109,220,366</u>
18 SELLING AND DISTRIBUTION EXPENSES					
Salaries, allowances and other benefits		118,710,679	112,876,900	47,264,641	49,723,376
Depreciation	4.1.1	7,798,225	6,965,477	3,883,307	3,968,532
Commission expense		85,865,806	53,221,887	47,189,163	41,693,401
Marketing and advertising expenses		34,696,140	19,068,767	15,301,747	15,435,219
Branch expenses		7,628,843	6,166,459	3,050,514	3,247,654
Printing and stationery		837,869	918,607	837,869	543,213
		<u>255,537,562</u>	<u>199,218,097</u>	<u>117,527,241</u>	<u>114,611,395</u>
Reimbursement of expenses from					
Collective Investment Schemes (CISs)	8.4	(179,971,458)	(153,617,089)	(84,564,541)	(81,734,774)
		<u>75,566,104</u>	<u>45,601,008</u>	<u>32,962,700</u>	<u>32,876,621</u>
19 OTHER EXPENSES					
Sindh Workers' Welfare Fund		4,350,000	4,000,000	2,000,000	1,500,000
Auditors' remuneration		1,594,145	1,475,402	784,375	800,258
		<u>5,944,145</u>	<u>5,475,402</u>	<u>2,784,375</u>	<u>2,300,258</u>
20 TAXATION					
Current					
- for the year		64,547,725	58,132,141	33,347,725	22,132,141
- for prior year		-	925,070	-	925,070
		<u>64,547,725</u>	<u>59,057,211</u>	<u>33,347,725</u>	<u>23,057,211</u>
Deferred		6,774,567	(1,442,282)	7,574,567	2,157,718
		<u>71,322,292</u>	<u>57,614,929</u>	<u>40,922,292</u>	<u>25,214,929</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022**

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

The status of contingencies remains unchanged as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2022 except for the following:

- 21.1.1** During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue (DCIR) had issued a notice dated March 6, 2020 under section 182 of the Income Tax Ordinance, 2001 whereby it initiated proceedings for levy of penalty of Rs. 2.97 million for alleged failure to furnish the return under section 114 by due date. The Company had submitted its reply in consultation with its tax consultant against the said notice. During the current period, the DCIR vide its order dated November 17, 2022, reduced the amount of penalty to Rs. 0.161 million which was duly paid by the Company.

21.2 Commitments

There were no commitments outstanding as at December 31, 2022 and June 30, 2022.

22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Company comprise of MCB Bank Limited (Parent Company), local associated companies, staff retirement funds, collective investment and pension schemes managed by the Company, directors and key management personnel and their close family members and defined contribution plan. Transactions with related parties are entered into at negotiated prices at commercial terms. The aggregate value of transactions and outstanding balances as at December 31, 2022 with related parties other than those which have been disclosed elsewhere are as follows:

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Un-audited) Half year ended December 31, 2022	(Un-audited) Half year ended December 31, 2021
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% shareholding	Commission and other expenses	25,865,723	26,410,444
		Profit on savings account	1,849,989	682,816
		Branch sharing expenses	1,794,840	1,604,922
		Rent as per rental agreement	2,772,000	2,520,000
		Dividend paid	36,956,768	101,631,112
		Sale proceeds on disposal of fixed assets	-	-
		Bank charges	91,426	85,733
MCB Islamic Bank Limited	Subsidiary of Parent Company	Profit on savings account	14,760	7,029
Nishat Real Estate Development Company (Private) Limited	Group Company of Parent Company	Purchase of fixed assets	5,167,000	-
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	18,156,871	15,620,093
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	1,021,277	19,838,108
		Dividend paid	5,462,000	15,020,500
		Rent as per rental agreement	12,994,266	12,396,141
Arif Habib Corporation Limited	Associate with 30.09% shareholding	Dividend paid	21,664,167	59,576,459
Mutual Funds Association of Pakistan	Associated Company	Amount paid against membership fee	5,055,165	3,744,566
MCB Cash Management Optimizer	Funds under management	Management fee	119,142,543	45,554,243
		Investment in units of funds under management	2,565,704,403	2,255,136,194
		Redemption in units of funds under management	2,375,022,116	2,143,637,180
		Dividend income	467,112	540,896
		Reimbursement of allocated expenses	8,203,092	10,141,020
		Reimbursement of selling and marketing expenses	55,940,158	26,835,866

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

			(Un-audited)	(Un-audited)
			Half year ended	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	December 31, 2022	December 31, 2021
----- (Rupees) -----				
MCB DCF Income Fund	Funds under management	Management fee	38,971,767	31,507,780
		Sales load	12,324,884	1,480,831
		Back end load	3,504,812	560,069
		Reimbursement of allocated expenses	2,598,118	2,100,519
		Reimbursement of selling and marketing expenses	10,132,659	8,917,428
Alhamra Islamic Income Fund	Funds under management	Management fee	16,425,127	14,464,122
		Sales load	3,266,528	4,052,657
		Back end load	1,098,430	-
		Sharia fee paid on behalf of the Fund	360,000	180,000
		Reimbursement of allocated expenses	3,014,964	3,765,337
		Reimbursement of selling and marketing expenses	806,529	6,457,756
		Investment in units of funds under management	66,016,146	-
		Redemption in units of funds under management	35,613,140	-
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	13,545,960	18,093,042
		Sales load	336,812	62,009
		Reimbursement of allocated expenses	408,650	548,518
		Reimbursement of selling and marketing expenses	-	-
		Back end load	-	18,090
		Investment in units of funds under management	-	135,000,000
Alhamra Islamic Money Market Fund	Funds under management	Management fee	45,668,058	10,018,904
		Reimbursement of allocated expenses	2,483,982	141,248
		Reimbursement of selling and marketing expenses	6,524,294	3,554,199
		Sales load	111,165	3,911
		Sharia fee paid on behalf of the fund	360,000	180,000
		Investment in units of funds under management	75,196,800	-
		Redemption in units of funds under management	75,196,800	-
		Dividend income	231,529	-
		Other expenses	-	468,821
Alhamra Islamic Stock Fund	Funds under management	Management fee	25,391,405	35,351,168
		Sales load	34,069	1,096,409
		Reimbursement of allocated expenses	1,269,570	1,767,558
		Redemption in units of funds under management	18,086,448	-
		Reimbursement of selling and marketing expenses	16,504,413	22,978,259
		Sharia fee paid on behalf of the fund	360,000	180,000
MCB Pakistan Sovereign Fund	Funds under management	Management fee	2,231,462	3,644,486
		Sales load	81,125	32,007
		Reimbursement of allocated expenses	467,370	373,096
		Reimbursement of selling and marketing expenses	1,065,842	1,470,130
		Investment in units of funds under management	510,359,360	100,000,000
		Redemption in units of funds under management	514,769,652	100,054,083
MCB Pakistan Stock Market Fund	Funds under management	Management fee	83,879,761	121,173,773
		Sales load	105,003	2,481,196
		Reimbursement of allocated expenses	4,193,988	6,058,689
		Reimbursement of selling and marketing expenses	54,521,845	78,762,953
		Investment in units of funds under management	50,000,000	50,000,000
		Redemption in units of funds under management	145,322,860	140,830,439
Pakistan Capital Market Fund	Funds under management	Management fee	6,244,918	7,793,194
		Sales load	29	213
		Reimbursement of allocated expenses	185,370	232,633

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

			(Un-audited)	(Un-audited)
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			December 31, 2022	December 31, 2021
			----- (Rupees) -----	
Pakistan Cash Management Fund	Funds under management	Management fee	33,827,705	5,723,550
		Sales load	2,099,223	21,468
		Reimbursement of allocated expenses	49,441	85,039
		Investment in units of funds under management	-	296,561,721
		Redemption in units of funds under management	-	138,000,000
Pakistan Income Enhancement Fund	Funds under management	Management fee	2,930,962	5,184,459
		Sales load	4,624,095	205,500
		Reimbursement of allocated expenses	773,509	540,247
		Reimbursement of selling and marketing expenses	1,680,636	165,353
Pakistan Income Fund	Funds under management	Management fee	8,417,600	40,657,093
		Sales load	4,618,200	2,491,637
		Reimbursement of allocated expenses	2,318,784	4,575,549
		Reimbursement of selling and marketing expenses	6,223,643	2,328,550
		Investment in units of funds under management	-	486,000,000
		Redemption in units of funds under management	-	881,428,303
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	25,924,841	38,516,992
		Sales load	147,091	609,240
		Back end load	3,970,540	2,357,967
		Reimbursement of allocated expenses	785,601	1,167,182
		Sharia fee paid on behalf of the fund	360,000	180,000
Alhamra Islamic Pension Fund	Funds under management	Management fee	7,875,318	10,298,023
		Sales load	333,584	414,349
		Contribution to fund on behalf of the employees	-	12,258,802
Pakistan Pension Fund	Funds under management	Management fee	11,603,415	15,292,518
		Sales load	971,216	1,032,847
		Contribution to fund on behalf of the employees	-	3,748,756
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	Funds under management	Management fee	42,731	27,159
		Reimbursement of allocated expenses	64,821	89,741
		Redemption in units of funds under management	35,000,000	-
		Sales load	-	790,672
Alhamra Daily Dividend Fund	Funds under management	Management fee	9,612,086	3,407,034
		Reimbursement of selling and marketing expenses	8,413,643	-
		Reimbursement of allocated expenses	897,565	485,230
		Bank charges	285,553	349,302
		Sales load	4,780,315	97,194
Alhamra Wada Fund (Alhamra Wada Plan I)	Funds under management	Management fee	510,297	-
		Dividend income	352,210	-
		Investment in units of funds under management	299,379	-
		Reimbursement of selling and marketing expenses	242,895	-
		Redemption in units of funds under management	50,358,725	-
Alhamra Wada Fund (Alhamra Wada Plan II)	Funds under management	Management fee	1,758,947	-
		Dividend income	31,814	-
		Investment in units of funds under management	40,441,673	-
		Redemption in units of funds under management	40,441,673	-
		Reimbursement of selling and marketing expenses	1,365,810	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

			(Un-audited)	(Un-audited)
			Half year ended	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	December 31, 2022	December 31, 2021
----- (Rupees) -----				
Alhamra Wada Fund (Alhamra Wada Plan III)	Funds under management	Management fee	636,988	-
		Dividend income	112,517	-
		Investment in units of funds under management	19,191,314	-
		Redemption in units of funds under management	19,191,314	-
		Reimbursement of selling and marketing expenses	1,265,981	-
Alhamra Wada Fund (Alhamra Wada Plan IV)	Funds under management	Management fee	2,097,941	-
		Dividend income	783,980	-
		Investment in units of funds under management	46,264,623	-
		Redemption in units of funds under management	46,264,623	-
		Reimbursement of selling and marketing expenses	863,665	-
Reimbursement of allocated expenses	66,023	-		
Alhamra Wada Fund (Alhamra Wada Plan V)	Funds under management	Management fee	150,800	-
		Investment in units of funds under management	25,000,000	-
		Redemption in units of funds under management	9,569,829	-
		Reimbursement of allocated expenses	397,687	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	Funds under management	Management fee	405,685	-
		Dividend income	2,162,141	-
		Investment in units of funds under management	1,837,820	-
		Redemption in units of funds under management	171,957,421	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III)	Funds under management	Management fee	213,998	-
		Dividend income	1,305,440	-
		Investment in units of funds under management	41,109,624	-
		Redemption in units of funds under management	41,109,624	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV)	Funds under management	Management fee	1,370,780	-
		Dividend income	125,789	-
		Investment in units of funds under management	20,711,118	-
		Redemption in units of funds under management	21,092,242	-
		Reimbursement of allocated expenses	322,085	-
Reimbursement of selling and marketing expenses	7,516	-		
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II)	Funds under management	Management fee	1,508,779	-
		Investment in units of funds under management	25,000,000	-
		Reimbursement of selling and marketing expenses	504,520	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII)	Funds under management	Management fee	295,019	-
		Investment in units of funds under management	100,700,335	-
		Redemption in units of funds under management	37,771,623	-
		Reimbursement of selling and marketing expenses	38,808	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	Funds under management	Management fee	575,750	-
		Investment in units of funds under management	5,000,000	-
		Redemption in units of funds under management	10,000,000	-

Amount outstanding as at period / year end

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% shareholding	Bank balances	22,395,502	16,281,569
		Other payable	-	4,819,798
		Commission payable	12,280,944	7,855,510
		Accrued mark-up on bank balance	349,719	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

			(Un-audited)	(Audited)
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	December 31, 2022	June 30, 2022
----- (Rupees) -----				
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	362,163	352,709
		Accrued mark-up on bank balance	3,638	-
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Advisory fee receivable	3,564,070	2,913,009
Mutual Funds Association of Pakistan	Associated Company	Investment in shares	265,000	265,000
MCB DCF Income Fund	Funds under management	Remuneration receivable	8,225,445	6,322,448
		Sales load receivable	2,636,796	858,542
		Receivable against reimbursement of allocated expenses	485,277	373,006
		Receivable against selling and marketing expenses	5,399,447	4,385,006
		Back end load receivable	1,133,086	232,591
		Federal excise duty on remuneration	99,060,437	99,060,437
		Federal excise duty on sales load	27,932,990	27,932,990
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	2,317,799	2,634,051
		Sales load receivable	-	32,788
		Receivable against reimbursement of allocated expenses	60,323	70,637
		Federal excise duty on remuneration	19,027,350	19,027,350
		Federal excise duty on sales load	16,172,955	16,172,955
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	28,435,421	19,505,448
		Receivable against reimbursement of allocated expenses	-	4,674,374
		Receivable against selling and marketing expenses	24,571,913	4,793,050
		Federal excise duty on remuneration	54,266,812	54,266,812
		Federal excise duty on sales load	18,788	18,788
		Investment in units of funds under management	203,672,212	-
Alhamra Islamic Income Fund	Funds under management	Remuneration receivable	3,172,178	3,872,369
		Sales load receivable	536,143	833,794
		Back end load receivable	137,816	-
		Receivable against reimbursement of allocated expenses	579,599	494,727
		Receivable against shariah advisor fee	60,000	60,000
		Receivable against selling and marketing expenses	806,529	-
		Federal excise duty on remuneration	8,639,183	8,639,183
		Federal excise duty on sales load	3,028,386	3,028,386
		Investment in units of funds under management	31,144,035	-
MCB Pakistan Stock Market Fund	Funds under management	Remuneration receivable	13,393,974	16,523,211
		Sales load receivable	44,564	19,449
		Investment in units of funds under management	-	90,390,302
		Receivable against reimbursement of allocated expenses	592,654	731,116
		Receivable against selling and marketing expenses	25,294,528	31,187,196
		Federal excise duty on remuneration	54,773,935	54,773,935
		Federal excise duty on sales load	3,932,683	3,932,683
Pakistan Income Fund	Funds under management	Remuneration receivable	1,605,197	6,139,756
		Sales load receivable	386,076	54,993
		Receivable against reimbursement of allocated expenses	436,887	331,676
		Receivable against selling and marketing expenses	3,970,814	150,400
		Federal excise duty on remuneration	9,210,245	9,210,245
		Federal excise duty on sales load	239,199	239,199
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	288,593	714,157
		Sales load receivable	83,337	-
		Receivable against reimbursement of allocated expenses	85,439	50,669
		Receivable against selling and marketing expenses	651,996	444,047
		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 Half Year and Quarter Ended 31 December 2022

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
----- (Rupees) -----				
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	1,115,711	1,210,128
		Receivable against reimbursement of allocated expenses	29,473	31,967
		Federal excise duty on remuneration	5,872,250	5,872,250
		Federal excise duty on sales load	392,742	392,742
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	4,964,310	4,723,886
		Sales load receivable	7,084	5,110
		Receivable against reimbursement of allocated expenses	219,660	209,022
		Receivable against selling and marketing expenses	8,576,512	8,789,404
		Receivable against shariah advisor fee	60,000	60,000
		Investment in units of funds under management	-	17,398,169
		Federal excise duty on remuneration	5,689,242	5,689,242
		Federal excise duty on sales load	124,913	124,913
Pakistan Pension Fund	Funds under management	Remuneration receivable	2,411,247	1,991,345
		Sales load receivable	1,405	286,845
		Investment in units of funds under management	311,600,335	302,666,529
		Federal excise duty on remuneration	5,976,465	5,976,465
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	4,491,063	5,286,782
		Sales load receivable	1,700	76,283
		Back end load receivable	37,801	507,423
		Receivable against reimbursement of allocated expenses	120,436	141,775
		Receivable against shariah advisor fee	60,000	60,000
		Federal excise duty on remuneration	5,910,300	5,910,300
		Federal excise duty on sales load	1,135,845	1,135,845
		Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable
Sales load receivable	28,345			173,861
Investment in units of funds under management	308,301,958			303,234,844
Federal excise duty on remuneration	3,030,332			3,030,332
Pakistan Sarmaya Mahfooz Fund	Funds under management	Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	9,032,793	2,832,968
		Receivable against reimbursement of allocated expenses	169,088	-
		Receivable against selling and marketing expenses	5,799,938	72,552
		Federal excise duty on remuneration	11,932,884	11,932,884
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	581,047	1,134,740
		Sales load receivable	1,012,204	2,450,213
		Receivable against reimbursement of allocated expenses	179,525	70,171
		Receivable against selling and marketing expenses	1,173,938	150,471
		Federal excise duty on remuneration	16,589,808	16,589,808
		Federal excise duty on sales load	4,746,222	4,746,222
Alhamra Islamic Money Market Fund	Funds under management	Remuneration receivable	11,597,165	2,263,698
		Sales load receivable	78,060	-
		Receivable against reimbursement of allocated expenses	-	33,915
		Receivable against selling and marketing expenses	3,093,414	889,592
		Receivable against shariah advisor fee	60,000	60,000
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,624,619	3,584,949
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	Funds under management	Remuneration receivable	8,388	7,758
		Receivable against reimbursement of allocated expenses	9,626	12,528
		Investment in units of funds under management	89,901,694	120,895,058

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
----- (Rupees) -----				
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	2,017,512	2,800,809
		Payable against bank charges	32,934	68,480
		Receivable against reimbursement of allocated expenses	-	18,897
		Receivable against selling and marketing expenses	4,764,620	682,186
		Sales load receivable	185,451	2,554,294
Alhamra Wada Fund (Alhamra Wada Plan I)	Funds under management	Remuneration receivable	-	35,783
		Investment in units of funds under management	-	50,033,787
Alhamra Wada Fund (Alhamra Wada Plan V)	Funds under management	Remuneration receivable	170,404	-
		Receivable against reimbursement of allocated expenses	397,687	-
		Investment in units of funds under management	15,621,326	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	Funds under management	Remuneration receivable	-	22,721
		Investment in units of funds under management	-	170,118,779
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV)	Funds under management	Receivable against reimbursement of allocated expenses	322,085	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II)	Funds under management	Remuneration receivable	883,026	-
		Receivable against selling and marketing expenses	504,520	-
		Investment in units of funds under management	25,714,125	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII)	Funds under management	Remuneration receivable	214,652	-
		Receivable against selling and marketing expenses	38,808	-
		Investment in units of funds under management	64,239,907	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	Funds under management	Remuneration receivable	122,836	3,395
		Investment in units of funds under management	55,036,206	-
Muhammad Saqib Saleem	Funds under management	Loan outstanding	12,097,179	12,309,656

23 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the 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 are based on the net assets value announced by the Company and calculated using market rates at each reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

23.1 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 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2022**

Valuation techniques used in determination of fair values within level 2

Items	Valuation technique
Units of open-end collective investment schemes and voluntary pension schemes	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

As at December 31, 2022 and June 30, 2022, the Company held the following financial instruments measured at fair value:

(Un-audited)				
As at December 31, 2022				
Level 1	Level 2	Level 3	Total	
(Rupees)				
Financial assets 'at fair value through profit or loss'				
Investment in units of open-end collective investment schemes and voluntary pension schemes	-	1,105,231,798	-	1,105,231,798
Investment in shares *	-	-	265,000	265,000
	-	1,105,231,798	265,000	1,105,496,798

(Audited)				
As at June 30, 2022				
Level 1	Level 2	Level 3	Total	
(Rupees)				
Financial assets 'at fair value through profit or loss'				
Investment in units of open-end collective investment schemes and voluntary pension schemes	-	1,114,549,728	-	1,114,549,728
Investment in shares *	-	-	265,000	265,000
	-	1,114,549,728	265,000	1,114,814,728

* These represent shares of Mutual Funds Association of Pakistan which have been carried at cost since their fair value is not considered to be materially different from its carrying amount. Accordingly, the disclosures with respect to level 3 financial assets have not been given.

24 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 3, 2023 have proposed a final cash dividend in respect of the half year ended December 31, 2022 of Re. Nil per share (0%) [(June 30, 2022: Re. 1 per share (10%)). These condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

25 DATE OF AUTHORISATION FOR ISSUE

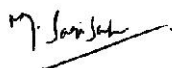
These condensed interim financial statements were authorised for issue on February 03, 2023 by the Board of Directors of the Company.

26 GENERAL

26.1 Figures have been rounded off to the nearest Rupee, unless otherwise specified.

26.2 CORRESPONDING FIGURES

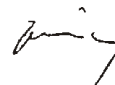
Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. There have been no significant reclassifications or rearrangements in these condensed interim financial statements during the current period.



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

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