



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY NCCRA

HALF YEAR REPORT

DECEMBER
2018
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited

TABLE OF CONTENTS

Vision, Mission and Core Values	02
Company Information	03
Directors' Report	04
Independent Auditors' Report	12
Condensed Interim Balance Sheet	14
Condensed Interim Profit & Loss Account (Un-audited)	15
Condensed Interim Statement of Comprehensive Income (Un-audited)	16
Condensed Interim Cash Flow Statement (Un-audited)	17
Condensed Interim Statement of Changes in Equity (Un-audited)	18
Notes to the Condensed Interim Financial Information (Un-audited)	19

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

COMPANY INFORMATION

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

DIRECTORS' REPORT

For the half year ended December 31, 2018

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, 2018.

PRINCIPAL BUSINESS

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

THE BUSINESS ENVIRONMENT

Economy & Money Market Review

Financial Year 2018-19 started off with a positive note as smooth completion of election process resulted in a sigh of relief for the market participants. The new regime inherited many economic challenges particularly on the external front. To cope with the underlying challenges, major policy actions (currency depreciation of 15 per cent along with interest rate hike of 250 basis points) were taken to address the imbalances. Furthermore, major success came through diplomatically engaging with the friendly allies. As a result, Pakistan secured balance of payment (BOP) support package from Saudi Arabia, UAE and China amounting to USD 14 billion while Saudi Arabia & UAE committed foreign direct investment of USD 20-30 billion.

Average consumer price index (CPI) for the first half of current fiscal year clocked in at 6.0 per cent. Nevertheless, it is expected to jack up during the second half, owing to a low base effect and lagged impact of currency adjustments. Furthermore, government is yet to adjust electricity prices as the gap between base tariff and actual cost of generation has widened significantly. We expect CPI to average 8.5 per cent for the second half of Financial Year 2018-19 after accounting for electricity adjustments.

Current Account Deficit (CAD) for the first six months clocked in at around USD 8 billion which is an improvement of 4.4 per cent from same period last year. CAD was well supported by remittances growth of 10 per cent. However, the improvement in the external position was masked by the higher oil prices and payments for the previous periods reflected in current accounts. The non-oil imports have shown encouraging trend, declining by around 5 per cent over the previous year. Reflecting the elevated oil prices and limited financial flows; reserves declined by around USD 2.7 billion during the period leading to rupee depreciation of around 13.7 per cent.

The focus of government to stabilize aggregate demand has taken its toll on large scale manufacturing which posted a decline of 0.9 per cent year on year in the first five months of Financial Year 2018-19. The decline has been led by reduction in production of oil products followed by slow down in autos, pharmaceuticals and consumer products. Large Scale Manufacturing growth is reflecting the overall slowdown in economy as envisaged by the steps taken by authorities to control the external imbalances.

The yield curve showed an upward trajectory during the half year as market players continued to expect further monetary tightening. During the first 6 months, State Bank of Pakistan increased the policy rate by 350 basis points in line with the expectations of most of the market. Most of Pakistan Investment Bonds (PIB) auctions during the period under review were rejected by State Bank of Pakistan due to thin volume and participation at higher levels. The 3 year, 5 year and 10 year PIB were accepted in the PIB auction held in December' 18 at 12.25 per cent, 12.70 per cent and 13.15 per cent respectively. Two Floater rate PIB auction were conducted during first half of Financial Year 2018-19. The first was accepted at a benchmark rate +70 basis points. The second was rejected due to higher level of participation. Concerns over external front kept market participants at bay from longer tenor Treasury instruments with persistence towards accumulation in papers having maturity below or equal to 3 months.

DIRECTORS' REPORT

For the half year ended December 31, 2018

Liquidity remained comfortable throughout the period owing to regular Open Market Operations conducted by State Bank of Pakistan. During the second quarter, 117.7 billion worth of floater rate Government of Pakistan's Ijara Sukuk matured. No fresh Government of Pakistan's Ijara Sukuk were issued whereas State Bank of Pakistan conducted auction of Bai Muajjal in which 72.55 billion was accepted out of total participation of 76.55 billion.

Equities Market Review

Calendar Year 2018 closed itself on a negative note for the consecutive second year, as the benchmark Index KSE-100 posted a loss of 8.4 per cent. Half year/Quarterly return amounted to around 9.5 per cent / 11.5 per cent respectively. The month of December 2018 was the worst month of the year as KSE-100 retreated by 8.5 per cent, as unexpected monetary tightening by 150 basis points during the last month created a negative environment for equities. Even announcement for support of USD 3 billion by UAE could not come to rescue as overall uncertainty continued to linger towards the economy. Foreign selling during the first half continued with foreigners offloading USD around 404 million worth of equities, most of which was absorbed by Insurance Companies and Individuals who bought USD around 173 and around USD 152 million respectively. Volumes and values averaged around 179 million shares / PKR 7.68 billion, depicting a considerable decrease of around 6 / around 7 per cent as compared to first half.

In the first half, most of the major sectors such as Refineries, Autos, Oil Marketing Companies, Oil Exploration and Production Companies & Cements underperformed the market generating negative returns of 29 per cent / 27 per cent / 20 per cent / 18 per cent / 16 per cent respectively. Refineries suffered due to lower throughput and closure of plants amid limited offtake of Furnace Oil. Oil Exploration and Production Companies took the brunt of plunge in international oil prices by around 30 per cent. Autos, Cements and Oil Marketing Companies followed the thematic decline due to economic slowdown. On the flip side, only Textile Composites remained in the positive territory generating a positive return of 20 per cent due to currency depreciation of around 15 per cent as well as supportive export-oriented policies of the newly-elected government.

MARKET & ECONOMY - FUTURE OUTLOOK

The Government has managed to arrange adequate financial flows for the next half year supported by deferred payment facilities, loans and deposits from friendly nations. However, the external account balance needs to improve further to reach sustainable levels for future funding of deficits. The exports are expected to show an improved trend supported by lagged impacts of currency depreciation, tax refunds to exporters, better energy supplies and energy price parity with regional peers. Imports are expected to slow down in second half of the year as effects of the one-off adjustments and oil prices neutralize along with impact of currency depreciation becomes further visible. Current account deficit for Financial Year 2018-19 is expected to be around USD 13 billion with CAD for next half year to slow down to around USD 5 billion compared with first half of around USD 8 billion. Subsequently, we expect normalize PKR/USD adjustment of around 5 per cent in next half given the real effective exchange rate [REER] is close to its fundamental value.

The Government has announced to approach the International Monetary Fund [IMF] for an economic program for balance of payments support. IMF program would lead to better policy management relative to dealing with the structural issues in the economy along with responsible fiscal management. Besides, entrance into IMF program would allow Pakistan to secure financial flows from other multilateral agencies which would allow better external account management.

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

DIRECTORS' REPORT

For the half year ended December 31, 2018

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

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

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at around PKR 552 billion at the end of first half of fiscal year 2019. Monetary tightening by the Government resulted in an increase in interest rates, bringing flows to the money market funds. Size of Money Market (Islamic/Conventional) and Income (Islamic) funds increased while assets under management of all other categories decreased in the first half compared to June-end.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 55 per cent, followed by Money Market funds with a share of 28 per cent and Income funds having a share of 16 per cent as at the end of first half of 2019.

The Net Assets of Pension Funds stood at around PKR 25.8 billion at the end of first half. The size of both Conventional and Shariah Compliant funds decreased by around 4.1 per cent and increased by 0.3 per cent respectively. Amongst sub-categories, size of Debt and Equity funds decreased while those of Money Market funds increased.

MUTUAL FUND INDUSTRY OUTLOOK

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

We believe that Government steps to encourage documentation in economy particularly checks on Real estate sector are likely to bode well for the longer term growth in Industry. Improved returns of money market funds and income Funds; are likely to support Industry growth short to medium term size in these Funds. Further, as Government takes steps to make reforms and address structural weaknesses in Fiscal and External Accounts, the performance in Equity and Equity linked Funds shall also positively contribute towards growth.

COMPANY'S PERFORMANCE REVIEW

The Company's core revenue has increased by 9 per cent during the half year ended December 31, 2018 as compared to the corresponding period. There has been an increase in the administration and human resource costs as the Company continues to invest in quality of Human Resources across all functions while focusing on better presence in various cities across the Country. The performance of

DIRECTORS' REPORT

For the half year ended December 31, 2018

equities; however, remained under pressure, which resulted in mark-to-market losses on investment income of the Company. We expect the equity funds to recover in second half of Financial Year 2018-19 while the long term outlook continues to remain positive.

The earnings per share of current period ended December 31, 2018 is Re. 0.20 as compared to Re. 0.81 per share in the corresponding period.

'IFRS 9 – Financial Instruments', which replaces IAS – 39, has brought in certain fundamental changes to the accounting for financial assets. The adoption of the IFRS - 9, from the current period, has resulted in routing of the unrealized loss of the Company on investment in pension funds through 'Statement of Profit or Loss' which was earlier classified in the 'Statement of Other Comprehensive Income'. Had this change not occurred during the current period, the income for the period would have been higher by Rs. 21 million and the EPS would have increased by Re. 0.29 to Re. 0.49.

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

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


ACKNOWLEDGEMENT

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

For and on Behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
February 18, 2019



Nasim Beg
Director/Vice Chairman

بہر کے متعدد شہروں میں بہتر موجودگی پر توجہ مرکوز کی ہوئی ہے۔ تاہم ایکویٹیز کی کارکردگی دباؤ میں رہی جس کا نتیجہ کمپنی کی سرمایہ کاری کی آمدنی پر mark-to-market خساروں کی صورت میں ہوا۔ ہمیں توقع ہے کہ مالی سال 2018-19ء کے نصف آخر کے دوران ایکویٹی فنڈز بحال ہو جائیں گے، جبکہ طویل المیعاد مستقبل کے امکانات بدستور روشن ہیں۔

31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی آمدنی فی شیئر 0.20 روپے ہے، جو ماضی مدت میں 0.81 روپے فی شیئر تھی۔ 39 - IAS کی جگہ لینے والے '9 IFRS - فنانسئل انسٹرومنٹس' کے تحت اثاثہ جات کی اکاؤنٹنگ میں کچھ بنیادی تبدیلیاں رونما ہوئی ہیں۔ موجودہ مدت سے IFRS-9 کی تبدیلی کے نتیجے میں Statement of Profit or Loss کے ذریعے پیشکش فنڈز میں سرمایہ کاری پر unrealized خساروں کی routing ہوئی ہے، جو پہلے Statement of Other Comprehensive Income میں شامل کیے جاتے تھے۔ اگر موجودہ مدت کے دوران یہ تبدیلی نہ آتی تو آمدنی 21 ملین روپے زیادہ ہوتی اور آمدنی فی شیئر 0.29 روپے سے بڑھ کر 0.49 روپے ہو جاتی۔

کمپنی نے موجودہ مصنوعات خصوصاً انکم اور Money Market فنڈز پر توجہ مرکوز رکھی جہاں حالیہ مالیاتی تنگی کے نتیجے میں بہتر منافع کے ساتھ ساتھ Return سے منسلک fee کے طریقوں کی بدولت منجمنٹ fee میں بھی اضافہ ہوا ہے۔ ایکویٹی فنڈز گزشتہ دو برسوں سے دباؤ میں رہے ہیں، تاہم توقع ہے کہ ایکویٹی اور ایکویٹی سے منسلک فنڈز نصف آخر سے بہتر کارکردگی کا مظاہرہ کریں گے، جیسا کہ مذکورہ بالا ”معیشت اور مارکیٹس کے مستقبل کے امکانات“ میں واضح کیا گیا ہے۔ خاص طور پر Separately Managed Accounts میں ماحول دشواریوں سے پُر ہے جہاں ریٹائرمنٹ فنڈز فکسڈ انکم کے بلند تر انحصار کے لیے پُر امید ہیں۔

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

اظہار تشکر

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

برائے اور من جانب ڈائریکٹرز،





نسیم بیگ
ڈائریکٹر / نائب چیئر مین

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
کراچی: 18 فروری، 2019ء

افراط زر کے دباؤ سال کے نصف آخر میں مزید واضح ہونے کی توقع ہے کیونکہ کرنسی کی قدر میں کمی، گیس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی پیشی کے سبب اثرات کا احاطہ کیا جائے گا۔ تاہم مالیاتی تنگی کا اکثر حصہ مکمل کیا جا چکا ہے جس میں آنے والے افراط زر کے دباؤ کی عکاسی ہوتی ہے، اور مزید تنگی basis 50 پوائنٹس کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سست روی کا شکار رہے گی کیونکہ کرنسی میں کمی پیشی اور مالیاتی پالیسی میں مزید تنگی صرفی رجحان پر حاوی رہے گی۔ تاہم بجلی کی پمپ سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڈ پر معاشی منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر اُمید ہیں؛ تاہم راستہ متوقع طور پر بڑھتا رہے گا تاکہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکیٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات قیمت شدہ ہیں یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لانچ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (آئل ایکسپلوریشن اینڈ پروڈکشن، بجلی، کھاد)، جبکہ وہ شعبے جو کالام معاشیات کے میدان میں تبدیل ہوتے ہوئے محرکات مثلاً انٹریٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) ان کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور انفارمیشن ٹیکنالوجی کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردش شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اضافہ جاتی اور quality کمپنیاں مشکلات سے دوچار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

میوچل فنڈ صنعت کا جائزہ

مالی سال 2019ء کے نصف اول کے اختتام پر اوپن end میوچل فنڈ کی صنعت کے net اثاثہ جات 552 بلین روپے کی سطح پر تھے۔ حکومت کی طرف سے مالیاتی تنگی کے نتیجے میں انٹریٹ کی شرحوں میں اضافہ ہوا جس کی بدولت money مارکیٹ فنڈز میں رقم کی آمد ہوئی۔ نصف اول میں اختتام جون کے مقابلے میں Money مارکیٹ فنڈز (اسلاک / کنویٹبل) اور انکم فنڈز (اسلاک) کے حجم میں اضافہ ہوا جبکہ باقی تمام زمروں کے زیر انتظام اثاثہ جات میں کمی ہوئی۔ زمرہ جاتی حصے کے اعتبار سے نصف اول کے اختتام پر دوسرے نمبر پر ایکیٹی اور ایکیٹی سے متعلق فنڈز تقریباً 55 فیصد کے ساتھ قائدانہ حیثیت پر برقرار رہے، جبکہ اس کے بعد 28 فیصد کے ساتھ money مارکیٹ فنڈز اور 16 فیصد کے ساتھ انکم فنڈز تھے۔

نصف اول کے اختتام پر پینشن فنڈز کے net اثاثہ جات 25.8 بلین روپے تھے۔ کنویٹبل فنڈز کے حجم میں تقریباً 4.1 فیصد کمی، جبکہ شریعہ کمپلائنس فنڈز کے حجم میں تقریباً 0.3 فیصد اضافہ ہوا۔ ذیلی زمروں میں Debt اور ایکیٹی فنڈز کے حجم میں کمی ہوئی جبکہ Money مارکیٹ فنڈز کے حجم میں اضافہ ہوا۔

میوچل فنڈ صنعت کے مستقبل کے امکانات

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

ہم سمجھتے ہیں کہ معیشت، اور خصوصاً رینٹل ایسٹیت کے شعبے میں، دستاویزیت کی حوصلہ افزائی کرنے کے حوالے سے حکومتی اقدامات سے صنعت میں طویل المیعاد ترقی ہوگی۔ Money مارکیٹ فنڈز اور انکم فنڈز کے بہتر منافع جات سے مختصر اور درمیانی مدت کے حجم کے money مارکیٹ اور انکم فنڈز کی صنعت میں ترقی میں معاونت ہوگی۔ مزید برآں، اقتصادی اور خارجی فنڈز کی ساخت میں کمزوریوں کو پورا کرنے اور اصلاحات لانے کے حوالے سے حکومتی اقدامات کی بدولت ایکیٹی اور ایکیٹی سے متعلق فنڈز زنجی میں مثبت کردار ادا کریں گے۔

کمپنی کی کارکردگی کا جائزہ

31 دسمبر 2018ء کو اختتام پذیر ہوئے والے نصف سال کے دوران کمپنی نے اصل منافع میں مماثل مدت کے مقابلے میں 9 فیصد اضافہ ہوا ہے۔ اینڈ منسٹریشن اور بیڑن ریبورس کی لاگت میں اضافہ ہوا ہے کیونکہ کمپنی نے تمام سرگرمیوں میں انسانی وسائل کے معیار میں سرمایہ کاری کا سلسلہ جاری رکھا ہوا ہے اور ساتھ ساتھ ملک

دوسری بنیادی کو شرکت کی بلند سطح کے باعث مسٹر دکر دیانگیا۔ خارجی صورتحال پر خدشات کے باعث طویل ترمیم عائد کے ٹریڈری انسٹرمنٹس میں بازاری شرکت متاثر ہوئی اور 3 ماہ یا اس سے کم مدت کے دستاویزات میں بدستور اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان کے قاعدگی سے منعقدہ اوپن مارکیٹ آپریشنز OMOs کی بدولت نقدیت پوری مدت کے دوران سہل سطح پر رہی۔ دوسری سہ ماہی کے دوران 117.7 بلین مالیت کے حکومت پاکستان کے فلوڈ ریٹ اجارہ سلگ کی مدت تکمیل ہوئی۔ حکومت پاکستان کے تازہ اجارہ سلگ کا اجراء نہیں کیا گیا جبکہ اسٹیٹ بینک آف پاکستان نے Bai Muajjal کی بنیادی منعقدگی جس میں 76.55 بلین کی گُل شرکت میں سے 72.55 بلین قبول کیے گئے۔

ایکویٹی مارکیٹ کا جائزہ

بچ مارک انڈیکس KSE100 نے 8.4% خسارہ پوسٹ کیا، اور یوں Calendar سال 2018ء کا اختتام متواتر دوسرے سال منفی صورتحال پر ہوا۔ ششماہی اور سہ ماہی خسارہ بالترتیب 9.5% اور 11.5% تھا۔ دسمبر 2018ء سال کا بدترین مہینہ تھا کیونکہ KSE-100 میں 8.5% تنزلی ہوئی کیونکہ ماہ گزشتہ کے دوران basis 150 پوائنٹس غیر متوقع مالیاتی تنگی کے باعث ایکویٹی کے لیے منفی ماحول پیدا ہو گیا تھا۔ ٹی کی مدتہ عرب امارات کی طرف سے 3 بلین ڈالر کے تعاون کے اعلان سے بھی کوئی خاص فائدہ نہیں ہو سکا کیونکہ معیشت میں مجموعی طور پر غیر یقینی صورتحال منڈلاتی رہی۔ نصف اول کے دوران غیر ملکی فروخت جاری رہی، غیر ملکیوں نے 404 ملین ڈالر مالیت کی ایکویٹی فروخت کیں جن میں سے انشورنس کمپنیوں نے 173 ملین ڈالر افراد نے 152 ملین ڈالر مالیت کی ایکویٹی خریدیں۔ ایکویٹی کے حجم اور ان کی قدر کا اوسط بالترتیب تقریباً 179 ملین حصص / 7.68 بلین روپے تھا، جو نصف اول کے مقابلے میں بالترتیب تقریباً 7 / 6 فیصد کی اچھی خاصی کمی ہے۔

نصف اول میں اکثر بڑے شعبہ جات مثلاً ریفرنسز، آئوز، آئل مارکیٹنگ کمپنیوں، آئل ایکسپلوریشن اینڈ پروڈکشن کمپنیوں اور سیمنٹ نے مارکیٹ کے مقابلے میں کمزور کارکردگی کا مظاہرہ کیا اور بالترتیب 29%، 27%، 20%، 18% اور 16% منفی منافع دیا۔ ریفرنسز مال کی بہت سطح اور فرنیس آئل کے محدود offtake کے باعث پلائس بند ہو جانے سے متاثر ہوئیں۔ آئل ایکسپلوریشن اینڈ پروڈکشن کمپنیوں کی بین الاقوامی قیمتوں میں 30% کمی سے متاثر ہوئیں، اور آئوز، سیمنٹ اور آئل مارکیٹنگ کمپنیوں بھی اسی ضمن میں معاشی سست روی کے باعث تنزلی کا شکار ہوئیں۔ دوسری جانب صرف نیگاشل Composites مثبت احاطے میں رہے اور 20% مثبت منافع حاصل کیا جس کی وجہ روپے کی قدر میں 15% کمی اور منتخب حکومت کی برآمدات کی معاونت کرنے والی پالیسیاں ہیں۔

بازار اور معیشت - مستقبل کا منظر

حکومت اگلی ششماہی کے لیے خاطر خواہ مالیاتی فراہمی کا انتظام کر پائی ہے جس کی معاونت دوست ممالک کی طرف سے تاخیر سے ادائیگی کی سہولیات، قرضوں اور deposits سے ہوتی ہے۔ تاہم خارجی اکاؤنٹ کے توازن میں مزید بہتری درکار ہے تاکہ مستقبل میں مالیات کی فراہمی اور خساروں کی قابل بقاء سطحوں تک رسائی ہو سکے۔ برآمدات میں بہتری کا رجحان متوقع ہے جس کی معاونت روپے کی قدر میں کمی، برآمد کاروں کو ٹیکس کی واپسی، توانائی کی بہتر فراہمی اور توانائی کی قیمتوں میں علاقائی فریقوں سے مساوات کے سست اثر سے ہوگی۔ درآمدات میں سال کے نصف آخر میں سست روی متوقع ہے کیونکہ یکبارگی کی پیشوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اول کے 8 بلین ڈالر کے مقابلے میں سست روی کا شکار ہو کر 5 بلین ڈالر رہ جائے گا۔ بعد ازاں، اگلے نصف سال میں ریٹیل اینفیلو ایچ پی آر (REER) کے بنیادی قدر کے قریب ہونے کی صورت میں پاکستانی روپے امریکی ڈالر میں تقریباً 5% ایڈجسٹمنٹ متوقع ہے۔

حکومت نے اعلان کیا ہے کہ ادائیگیوں کے توازن میں معاونت کے معاشی پروگرام کے لئے انٹرنیشنل مونیٹری فنڈ (IMF) سے رجوع کیا جائے گا۔ آئی ایم ایف پروگرام کی بدولت پالیسی کے انتظام میں بہتری ہوگی جس سے معیشت کی ساخت سے متعلق مسائل سے نمٹا جاسکے گا اور ذمہ دارانہ مالیاتی انتظام ممکن ہو سکے گا۔ علاوہ ازیں، آئی ایم ایف پروگرام میں داخل ہونے سے پاکستان کو دیگر کثیر الجمخت ایجنسیوں سے مالیات حاصل کرنے میں مدد ملے گی جس کی بدولت خارجی اکاؤنٹ کا بہتر انتظام ممکن ہو سکے گا۔

عزیز سرمایہ کار

ایم سی ای عارف حبیب سیکنڈری انویسٹمنٹس لمیٹڈ (MCBAH) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018ء کو اختتام پذیر ہونے والے نصف سال کے لیے کمپنی کے معاملات کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

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

کاروبار کا ماحول

بازار اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

مالی سال 2018-19ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلا رکاوٹ تکنیک کے نتیجے میں مارکیٹ کے فریقوں نے اطمینان کا سانس لیا۔ نئی حکومت کو متعدد معاشی مسائل و رواتح میں ملے، خاص طور پر خارجی میدان میں۔ درپیش مشکلات سے تہرہ آزا ہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% کی کے ساتھ ساتھ انٹریٹ کی شرح میں 250 bps اضافہ) تاکہ عدم توازن سے نمٹا جاسکے۔ مزید براں، اہم ترین کامیابی دوست اتحادیوں سے سفارتی تعلقات قائم کرنے سے حاصل ہوئی۔ نتیجتاً، پاکستان کو سعودی عرب، متحدہ عرب امارات اور چین سے ادائیگیوں کے توازن میں معاونت کے لیے 14 بلین ڈالر کے پیکیج حاصل ہوئے، جبکہ سعودی عرب اور متحدہ عرب امارات نے 20 سے 30 بلین ڈالر کی براہ راست غیر ملکی سرمایہ کاری کا وعدہ کیا۔

موجودہ مالی سال کے نصف اول کے لیے کنزیومر پرائس انڈیکس (CPI) کا اوسط 6.0 فیصد تھا۔ لیکن دوسری ششماہی میں پست base effect اور کرنسی میں کمی پیشی کے سبب اثر کے باعث اس اوسط میں اضافہ متوقع ہے۔ مزید براں، حکومت کی طرف سے بجلی کی قیمتوں میں کمی پیشی ہونا باقی ہے کیونکہ پیداوار کی بنیادی چنگی اور اصل قیمت کے درمیان فاصلے میں اچھا خاصا اضافہ ہو گیا ہے۔ مالی سال 2018-19ء کے نصف آخر کے لیے CPI کا اوسط بجلی میں کمی پیشی کے اثر کا احاطہ کرنے کے بعد 8.5% متوقع ہے۔

پہلے چھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ (CAD) 8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت کے مقابلے میں 4.4% بہتری ہے۔ CAD کو ترسیل زر میں 10% اضافے کی بھرپور معاونت حاصل ہوئی۔ تاہم تیل کی بلند قیمتیں اور موجودہ اکاؤنٹس میں سابقہ مدتوں کی ادائیگیوں کی عکاسی خارجی صورتحال میں بہتری کی بھرپور اثر پذیری میں رکاوٹ بنی۔ Non-oil درآمدات میں گزشتہ سال کی نسبت 5% کمی حوصلہ افزا رہا۔ تیل کی بلند قیمتوں اور محدود مالی بہاؤ کی عکاسی کرتے ہوئے دوران مدت ذخائر میں 2.7 بلین ڈالر کی، اور اس کے نتیجے میں روپے کی قدر میں 13.7% کمی ہوئی۔

مجموعی مانگ کو مستحکم کرنے کی حکومتی توجہ کے نتیجے میں بڑے پیمانے پر ہونے والی مینوفیکچرنگ (LSM) متاثر ہوئی جس میں مالی سال 2018-19ء کے ابتدائی پانچ ماہ میں 0.9 فیصد year on year کمی ہوئی۔ اس کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دوا سازی اور صارفی مصنوعات میں سست روی ہے۔ LSM میں ترقی معیشت میں مجموعی سست روی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔

دوران ششماہی مالیاتی تنگی میں اضافے کے حوالے سے مارکیٹ کے فریقوں کی توقع برقرار رہی، چنانچہ پیداواری خم بلندی کی طرف مائل ہوا۔ ابتدائی چھ ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو بازار کے زیادہ تر حصے کی توقعات کے مطابق بڑھا کر basis 350 پوائنٹس کر دیا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز (PIB) کی اکثر نیلامیوں کو اسٹیٹ بینک آف پاکستان نے کمزور حجم اور بلند سطح پر شرکت کے باعث مسترد کر دیا۔ تین سال، پانچ سالہ اور دس سالہ PIB کو دسمبر 2018ء میں ہونے والی نیلامی میں بالترتیب 12.25%، 12.70% اور 13.15% پر قبول کیا گیا۔ مالی سال 2019ء کی پہلی ششماہی کے دوران Two Floater PIB کی نیلامیاں منعقد ہوئیں۔ پہلی کو بیج مارک شرح +70 basis پوائنٹس پر قبول کیا گیا، جبکہ



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S 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** as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period 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.

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.



KPMG Taseer Hadi & Co.


Other Matter

The figures of the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them.

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

Date: 18 February 2019

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		(Unaudited)	(Audited)
		31 December	30 June
ASSETS	Note	2018	2018
		------(Rupees)-----	
Non-current assets			
Fixed assets	4	409,397,620	400,730,566
Long-term investments	5	498,340,119	520,628,175
Long-term loans and prepayments	6	27,462,437	30,230,650
Long-term deposits		4,866,188	3,089,228
		940,066,364	954,678,619
Current assets			
Receivable from related parties	7	513,712,307	511,110,119
Loans and advances		23,348,426	7,072,270
Deposits, prepayments and other receivables	8	70,400,997	75,108,196
Accrued mark-up		201,661	200,207
Short-term investments	9	460,911,986	618,571,508
Advance tax - net of provision	10	64,866,262	62,495,927
Cash and bank balances		28,204,255	19,491,053
		1,161,645,894	1,294,049,280
TOTAL ASSETS		2,101,712,258	2,248,727,899
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (30 June 2018: 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		735,815,968	847,536,132
Total equity		1,455,815,968	1,567,536,132
Liabilities			
Non-current liabilities			
Deferred taxation - net		54,854,375	54,837,186
Current liabilities			
Unclaimed dividend		4,410,416	4,203,632
Trade and other payables	11	586,631,499	622,150,949
Total liabilities		645,896,290	681,191,767
TOTAL EQUITY AND LIABILITIES		2,101,712,258	2,248,727,899

CONTINGENCIES AND COMMITMENTS

16

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the half year and quarter ended 31 December 2018

		Half year ended 31 December		Quarter ended 31 December	
Note		2018	2017	2018	2017
		(Rupees)			
Revenue					
Management and investment advisory fee	12	370,660,013	340,028,309	191,610,088	171,133,883
Processing and other related income		10,595,117	5,334,835	6,263,484	3,336,244
Profit on bank deposits calculated using the effective interest method		1,056,239	548,134	370,465	303,271
Dividend income		17,427,452	-	3,069,746	-
Capital (loss) / gain on sale of investments - net		(7,409,359)	(12,274,531)	691,054	3,522,935
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(42,885,287)	6,564,945	(43,922,397)	2,194,726
		349,444,175	340,201,692	158,082,440	180,491,059
Expenses					
Administrative expenses	13	(273,892,909)	(211,341,760)	(147,722,116)	(111,478,475)
Selling and distribution expenses	14	(24,213,729)	(48,736,570)	(12,789,562)	(26,790,728)
Financial charges		(344,928)	(356,316)	(128,503)	(264,197)
Sindh Workers' Welfare Fund		(1,070,000)	(2,120,000)	-	(929,000)
		(299,521,566)	(262,554,646)	(160,640,181)	(139,462,400)
		49,922,609	77,647,046	(2,557,741)	41,028,659
Other income	15	1,982,784	21,731,377	1,969,688	50
Profit for the period before taxation		51,905,393	99,378,423	(588,053)	41,028,709
Taxation					
- Current tax		(37,294,327)	(31,020,042)	(18,579,062)	(15,346,246)
- Prior tax		(314,041)	(3,308,336)	-	(3,308,336)
- Deferred tax		(17,189)	(6,837,580)	413,473	(4,988,286)
		(37,625,557)	(41,165,958)	(18,165,589)	(23,642,868)
Profit for the period after taxation		14,279,836	58,212,465	(18,753,642)	17,385,841
Earnings per share - basic and diluted		0.20	0.81	(0.26)	0.24

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the half year and quarter ended 31 December 2018

	Half year ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	(Rupees)		(Rupees)	
Profit for the period after taxation	14,279,836	58,212,465	(18,753,642)	17,385,841
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to statement of profit or loss</i>				
Net unrealised diminution on re-measurement of available for sale investments	-	(59,499,205)	-	(10,492,796)
Total comprehensive income for the period	14,279,836	(1,286,740)	(18,753,642)	6,893,045

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)

For the half year and quarter ended 31 December 2018

	Half year ended	
	31 December 2018	31 December 2017
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	51,905,393	99,378,423
Adjustments for non-cash and other items:		
Depreciation	9,383,051	8,312,049
Amortisation	5,121,095	3,120,126
Financial charges	344,928	356,316
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	42,885,287	(6,564,945)
Capital loss / (gain) on sale of investments - net	7,409,359	12,274,531
Impairment on leasehold improvements	3,100,000	-
Gain on disposal of fixed assets	(1,555,834)	(6,222)
	<u>66,687,886</u>	<u>17,491,855</u>
Operating cash flows before working capital changes	118,593,279	116,870,278
Movement in working capital		
(Increase) / decrease in current assets		
Loans and advances	(16,276,156)	(13,518,700)
Deposits, prepayments and other receivables	4,707,199	(3,622,218)
Accrued mark-up	(1,454)	(24,351)
Receivable from related parties	(2,602,188)	(50,094,388)
	<u>(14,172,599)</u>	<u>(67,259,657)</u>
Increase / (decrease) in current liabilities		
Unclaimed dividend	206,784	(199,767)
Trade and other payables	(35,519,450)	(28,583,565)
Net cash generated from operations	69,108,014	20,827,289
Taxes paid	(39,978,703)	(32,172,804)
Financial charges paid	(344,928)	(356,316)
Dividend paid	(126,000,000)	(125,975,628)
	<u>(166,323,631)</u>	<u>(158,504,748)</u>
Net cash used in operating activities	(97,215,617)	(137,677,458)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(26,394,453)	(17,376,314)
Sale proceeds from disposal	1,679,770	43,960
Long-term loans and receivables	991,253	2,087,300
Proceeds against redemption of investments	129,652,249	143,704,652
	<u>105,928,819</u>	<u>128,459,598</u>
Net decrease in cash and cash equivalents	8,713,202	(9,217,860)
Cash and cash equivalents at the beginning of the period	<u>19,491,053</u>	<u>8,713,202</u>
Cash and cash equivalents at the end of the period	28,204,255	9,474,636

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the half year and quarter ended 31 December 2018

	Reserves							Total
	Capital			Revenue				
	Issued, subscribed and paid-up capital	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	Unrealised appreciation on re-measurement of 'available for sale' financial assets	Sub-total	
Note	(Rupees)							
	720,000,000	396,000,000	(60,000,000)	336,000,000	203,615,334	319,922,103	523,537,437	1,579,537,437
Balance as at 1 July 2017	-	-	-	-	58,212,465	-	58,212,465	58,212,465
Profit after taxation for the half year ended 31 December 2017	-	-	-	-	-	(59,499,205)	(59,499,205)	(59,499,205)
Other comprehensive loss for the half year ended 31 December 2017	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Final dividend for the year ended 30 June 2017 at Rs 1.75 per share	-	-	-	-	(67,797,535)	(59,499,205)	(127,286,740)	(127,286,740)
Balance as at 31 December 2017	720,000,000	396,000,000	(60,000,000)	336,000,000	135,827,799	260,422,898	396,250,697	1,452,250,697
Profit after taxation for the half year ended 30 June 2018	-	-	-	-	65,980,438	-	65,980,438	65,980,438
Other comprehensive income for the half year ended 30 June 2018	-	-	-	-	-	49,304,997	49,304,997	49,304,997
Balance as at 30 June 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	201,808,237	309,727,895	511,536,132	1,567,536,132
Adjustment due to adoption of IFRS 9	-	-	-	-	309,727,895	(309,727,895)	-	-
Balance as at 1 July 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	511,536,132	-	511,536,132	1,567,536,132
Profit after taxation for the half year ended 31 December 2018	-	-	-	-	14,279,836	-	14,279,836	14,279,836
Final dividend for the year ended 30 June 2018 at Rs 1.75 per share	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Balance as at 31 December 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	(11,720,164)	-	(11,720,164)	(11,720,164)
	720,000,000	396,000,000	(60,000,000)	336,000,000	399,815,968	-	399,815,968	1,455,815,968

Note

Balance as at 1 July 2017
Profit after taxation for the half year ended 31 December 2017
Other comprehensive loss for the half year ended 31 December 2017
Final dividend for the year ended 30 June 2017 at Rs 1.75 per share

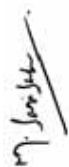
Balance as at 31 December 2017
Profit after taxation for the half year ended 30 June 2018
Other comprehensive income for the half year ended 30 June 2018

Balance as at 30 June 2018
Adjustment due to adoption of IFRS 9

Balance as at 1 July 2018
Profit after taxation for the half year ended 31 December 2018
Final dividend for the year ended 30 June 2018 at Rs 1.75 per share

Balance as at 31 December 2018

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

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 30 August 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (now integrated into the 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 19 January 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on 21 May 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being 27 June 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended 30 June 2011, which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB - Arif Habib Savings and Investments Limited effective from 23 May 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 The registered office of the Company is situated at 24th Floor, Centrepont, Off Shaheed-e- Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan.
- 1.4 The Company has been assigned an Asset Manager rating of AM2++ by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 8 October 2018. Currently, the Company is managing the following funds under management:

	Net assets value as at	
	31 December 2018	30 June 2018
	(Rupees in million)	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	1,501	1,519
MCB Pakistan Stock Market Fund	10,601	10,113
MCB Pakistan Sovereign Fund	591	585
Pakistan Capital Market Fund	546	619
Pakistan Cash Management Fund	353	889
Pakistan Income Enhancement Fund	871	1,350
MCB Pakistan Asset Allocation Fund	2,816	3,213
MCB DCF Income Fund	3,709	4,872
MCB Cash Management Optimizer	13,952	11,993
MCB Pakistan Frequent Payout Fund	327	487
Alhamra Islamic Asset Allocation Fund	3,595	3,633
Alhamra Islamic Stock Fund	2,426	3,550
Alhamra Islamic Income Fund	3,226	2,715
Alhamra Islamic Active Asset Allocation Fund Plan - I	1,356	1,404
Alhamra Islamic Active Asset Allocation Fund Plan - II	750	794

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2018

	Net assets value as at	
	31 December 2018	30 June 2018
	(Rupees in million)	
Alhamra Daily Dividend Fund	244	502
Pension Funds		
Pakistan Pension Fund	1,506	1,572
Al-Hamra Islamic Pension Fund	795	774
Discretionary portfolio	33,372	32,106

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

	Net assets value as at	
	31 December 2018	30 June 2018
	(Rupees in million)	
Number of clients	78	78
Total portfolio at cost	32,628	31,180
Total portfolio at market value	31,045	30,681
	31 December 2018	31 December 2017
Fee earned	19.1	11.7

- 1.5 In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient insurance coverage from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance Company has been assigned a credit rating of AA++ by the Pakistan Credit Rating Agency Limited (PACRA).

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
 - International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

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

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

3.2 New standards, interpretations and amendments adopted by the Company

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2018

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2018

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

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

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

3.4.1 IFRS 15 'Revenue from Contracts with Customers'

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

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

3.4.2 IFRS 9 'Financial Instruments'

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

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

i. Classification and measurement of financial assets and financial liabilities

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2018

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI

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

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees)					
Long-term investments	(a)	Available-for-sale	Mandatorily at FVTPL	520,628,175	520,628,175
Long-term loans	(b)	Loans and receivables	Amortised cost	13,258,718	13,258,718
Long-term deposits	(b)	Loans and receivables	Amortised cost	4,866,188	4,866,188
Receivable from related parties	(b)	Loans and receivables	Amortised cost	513,712,306	513,712,306
Loans and advances	(b)	Loans and receivables	Amortised cost	23,348,426	23,348,426
Deposits and other receivables	(b)	Loans and receivables	Amortised cost	28,491,037	28,491,037
Accrued mark-up	(b)	Loans and receivables	Amortised cost	201,661	201,661
Short-term investments	(a)	Available-for-sale	Mandatorily at FVTPL	194,268,111	194,268,111
Short-term investments	(c)	Financial assets at FVTPL	Mandatorily at FVTPL	424,303,397	424,303,397
Cash and Bank balances	(b)	Loans and receivables	Amortised cost	28,204,255	28,204,255
				<u>1,751,282,274</u>	<u>1,751,282,274</u>

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

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

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

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

ii. Impairment

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

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

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

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

- 3.6 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company for the year ended 30 June 2018.

4 FIXED ASSETS

	Note	(Unaudited) 31 December 2018	(Audited) 30 June 2018
		----- (Rupees) -----	
Tangible			
Property and equipment	4.1	103,858,341	92,902,785
Capital work in progress		4,454,270	1,900,586
		108,312,611	94,803,371

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2018

		(Unaudited) 31 December 2018	(Audited) 30 June 2018
		----- (Rupees) -----	
Intangible assets			
Computer software	4.2	26,958,076	31,800,262
Goodwill	4.2	82,126,933	82,126,933
Management rights	4.2	192,000,000	192,000,000
		301,085,009	305,927,195
		409,397,620	400,730,566

4.1 Property and equipment

Following is a statement of property and equipment:

	31 December 2018 (Unaudited)					
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	----- (Rupees) -----					
As at 1 July 2018						
Cost	33,591,515	28,032,673	16,734,895	66,331,512	9,456,267	154,146,862
Accumulated depreciation	(22,967,800)	(14,562,180)	(4,214,559)	(11,762,521)	(7,737,017)	(61,244,077)
Net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
Half year ended 31 December 2018						
Opening net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250	92,902,785
Additions during the period	2,768,919	2,092,548	3,823,407	14,877,670	-	23,562,544
Disposals during the period:						
Cost	-	(1,130,049)	-	-	(7,095,287)	(8,225,336)
Accumulated depreciation	-	1,006,112	-	-	7,095,287	8,101,399
	-	(123,937)	-	-	-	(123,937)
Write offs during the period:						
Cost	-	-	(968,690)	(3,309,035)	-	(4,277,725)
Accumulated depreciation	-	-	267,297	910,428	-	1,177,725
	-	-	(701,393)	(2,398,607)	-	(3,100,000)
Depreciation for the period	(2,446,191)	(2,447,010)	(816,127)	(3,449,473)	(224,250)	(9,383,051)
Closing net book value	10,946,443	12,992,094	14,826,223	63,598,581	1,495,000	103,858,341
As at 31 December 2018						
Cost	36,360,434	28,995,172	19,589,612	77,900,147	2,360,980	165,206,345
Accumulated depreciation	(25,413,991)	(16,003,078)	(4,763,389)	(14,301,566)	(865,980)	(61,348,004)
Net book value	10,946,443	12,992,094	14,826,223	63,598,581	1,495,000	103,858,341
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%	

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

	30 June 2018 (Audited)					Total
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	
	(Rupees)					
As at 1 July 2017						
Cost	28,094,752	22,523,576	15,025,031	57,748,037	7,662,267	131,053,663
Accumulated depreciation	(18,535,777)	(9,633,950)	(2,716,360)	(5,434,414)	(7,662,267)	(43,982,768)
Net book value	<u>9,558,975</u>	<u>12,889,626</u>	<u>12,308,671</u>	<u>52,313,623</u>	<u>-</u>	<u>87,070,895</u>
Year ended 30 June 2018						
Opening net book value	9,558,975	12,889,626	12,308,671	52,313,623	-	87,070,895
Additions during the year	5,934,633	5,687,731	1,709,864	8,583,475	1,794,000	23,709,703
Disposals during the year						
Cost	(437,870)	(178,634)	-	-	-	(616,504)
Accumulated depreciation	395,676	77,876	-	-	-	473,552
	(42,194)	(100,758)	-	-	-	(142,952)
Depreciation for the year	(4,827,699)	(5,006,106)	(1,498,199)	(6,328,107)	(74,750)	(17,734,861)
Closing net book value	<u>10,623,715</u>	<u>13,470,493</u>	<u>12,520,336</u>	<u>54,568,991</u>	<u>1,719,250</u>	<u>92,902,785</u>
As at 30 June 2018						
Cost	33,591,515	28,032,673	16,734,895	66,331,512	9,456,267	154,146,862
Accumulated depreciation	(22,967,800)	(14,562,180)	(4,214,559)	(11,762,521)	(7,737,017)	(61,244,077)
Net book value	<u>10,623,715</u>	<u>13,470,493</u>	<u>12,520,336</u>	<u>54,568,991</u>	<u>1,719,250</u>	<u>92,902,785</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>20% - 50%</u>	<u>10%</u>	<u>10% - 20%</u>	<u>25%</u>	

4.1.1 There were no disposal of fixed assets during the period, whose aggregate book value exceeds Rs. 500,000.

4.1.2 Included in the cost of property and equipment are fully depreciated items which are still in use, aggregating to Rs. 55.587 million (30 June 2018: Rs. 46.801 million).

4.2 Intangible assets

Following is a statement of intangible assets:

	31 December 2018 (Unaudited)			Total
	Computer software	Goodwill	Management rights	
	(Rupees)			
As at 1 July 2018				
Cost	68,429,778	82,126,933	192,000,000	342,556,711
Accumulated amortisation	(36,629,516)	-	-	(36,629,516)
Net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
Half year ended 31 December 2018				
Opening net book value	31,800,262	82,126,933	192,000,000	305,927,195
Additions during the period	278,909	-	-	278,909
Amortisation for the period	(5,121,095)	-	-	(5,121,095)
Closing net book value	<u>26,958,076</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>301,085,009</u>
As at 31 December 2018				
Cost	68,708,687	82,126,933	192,000,000	342,835,620
Accumulated amortisation	(41,750,611)	-	-	(41,750,611)
Net book value	<u>26,958,076</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>301,085,009</u>
Amortisation rates (% per annum)	<u>25%</u>			

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2018

	30 June 2018 (Audited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2017				
Cost	40,020,325	82,126,933	192,000,000	314,147,258
Accumulated amortisation	(27,886,539)	-	-	(27,886,539)
Net book value	<u>12,133,786</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>286,260,719</u>
Year ended 30 June 2018				
Opening net book value	12,133,786	82,126,933	192,000,000	286,260,719
Additions during the year	28,409,453	-	-	28,409,453
Amortisation for the year	(8,742,977)	-	-	(8,742,977)
Closing net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
As at 30 June 2018				
Cost	68,429,778	82,126,933	192,000,000	342,556,711
Accumulated amortisation	(36,629,516)	-	-	(36,629,516)
Net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
Amortisation rates (% per annum)	<u>25%</u>			

4.3 Depreciation and amortisation is allocated as follows:

		(Unaudited)			
	Note	31 December 2018		31 December 2017	
		Depreciation	Amortisation	Depreciation	Amortisation
		(Rupees)			
Charged to statement of profit or loss	13	9,159,914	4,999,311	8,312,049	3,120,126
Charged to Collective Investment Schemes under management	13.1	223,137	121,784	279,604	93,741
		<u>9,383,051</u>	<u>5,121,095</u>	<u>8,591,653</u>	<u>3,213,867</u>

5 LONG-TERM INVESTMENTS

Investments in pension schemes - related parties

	Note	(Unaudited) 31 December 2018	(Audited) 30 June 2018
At fair value through profit or loss	5.1	498,340,119	-
Available-for-sale investments		-	520,628,175
		<u>498,340,119</u>	<u>520,628,175</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

5.1 At fair value through profit or loss

Name of the Investee Fund	Note	As at 1 July 2018	Purchased during the period	Redeemed / sold during the period	As at 31 December 2018	As at 31 December 2018 (Unaudited)		
						Carrying value	Market value	Unrealised diminution
----- (Number of units) -----						-----	(Rupees)	-----
Pakistan Pension Fund	5.1.1	805,305	-	-	805,305	255,569,563	245,907,925	(9,661,638)
Alhamra Islamic Pension Fund	5.1.1	876,129	-	-	876,129	265,058,612	252,432,194	(12,626,418)
						520,628,175	498,340,119	(22,288,056)

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

	Note	(Unaudited) 31 December 2018	(Audited) 30 June 2018
6 LONG-TERM LOANS AND PREPAYMENTS		(Rupees)	
Loans:			
Secured - considered good			
- to executives	6.1	15,682,472	6,768,513
- to other employees		7,511	9,311
Less: Current portion of loans		<u>(2,431,265)</u>	<u>(1,449,092)</u>
		13,258,718	5,328,732
Prepayments:			
Prepaid commission against bachat units		<u>49,068,440</u>	<u>64,666,681</u>
Less: Current portion	8	<u>(34,864,721)</u>	<u>(39,764,763)</u>
		14,203,719	24,901,918
		<u>27,462,437</u>	<u>30,230,650</u>

6.1 This includes interest-free loans amounting to Rs. 10.284 million (30 June 2018: Rs. 8.188 million) for a period of 5 years given to executives as per the terms of employment for the purchase of motor vehicles and club membership. This also includes interest based housing finance loan amounting to Rs. 8 million (30 June 2018: NIL) given to an executive at the rate of 4.5% per annum for a period of 20 years secured against pension fund balance maintained with the Company. Based on month end balances, the maximum aggregate balance of loans to executives outstanding at any time during the period was Rs. 15.68 million (2018: Rs. 6.76 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2018

7	RECEIVABLE FROM RELATED PARTIES		(Unaudited) 31 December 2018	(Audited) 30 June 2018
		Note	----- (Rupees) -----	
	Unsecured - considered good			
	Pakistan Income Fund		11,469,335	10,866,481
	MCB Pakistan Stock Market Fund		94,379,599	90,829,265
	MCB Pakistan Sovereign Fund		33,797,909	33,674,865
	Pakistan Capital Market Fund		8,010,210	7,636,924
	Pakistan Pension Fund		9,210,633	8,981,026
	Alhamra Islamic Pension Fund		4,266,038	4,457,700
	Pakistan Cash Management Fund		12,231,106	12,243,335
	Pakistan Income Enhancement Fund		22,636,036	22,778,551
	Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
	MCB Pakistan Asset allocation Fund		44,129,575	46,366,084
	MCB Cash Management Optimizer		67,810,545	64,520,591
	MCB DCF Income Fund		132,771,343	134,131,922
	MCB Pakistan Frequent Payout Fund		4,830,961	5,058,058
	Alhamra Islamic Stock Fund		14,297,541	16,349,173
	Alhamra Islamic Asset Allocation Fund		19,859,061	21,112,138
	Alhamra Islamic Income Fund		15,256,122	14,312,957
	Alhamra Islamic Active Asset Allocation Fund - Plan I		179,106	190,781
	Alhamra Islamic Active Asset Allocation Fund - Plan II		79,783	105,810
	Alhamra Daily Dividend Fund		286,408	197,897
	MCB Financial Planning Fund (Proposed fund)		1,000,000	1,000,000
		7.1	500,768,671	499,080,918
	Advisory fee on account of discretionary portfolio management			
	Adamjee Life Assurance Company Limited		10,331,273	9,023,008
	Other receivables			
	Adamjee Life Assurance Company Limited		2,500,000	2,500,000
	Arif Habib Limited		112,363	506,193
			513,712,307	511,110,119

- 7.1 The above amounts includes Federal Excise Duty amounting to Rs 399.62 million (30 June 2018: Rs 399.62 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 11.2 to the condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2018

8	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		(Unaudited)	(Audited)
			31 December 2018	30 June 2018
		Note	----- (Rupees) -----	
	Deposits		5,000	1,697,676
	Prepayments			
	Registration fee		318,509	568,509
	Insurance		1,342,650	5,144,565
	Current portion of prepaid commission against bachat units	6	34,864,721	39,764,763
	Others		5,062,852	1,675,609
			41,588,732	47,153,446
	Other receivables			
	Advisory fee on account of discretionary portfolio management		37,823,027	31,824,743
	Others		484,924	376,950
			38,307,951	32,201,693
	Provision against advisory fee	8.1	(9,500,686)	(5,944,619)
			70,400,997	75,108,196
8.1	Movement in provision			
	Opening balance		5,944,619	-
	Provision made during the period		3,556,067	5,944,619
	Closing balance		9,500,686	5,944,619
9	SHORT-TERM INVESTMENTS		(Unaudited)	(Audited)
			31 December 2018	30 June 2018
			----- (Rupees) -----	
	Investment in Collective Investment Schemes - related parties			
	At fair value through profit or loss	9.1	460,911,986	424,303,397
	Available-for-sale investments		-	194,268,111
			460,911,986	618,571,508

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2018

9.1 At fair value through profit or loss

Name of the Investee Fund	Note	As at 1 July 2018	Purchased during the period	Redeemed / sold during the period	As at 31 December 2018	As at 31 December 2018 (Unaudited)		
						Carrying value	Market value	Unrealised appreciation / (diminution)
			(Number of units)				(Rupees)	
MCB Cash Management Optimizer		4,005,352	11,504,507	13,377,362	2,132,498	214,412,254	214,795,407	383,153
MCB Pakistan Stock Market Fund	9.1.1	2,048,989	2,432,680	1,569,518	2,912,150	267,096,963	246,116,579	(20,980,384)
Alhamra Daily Dividend Fund		-	411,818	411,818	-	-	-	-
Pakistan Income Enhancement Fund		-	13,091,079	13,091,079	-	-	-	-
MCB Pakistan Asset Allocation Fund		-	647,478	647,478	-	-	-	-
						<u>481,509,217</u>	<u>460,911,986</u>	<u>(20,597,231)</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

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

10 ADVANCE TAX - NET OF PROVISIONS

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

	Note	(Unaudited) 31 December 2018	(Audited) 30 June 2018
11 TRADE AND OTHER PAYABLES		----- (Rupees) -----	
Accrued expenses and other payables		60,124,276	81,637,452
Sindh Workers' Welfare Fund	11.1	26,639,050	25,569,050
Withholding tax payable		3,397,021	1,767,302
Indirect taxes and duties payable	11.2	412,167,365	408,073,171
Payable to facilitators / distributors		84,303,787	105,103,974
		<u>586,631,499</u>	<u>622,150,949</u>

11.1 Through Finance Act, 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971, whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund was not in the spirit of law as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the Supreme Court of Pakistan.

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers' Welfare Fund Ordinance, 1971, accordingly an amount of Rs. 14.442 million has been reversed during the year ended 30 June 2017. Further, as a consequence of passage of the 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (SWWF) which was effective from 01 July 2014. The Company believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 26.6 million (30 June 2018: Rs. 25.6 million) with effect from 1 July 2014. Moreover, the management has decided not to reverse WWF amounting to Rs. 5.10 million which have been already paid to Tax Authority until the said amount is refunded back.

11.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on 4 September 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said SHC order in the Honorable Supreme Court of Pakistan and thus the Company has maintained full provision for Federal Excise Duty (FED) amounting to Rs. 399.62 (30 June 2018: Rs. 399.62) million as a matter of abundant caution.

12	MANAGEMENT AND INVESTMENT ADVISORY FEE	Note	Half year ended		Quarter ended	
			31 December 2018	31 December 2017	31 December 2018	31 December 2017
			----- (Unaudited) -----			
			----- (Rupees) -----			
From Collective Investment Schemes						
- related parties						
	MCB Cash Management Optimizer		56,357,506	41,174,379	33,357,824	21,560,507
	MCB Pakistan Asset Allocation Fund		35,332,524	36,655,008	17,019,806	17,417,408
	MCB DCF Income Fund		34,041,522	52,029,900	16,027,906	25,523,693
	Alhamra Islamic Income Fund		12,569,642	8,570,044	6,723,789	4,865,320
	MCB Pakistan Sovereign Fund		2,853,570	4,174,861	1,488,406	1,919,895
	Pakistan Capital Market Fund		6,880,717	7,081,620	3,360,141	3,432,598
	Pakistan Cash Management Fund		1,650,216	3,282,022	809,287	1,149,199
	Pakistan Income Enhancement Fund		6,920,077	11,539,831	3,558,973	6,354,060
	Pakistan Income Fund		8,164,203	13,589,751	4,260,859	6,535,451
	Alhamra Islamic Asset Allocation Fund		43,250,229	21,950,209	21,764,376	12,484,607
	MCB Pakistan Stock Market Fund		129,498,681	115,940,051	65,712,301	54,732,295
	Alhamra Islamic Stock Fund		37,698,242	33,888,685	18,027,821	17,172,667
	MCB Pakistan Frequent Payout Fund		2,607,474	4,082,328	1,175,252	1,913,272
	Alhamra Islamic Active Allocation Fund Plan I		406,128	476,984	192,064	224,637
	Alhamra Islamic Active Allocation Fund Plan II		93,085	213,880	33,650	148,803
	Alhamra Daily Dividend Fund		1,215,167	-	680,096	-
			379,538,983	354,649,553	194,192,551	175,434,412
From Pension Schemes - related parties						
	Pakistan Pension Fund		13,244,598	11,937,360	6,597,257	5,895,785
	Alhamra Islamic Pension Fund		6,871,347	5,908,670	3,494,656	2,888,452
			20,115,945	17,846,030	10,091,913	8,784,237
12.1			399,654,928	372,495,583	204,284,464	184,218,649
	Investment advisory fee from discretionary portfolio management	12.2	19,190,887	11,736,406	12,234,936	9,162,639
			418,845,815	384,231,989	216,519,400	193,381,288
	Less: Sindh Sales Tax		(48,185,802)	(44,203,680)	(24,909,312)	(22,247,405)
			370,660,013	340,028,309	191,610,088	171,133,883

- 12.1 Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged does not exceed 2% of the average annual net assets in case of Equity, Balanced, Asset Allocation Schemes and Capital Protected (dynamic asset allocation-direct exposure), 1.5% of average annual net assets in case of Income, Aggregate income, Index, Fund of Funds and Commodity Schemes (cash settled) and 1% of average annual net assets in case of Money Market, Commodity Schemes (deliverables) and Capital protected schemes, that has been verified by the trustee. In accordance with Rule 11 of the Voluntary Pension System Rules, 2005 the management fee from the pension funds is charged at the rate of 1.5% of the average of values of the net assets of the pension fund calculated during the period for determining the prices of the units of the sub-funds.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

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

Note	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- (Unaudited) -----			
	----- (Rupees) -----			

13 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	177,890,050	124,300,140	95,495,029	63,577,393
Legal and professional charges	4,229,054	6,517,941	2,352,805	5,304,887
Travelling and conveyance charges	3,842,988	4,274,252	2,464,746	1,033,046
Rent, utilities, repairs and maintenance	46,949,845	41,088,491	22,772,757	20,831,441
Office supplies	494,991	546,443	262,322	349,470
Auditors' remuneration	1,300,000	1,217,450	600,000	617,450
Directors' meeting fee	2,700,000	2,150,000	1,275,000	950,000
Insurance	790,215	492,876	318,147	105,832
Depreciation	4.3 9,159,914	8,312,049	4,911,897	4,118,426
Amortisation	4.3 4,999,311	3,120,126	2,504,216	1,586,716
Stamp duty and taxes	150,000	388,050	150,000	388,050
Registrar fee	366,891	220,862	289,593	87,953
Printing and stationery	1,994,507	1,600,165	1,152,306	786,017
Telephone expenses	2,921,405	3,637,898	1,217,824	2,025,783
Entertainment expenses	4,072,286	2,344,685	3,425,257	1,479,672
Books, periodicals and subscription	5,375,385	8,361,110	1,874,150	5,467,116
Impairment on property and equipment	4.1 3,100,000	-	3,100,000	-
Provision against advisory fees receivable	8.1 3,556,067	2,769,222	3,556,067	2,769,223
	13.1 <u>273,892,909</u>	<u>211,341,760</u>	<u>147,722,116</u>	<u>111,478,475</u>

13.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated 25 November 2015 introduced amendments in the NBFC Regulations. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CISs) upto a maximum of 0.1% of average annual net assets of the scheme. Accordingly, expenses amounting to Rs 23.95 million (31 December 2017: 23.89 million) have been charged by the Company to the respective CISs under its management.

14 SELLING AND DISTRIBUTION EXPENSES

The SECP vide Circular 5/2018 dated 4 June 2018, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to all categories of open end mutual funds except for fund of funds and money market fund (from 01 January 2017 till 31 December 2019) for the cost pertaining to opening and maintenance of all branches by the AMC in all cities and payment of salaries to sales team posted at all branches of an AMC. Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses, whichever is lower. The expenses amounting to Rs. 44.71 million (31 December 2017: Rs. 37.91 million) have been charged by the Company to aforesaid funds under its management.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

15 OTHER INCOME

This includes gain of Rs. 1.413 million on disposal of a fully depreciated vehicle to a director of the Company. The market value of the vehicle disposed was determined as Rs 1.5 million as per the valuation report provided by the independent valuer, however the Board has unanimously approved an amount of Rs. 1.413 million, being the written down value of the vehicle based on pre-merger policy of 20 percent per annum reducing balance method of AHIL, in Board of Director's meeting held on 26 October 2018.

16 CONTINGENCIES AND COMMITMENTS

16.1 For details of contingencies and commitments, where there is no change during the period ended 31 December 2018, refer the annual financial statements of the Company for the year ended 30 June 2018.

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

17 TRANSACTIONS WITH RELATED PARTIES

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

17.1 Transactions with related parties during the period

			Half year ended	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	31 December 2018	31 December 2017
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% Holding	Commission and other expenses	24,035,690	28,109,772
		Profit on bank deposits	665,053	413,783
		Reimbursement of expenses	-	11,310,750
		Branch sharing expenses	2,292,984	2,084,529
		Dividend paid	64,674,344	64,674,344
		Financial charges	71,642	348,816
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank charges	6,877	43,195
Nishat Real Estate Development Company (Pvt) Limited	Group Company of Parent Company	Rent expense	1,811,797	1,646,994
Nishat Hotels and Properties Limited	Group Company of Parent Company	Rent expense	1,320,000	1,200,000
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	9,350,665	6,773,225

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2018	31 December 2017
			----- (Rupees) -----	
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance Dividend paid	1,062,294 9,558,500	1,271,863 8,954,750
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	32,225,448	37,912,292
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	94,608	348,260
MCB Cash Management Optimizer	Funds under management	Management fee	49,873,898	41,174,378
		Reimbursement of expenses	6,335,429	5,731,908
		Investment in units	1,143,427,179	250,000,000
		Redemption of units	1,347,527,945	350,500,000
MCB DCF Income Fund	Funds under management	Management fee	30,125,241	52,029,900
		Share of sales load	176,125	-
		Back end load	1,610	15,045
		Reimbursement of expenses	2,008,349	3,069,611
Alhamra Islamic Income Fund	Funds under management	Management fee	11,123,576	8,570,044
		Share of sales load	51,000	-
		Sharia fee paid on behalf of the fund	450,000	450,000
		Reimbursement of expenses	1,344,997	1,286,220
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	31,267,720	36,655,008
		Share of sales load	54,718	-
		Reimbursement of expenses	1,562,831	1,621,903
		Selling and marketing	6,253,095	6,487,223
		Back-end load	1,563,464	4,222,459
		Redemption of units	50,000,000	-
		Investment in units	50,123,345	-
MCB Pakistan Frequent Payout Fund	Funds under management	Management fee	2,307,499	4,082,327
		Reimbursement of expenses	191,705	375,737
		Selling and marketing	-	1,053,115
Alhamra Islamic Stock Fund	Funds under management	Management fee	33,361,276	33,888,684
		Share of sales load	379,718	935,960
		Reimbursement of expenses	1,668,062	1,499,499
		Selling and marketing	6,672,255	5,997,780
		Sharia fee paid on behalf of the fund	450,000	450,000
		Others	17,620	-
MCB Pakistan Sovereign Fund	Funds under management	Management fee	2,525,282	4,174,860
		Reimbursement of expenses	304,039	590,609
MCB Pakistan Stock Market Fund	Funds under management	Management fee	114,600,604	115,937,826
		Share of sales load	1,379,730	-
		Reimbursement of expenses	5,730,030	5,129,992
		Selling and marketing	22,920,120	20,519,969
		Investments in units	219,086,942	49,672,080
		Redemption of units	144,000,000	90,000,000
		Others	8,605	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2018	31 December 2017
			----- (Rupees) -----	
Pakistan Capital Market Fund	Funds under management	Management fee	6,089,130	7,081,620
		Share of sales load	7,051	-
		Reimbursement of expenses	304,457	313,346
		Selling and marketing	1,217,827	-
		Others	259,916	-
Pakistan Cash Management Fund	Funds under management	Management fee	1,460,367	3,282,022
		Reimbursement of expenses	175,882	472,373
Pakistan Income Enhancement Fund	Funds under management	Management fee	6,123,962	11,539,831
		Share of sales load	68	123,932
		Reimbursement of expenses	481,910	983,581
		Investments in units	709,756,691	-
		Redemption of units	710,277,275	-
Pakistan Income Fund	Funds under management	Management fee	7,224,958	13,589,752
		Share of sales load	150,146	-
		Reimbursement of expenses	816,861	801,755
		Others	18,570	-
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	38,274,540	21,950,209
		Share of sales load	695,330	-
		Back end load	5,871,497	1,091,677
		Reimbursement of expenses	1,913,728	971,248
		Selling and marketing	7,654,908	3,884,993
		Shariah fee paid on behalf of the fund	450,000	450,000
Alhamra Islamic Pension Fund	Funds under management	Management fee	6,080,837	5,908,669
		Share of sales load	116,572	-
		Contribution to fund on behalf of the employees	7,732,587	4,706,121
Pakistan Pension Fund	Funds under management	Management fee	11,720,883	11,937,359
		Share of sales load	53,994	-
		Contribution to fund on behalf of the employees	2,600,088	1,799,657
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	359,404	476,983
		Reimbursement of expenses	696,722	741,361
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	82,376	216,110
		Back-end load	-	180,916
		Reimbursement of expenses	380,187	308,461
Alhamra Daily Dividend Fund	Funds under management	Management fee	1,075,549	-
		Dividend income	213,866	-
		Investments in units	41,181,782	-
		Redemption of units	41,181,782	-
Directors & Executives	Directors and key executives	Dividend paid	43,123	-
Executive Director		Remuneration and other benefits	15,034,842	9,106,722
Vice Chairman		Sale of Vehicle	1,413,590	-
Chief Executive Officer		Club membership loan	-	2,000,000
Key Management Personnel	Other connected persons / related parties	Remuneration and other benefits	26,567,993	16,252,546
Chief Investment Officer		Club membership loan	2,000,000	-
		Housing loan	8,000,000	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

17.2 Amount outstanding as at period end

Amount outstanding as at period end			Half year ended	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	31 December 2018	31 December 2017
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% Holding	Bank balance	23,306,168	14,713,692
		Other payable	14,417,665	14,379,790
		Commission payable	3,090,473	3,331,143
		Mark-up receivable	133,452	166,561
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	1,073,398	1,056,985
		Mark-up receivable	1,269	1,041
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Advisory fee receivable	10,331,273	9,023,008
		Receivable against sale of intangible	2,500,000	2,500,000
Nishat Real Estate Development Company (Pvt.) Ltd.	Group Company of Parent Company	Rent Deposit	784,326	784,326
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	112,363	506,193
MCB DCF Income Fund	Funds under management	Remuneration receivable	104,390,574	105,431,420
		Sales load receivable	28,066,353	28,324,680
		Receivable against reimbursement of expenses	314,415	375,822
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	24,642,856	24,871,165
		Sales load receivable	16,205,614	16,757,790
		Back-end load	20,509	1,293,734
		Receivable against reimbursement of expenses	248,457	258,560
		Receivable against selling & marketing expenses	3,012,138	3,184,835
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	67,341,664	63,337,767
		Closing balance of investment in units	214,795,403	424,303,397
		Receivable against reimbursement of expenses	450,092	1,182,824
		Others	18,788	-
Alhamra Islamic Income Fund	Funds under management	Remuneration receivable	11,760,626	10,659,129
		Sales load receivable	3,145,863	3,114,407
		Receivable against reimbursement of expenses	274,632	464,421
		Receivable against shariah fee	75,000	75,000
MCB Pakistan Stock Market Fund	Funds under management	Remuneration receivable	76,291,222	74,514,641
		Sales load receivable	5,500,781	4,489,367
		Other receivable	5,022	5,026
		Closing balance of investment in units	246,116,535	194,268,111
		Receivable against reimbursement of expenses	952,074	873,464
		Receivable against selling & marketing expenses	11,630,495	10,946,767
Pakistan Income Fund	Funds under management	Remuneration receivable	10,634,162	10,298,358
		Sales load receivable	712,348	445,802
		Receivable against reimbursement of expenses	122,981	122,321

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2018	31 December 2017
			----- (Rupees) -----	
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	29,578,585	29,452,072
		Sales load receivable	4,179,840	4,169,841
		Receivable against reimbursement of expenses	50,485	52,952
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	6,712,701	7,050,273
		Sales load receivable	393,535	396,220
		Receivable against reimbursement of expenses	48,711	52,147
		Receivable against selling & marketing expenses	594,716	138,284
		Others	260,513	-
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	10,384,163	12,221,892
		Sales load receivable	439,879	143,179
		Receivable against reimbursement of expenses	207,733	289,060
		Receivable against selling & marketing expenses	3,190,765	3,620,042
		Receivable against Shariah Fee	75,000	75,000
Pakistan Pension Fund	Funds under management	Remuneration receivable	8,191,528	8,140,003
		Sales load receivable	1,019,104	841,023
		Closing balance of investment in units	245,907,925	255,569,563
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	13,081,913	12,443,393
		Sales load receivable	1,560,882	4,163,891
		Back end load receivable	971,884	744,899
		Receivable against reimbursement of expenses	317,279	289,026
		Receivable against selling & marketing expenses	3,852,102	3,395,929
Receivable against shariah fee	75,000	75,000		
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	4,191,578	4,099,420
		Sales load receivable	74,458	358,280
		Closing balance of investment in units	252,432,193	265,058,612
Pakistan Sarmaya Mahfooz Fund (Matured)	Funds under management	Remuneration receivable	1,960,082	1,960,082
		Sales load receivable	2,307,278	2,307,278
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	12,205,847	12,174,814
		Receivable against reimbursement of expenses	25,259	68,521
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	17,821,228	17,911,242
		Sales load receivable	4,746,446	4,748,432
		Other receivable	-	3,529
		Receivable against reimbursement of expenses	77,631	115,348

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2018	31 December 2017
			----- (Rupees) -----	
MCB Pakistan Frequent Payout Fund	Funds under management	Remuneration receivable	1,178,444	1,393,526
		Sales load receivable	3,624,619	3,624,619
		Receivable against reimbursement of expenses	27,898	39,913
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Remuneration receivable	60,956	74,282
		Receivable against reimbursement of expenses	119,156	116,499
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Remuneration receivable	15,618	38,774
		Receivable against reimbursement of expenses	64,165	67,036
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	286,588	157,897
		Payable against bank charges	76,758	19,212
		Other receivable	40,000	40,000

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Fair value hierarchy

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

- Level 1
quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Level 2
inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Level 3
inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2018

On-balance sheet		31 December 2018 (Unaudited)							
financial instruments		Carrying amount			Fair value				
Note		Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees)									
Financial assets measured at fair value									
	Long-term investments	498,340,119	-	-	498,340,119	498,340,119	-	-	498,340,119
	Short-term investments	460,911,986	-	-	460,911,986	460,911,986	-	-	460,911,986
		959,252,105	-	-	959,252,105	959,252,105	-	-	959,252,105
Financial assets not measured at fair value									
18.1	Long-term loans	-	-	13,258,718	13,258,718				
	Long-term deposits	-	-	4,866,188	4,866,188				
	Receivable from related parties	-	-	513,712,307	513,712,307				
	Loans and advances	-	-	23,348,426	23,348,426				
	Deposits and other receivables	-	-	28,491,037	28,491,037				
	Accrued mark-up	-	-	201,661	201,661				
	Cash and Bank balances	-	-	28,204,255	28,204,255				
		-	-	612,082,592	612,082,592				
Financial liabilities not measured at fair value									
18.1	Trade & other payables	-	-	144,428,063	144,428,063				
	Unclaimed dividend	-	-	4,410,416	4,410,416				
		-	-	148,838,479	148,838,479				

30 June 2018 (Audited)

MCB Arif Habib Savings and Investments Limited 44

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2018

During the period ended 31 December 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

19 GENERAL

19.1 Corresponding figures

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation. No significant reclassification was made in this condensed interim financial information during the current period.

19.2 Date of authorisation for issue

This condensed interim financial information was authorised for issue on 18 February, 2019 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer










Director



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MCB-Arif Habib Savings and Investments Limited

Head Office: 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,
URL: www.mcbah.com, Email: info@mcbah.com