



MCB-ARIF HABIB
Savings and Investments Limited

AM2
WFOE

HALF YEAR REPORT

DECEMBER
2019
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited

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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

COMPANY INFORMATION

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

DIRECTORS' REPORT

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, 2019.

PRINCIPAL BUSINESS

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

THE BUSINESS ENVIRONMENT

Economy and Money Market Review

Stabilization measures pursued by the Government have started to bear fruits as the Balance of Payment situation continues to improve. The Current Account Deficit (CAD) contracted by approximately 75 per cent on a Year on Year (YoY) basis to USD 2.1 billion in the first half of financial year 2019-20 (FY20). Imports of goods and services continued to nose dive as it compressed by 18.5 per cent while exports of goods and services increased by 4.8 per cent in the first half of fiscal year. Remittances provided a moderate buffer, increasing by 3.3 per cent to USD 11.4 billion during the period. Foreign exchange reserves increased by a massive USD 4.1 billion during the period as Pakistan received flows from International Monetary Fund (IMF) and multilateral institutions, while the outflow from Current Account Deficit (CAD) remained restrained.

Consumer Price Index (CPI) was rebased with a new base of 2015-16 and the average for newly rebased Consumer Price Index (CPI) clocked in at 11.1 per cent on a Year on Year (YoY) for the first half of FY20. Food inflation took a toll on the overall Consumer Price Index (CPI), as it increased by 14.9 per cent during the period. Major hit on food inflation surfaced from a hike in the prices of perishable food items after imports from India was banned. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 8.1 per cent for the period. All the monetary policy meetings held during the period kept interest rates on a status quo citing near term inflation as the major concern.

The outlook on Gross Domestic Product (GDP) growth ranged in between 2.5 per cent to 3.5 per cent according to various institutions. However, as of late, it was expected to remain on the lower side as weak production outlook of major crops (Cotton, Wheat and Sugar) along with a lower industrial growth arising out of weaker than expected Large Scale Manufacturing (LSM) growth is expected to take a dent on the overall growth. Large Scale Manufacturing as anticipated continued on a downward trajectory as the import based consumption demand evaporated. Large Scale Manufacturing (LSM) posted a decline of approximately 5.9 per cent in the first five months of FY20, with most of the decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 37.7 per cent and 13.8 per cent respectively.

Provisional number of tax collection were also encouraging as Federal Board of Revenue (FBR) collected PKR 2,080 billion in the first half of the current fiscal year, which was 17 per cent higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax revenue grew by 28 per cent Year on Year (YoY). The target for primary deficit is also expected to be met as the Government had generated significant buffer during the first quarter.

DIRECTORS' REPORT

During the period under review, yield curve shifted downwards owing to massive demand for longer tenor bonds as market participants drew comfort from stabilization measures and anticipated outlook of lower inflation. Alongside, participation from foreign investors at such an unprecedented scale for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. Three (3) Year bonds eased off by 221 basis points while the longer tenor (10Y) bonds eased off by approximately 300 basis points during the first half. While, the State Bank of Pakistan (SBP) left the Policy Rate unchanged at 13.25 percent during the all-monetary policies held in the quarter, citing the outlook on near term inflation however, it vowed to bring down inflation to 5-7 percent over the course of next 2 years.

Equity Market Review

While fiscal year 2020 had a dismal start during the first quarter, it sharply rebounded during the second quarter posting an astounding return of 27 per cent during the second quarter, taking the cumulative return of first half to 20.2 per cent. Foreigners after an extended period turned out to be net buyers, whilst accumulating a moderate USD 8 million during the first half. Individuals turned out to be major buyers during the period taking an exposure of USD 140 million in equities, while commercial banks and mutual funds turned out to be net sellers reducing their exposure by USD 91 million and USD 53 million respectively. Volumes and values traded averaged around 180.49 million shares/ PKR 6.54 billion during the period.

Confidence in the risk assets was rejuvenated after data on external sector pointed out towards stability while currency appreciated by approximately 6 percent from its lows. Reversal of long term bond yields also proved to be a major catalyst for bull-run in the equity markets. Bond markets rallied as the outlook on inflation improved after a stable currency and perhaps as the Central Bank vowed to fight inflation and bring it in a range of 5-7 percent in next 24 months. Most of the cyclical had a stellar performance during the first half as cheap valuations along with a better medium term growth outlook provided the impetus. Along with that, appreciation in local currency for the first time after several years provided the much required boost to cyclical. Engineering and pharmaceutical sectors delivered significant outperformance (approximately 43/36 per cent respectively) during the period. While, Exploration & Production, Fertilizer, and Banks underperformed the market generating returns of 19 per cent /17 per cent and 12 per cent respectively.

Economy & Market - Future Outlook

Policy adjustments by the Central Bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits for the current year. International Monetary Fund forecasts Pakistan gross domestic product growth to slow down to 2.5 per cent in FY20, in the wake of tightening policies pursued by the Government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the Government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as Current Account Deficit has adjusted to reasonable level since the policy actions taken by the Central Government. Our forecast at very conservative assumptions is that Current Account Deficit will settle at 2.3 per cent of Gross Domestic Product. We have assumed crude oil prices at USD 70/barrel for the remaining part of the year, which are currently hovering near USD 60/barrel. After signing up for an International Monetary Fund program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to

DIRECTORS' REPORT

increase to approximately USD 14 billion by the end of the current fiscal year. With PKR aligned to its equilibrium levels (October 2019 Real Effective Exchange Rate at 95.9) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

Consumer price index is expected to average approximately 11.9 per cent in the current fiscal year owing to lagged impact of currency depreciation along with a rise in food inflation. However, with a stable currency and high base effect, we expect headline inflation to ease off in the next year and decline to an average of approximately 8.8 per cent. Risk to our expectations are any adverse increase in international commodity prices along with more than expected adjustment in utility tariffs. We believe current real interest rate is sufficient to cater for the near term inflation. However, given the room in real interest rates going forward, we do not rule out monetary easing at the start of the next fiscal year. Based on our outlook of inflation, we expect interest rates to ease off by 150-200 basis points in the next 12 months.

On the fiscal side, the Government is aiming to limit fiscal deficit at 7.3 per cent of Gross Domestic Product for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of International Monetary Fund for limiting the primary deficit at 0.6 per cent of Gross Domestic Product. For this purpose, Federal Board Revenue is targeting a revised tax collection of PKR 5.2 trillion (up 30 per cent YoY). The budget presented in the Parliament proposed PKR 600-700 billion of tax measures, while the remaining amount was kept contingent on Federal Board Revenue efforts and economic growth. On the expenditure side, the Government is aiming for austerity measures on the current expenditure side; however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.6 trillion (up 40 per cent YoY). We believe the tax collection target to be highly optimistic and expect a net shortfall of PKR approx. 300-400 billion. The result of provisional tax collection for first half (1H) assert our view as there was a shortfall of PKR 120 billion during the period. Resultantly, the shortfall in tax collection will trickle down to a lower development spending.

From the capital market perspective, we believe investor confidence should renew towards risk assets as macroeconomic stability will be cherished after a bout of volatile years. Equity market has still a lot to offer despite the recent bull run (up 40 per cent since the trough). Reversal in monetary policy will be a key theme to eye in calendar year 2020 (CY20) as slowdown in inflation will provide much needed room to Central Bank to cut down the interest rates. We foresee interest rates easing of 150-200 basis points in the next 12 months, albeit majority of them coming in the second half of the calendar year. Double digit earnings growth and cheap valuations will drive the total returns of equities. Generally, earnings rebound sharply after an economic downturn as equities tend to exhibit inflation hedging behavior. During the last few years earnings growth has not caught up with the nominal GDP growth, which generally tends to revert whenever the difference widens. Hence, we expect earnings growth to remain in double digits over the span of next few years, a key reason behind our optimism for equities.

We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, Government Bonds have already priced in some of the expected monetary easing during the course of year. Further capital gains are

DIRECTORS' REPORT

contingent on earlier than expected reversal in monetary cycle along with quantum of interest rate cuts. Liquidity in the monetary system will also define yield on bonds since the Government has liberalized its sources of financing, particularly opening avenues from external sources.

Mutual Fund Industry Review

The Net Assets of the open-end mutual fund industry increased by approx. 27 per cent to approx. PKR 652 billion at the end of second quarter of financial year 2019-20 (2QFY20) compared to end of fourth quarter of financial year 2018-19 (4QFY19). Total money market funds grew by approximately 43 per cent since June 2019. Within the money market sphere, Shariah Compliant Funds dominated as they grew by approximately 72 per cent to PKR 41 billion. With recovery in the Stock Market, the appetite for risk assets revived again. Equity and related funds increased by approximately 5 per cent from PKR 247 billion to PKR 258 billion over the quarter.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 40 per cent, followed by Money Market funds with a share of 35 per cent and Income funds having a share of 22 per cent as at the end of FY19.

Amongst pension funds, total Conventional fund size increased by approximately 13.5 per cent to PKR 10.3 billion and Islamic fund size increased by approximately 15.2 per cent to PKR 19.15 billion.

Mutual Fund Industry Outlook

As the economic outlook has shifted towards stability with expectations of monetary easing, it would allow equity and asset allocation funds to garner attention over the medium to long term. Interest in debt market space would be dominated by risk averse investors targeting recurring cash flows.

COMPANY'S PERFORMANCE REVIEW

During the first half of FY 2019-2020, the Company earned net profit of Rs. 149.776 million compared to Rs. 14.2 million earned in the corresponding period. The increase in net profit was primary due to the positive impact of capital market. Moreover, the Company has also rationalized the cost by closing and relocation of certain branches and relocation of Head Office in December 2019, the impact of which would be witnessed in subsequent periods.

The Earnings Per Share of six months ended December 31, 2019 is Rs. 2.08 as compared to Re. 0.20 per share in the corresponding period.

The Company continued focus on existing products particularly Income and Money Market Funds, where impact of the recent monetary tightening has resulted in higher returns as well as improved management fee due to return linked fees. With respect to Equity Funds, these Funds have remained under pressure for last two years; however, in second quarter we have seen market increasing by 27 per cent. Moreover, after March 2020 it is expected that inflationary pressures would start reducing and from next Financial Year we are expecting that the Government may start reducing the interest rates. With these expectations Stock Markets performance is expected to perform better in upcoming months because of which we may see investments in Stock Market Funds by high net worth and corporate particularly Retirement Funds.

DIRECTORS' REPORT

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 continuing to be encouraging, we expect the platforms would require higher investments, in the initial years, to improve our reach and customer experience. We remain confident that current investments would bear fruits in future leading to higher returns in coming years.

ELECTION OF THE BOARD OF DIRECTORS

On February 06, 2020, election of directors of the Company was held in an extra ordinary general meeting. Mian Muhammad Mansha and Mr. Samad A. Habib have retired from the Board and Mr. Kashif A. Habib and Ms. Mavra Adil Khan have joined the Company as new directors. Details of the new Board is given in Company Introduction. The approval of the Securities and Exchange Commission of Pakistan is pending as on the date of the Directors' Report.

ACKNOWLEDGEMENT

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

For and on Behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: February 21, 2020



Nasim Beg
Director/Vice Chairman

ڈائریکٹرز رپورٹ

حوصلہ افزا ہیں، ہمیں توقع ہے کہ ہماری رسائی اور صارفین کے تجربے کو بہتر بنانے کے لیے ان ذرائع کو ابتدائی برسوں میں زیادہ سرمایہ کاریاں درکار ہوں گی۔ ہمیں یقین ہے کہ موجودہ سرمایہ کاریوں سے ثمرات ظاہر ہوں گے جس کے نتیجے میں آئندہ برسوں میں منافعوں میں اضافہ ہوگا۔

بورڈ آف ڈائریکٹرز کا انتخاب

06 فروری 2020ء کو ایک غیر معمولی عمومی اجلاس میں کمپنی کے ڈائریکٹرز کا انتخاب منعقد ہوا۔ میاں محمد منشاء اور جناب صد اے حبیب بورڈ سے ریٹائر ہو گئے ہیں اور جناب کاشف اے حبیب اور محترمہ ماوراء عادل خان کی کمپنی کے نئے ڈائریکٹرز کے طور پر تقرری ہوئی ہے۔ نئے بورڈ کی تفصیلات 'کمپنی کے تعارف' میں دی گئی ہیں۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری ڈائریکٹرز رپورٹ کی تاریخ پر زیر التواء ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

کراچی: 21 فروری، 2020ء



نسیم بیگ

ڈائریکٹر / نائب چیئر مین

ڈائریکٹرز رپورٹ

ساتھ قائمانہ حیثیت پر قائم رہے، جبکہ منی مارکیٹ فنڈز 35 فیصد حصے اور انکم فنڈز 22 فیصد حصے کے ساتھ دوسرے اور تیسرے نمبر پر تھے۔

پینشن فنڈز میں کنوینشنل فنڈ کا مجموعی حجم تقریباً 13.5 فیصد بڑھ کر 10.3 بلین روپے ہو گیا اور اسلامک فنڈ کا حجم تقریباً 15.2 فیصد بڑھ کر 19.15 بلین روپے ہو گیا۔

میوچل فنڈ کی صنعت کے مستقبل کے امکانات

مالیاتی تسہیل کی توقعات کے ساتھ معاشی صورتحال کے مستحکم ہونے کے باعث ایکویٹی اور اثاثہ جاتی اختصاص کے فنڈز کو مختصر سے درمیانی مدت میں توجہ حاصل ہونے کا سلسلہ جاری رہے گا۔ Debt مارکیٹ کے دائرہ کار میں دلچسپی پر کم خطرات کو ترجیح دینے والے سرمایہ کار حاوی رہیں گے جو نقد کی متواتر آمدات کو ہدف بنائیں گے۔

کمپنی کی کارکردگی کا جائزہ

مالی سال 20-2019ء کے نصف اول کے دوران کمپنی کا net منافع 149.776 ملین روپے تھا، جبکہ مماثل مدت کا منافع 14.2 ملین روپے تھا۔ اس اضافے کے بنیادی اسباب کمپیٹل مارکیٹ کا مثبت اثر ہے۔ مزید برآں، کمپنی نے کچھ شاخوں کو بند اور منتقل کر کے، اور دسمبر 2019ء میں ہیڈ آفس کو منتقل کر کے لاگت کو مزید مفید بنایا ہے جس کا اثر مستقبل میں ظاہر ہوگا۔

31 دسمبر 2019ء کو ختم ہونے والی ششماہی کی آمدنی فی شیئر 2.08 روپے ہے جبکہ مماثل مدت میں 0.2 روپے تھی۔ کمپنی نے موجودہ مصنوعات پر توجہ مرکوز رکھی، خصوصاً انکم اور Money مارکیٹ فنڈز، جہاں حالیہ مالیاتی سختی کے نتیجے میں منافع میں اضافہ، اور منافع سے منسلک فیس کی وجہ سے مینجمنٹ فیس میں اضافہ ہوا ہے۔ ایکویٹی فنڈز گزشتہ دو برسوں سے دباؤ میں ہیں؛ تاہم دوسری سہ ماہی میں ہم نے دیکھا کہ مارکیٹ میں 27 فیصد ترقی ہوئی۔ مزید برآں، مارچ 2020ء کے بعد افراط زر کے دباؤ میں کمی کا امکان ہے اور اگلے مالی سال سے حکومت انٹریٹ کی شرحوں میں کمی کر سکتی ہے۔ ان توقعات کے ساتھ آئندہ مہینوں میں اسٹاک مارکیٹس کی کارکردگی میں بھی بہتری کا امکان ہے جس کی بدولت ہم اسٹاک مارکیٹ فنڈز اور کارپوریٹ خصوصاً ریٹائرمنٹ فنڈز میں بلند net قدر کی حامل سرمایہ کاریاں دیکھ سکیں گے۔

کارپوریٹ اور انفرادی سرمایہ کاروں میں بہتر جگہ بنانا اور صارفین تک رسائی کو بہتر بنانا ہماری توجہ کے اہم ترین مرکز رہے۔ ہم ڈیجیٹل ذرائع کے فراہم کردہ خوردہ فروشی کے شعبے میں توسیع کے مواقع پر بہت پُر جوش ہیں۔ اگرچہ ابتدائی نتائج مسلسل

پالیسی کی تقلیب ہوگا کیونکہ افراط زر میں کمی سے مرکزی بینک کو انٹریسٹ کی شرحوں میں کمی کرنے کے لیے مطلوبہ محرک فراہم ہوگا۔ ہم اگلے بارہ ماہ میں انٹریسٹ کی شرحوں میں 150 سے 200 بی پی ایس کی دیکھ رہے ہیں، اگرچہ اس کا زیادہ تر حصہ کیلنڈر سال (جنوری تا دسمبر) کے نصف آخر میں ظاہر ہوگا۔ دو اعداد پر مشتمل آمدنیاں اور کم قیمت قدر کا تعین ایکویٹیز کے مجموعی منافعوں کے لیے محرک ثابت ہوں گے۔ کسی معاشی سسٹم رومی کے دور کے بعد عموماً آمدنیاں تیزی سے بڑھتی ہیں کیونکہ ایکویٹیز افراط زر سے تحفظ فراہم کرتی ہیں۔ گزشتہ کچھ برسوں کے دوران آمدنیوں کی ترقی جی ڈی پی کی برائے نام ترقی کے شانہ بشانہ بھی نہیں چل سکی ہے، جو عموماً فرق بڑھنے پر واپس لوٹتی ہے۔ چنانچہ اگلے پانچ برسوں کے دوران آمدنیوں میں ترقی دو اعداد پر برقرار رہنے کی توقع ہے جو ایکویٹیز سے متعلق ہماری رجائیت پسندی کی ایک کلیدی وجہ ہے۔

ہم سمجھتے ہیں کہ اس سال سیکٹرز اور اسٹاک کا خورد نظر یہ زیادہ اہمیت کا حامل رہے گا اور سرمایہ کاری کے انتخاب کے لیے ایسی کمپنیوں پر توجہ مرکوز ہونی چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح، اُن کمپنیوں کی جانب بھی توجہ مبذول ہونی چاہیے جن کی درمیانی میعاد کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ Money مارکیٹ فنڈز پالیسی شرحوں کی عکاسی بلا رکاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ کمپنیل میں مزید منافعوں کا دار و مدار مالیاتی چکر میں توقع سے قبل تقلیب کے ساتھ ساتھ انٹریسٹ کی شرحوں میں کمی کے حجم پر ہے۔ مالیاتی نظام میں نقدیت سے بھی بانڈز پر منافع کا تعین ہوگا کیونکہ حکومت نے رقم کی فراہمی کے اپنے ذرائع میں آسانیاں پیدا کی ہیں، خاص طور پر خارجی ذرائع سے مواقع میسر کر کے۔

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2019-20ء کی دوسری سہ ماہی کے اختتام پر تقریباً 652 بلین روپے ہو گئے جو مالی سال 2018-19ء کی چوتھی سہ ماہی کے اختتام کے مقابلے میں تقریباً 27 فیصد اضافہ ہے۔ گُل منی مارکیٹ فنڈز میں جون 2019ء سے تقریباً 43 فیصد اضافہ ہوا۔ بازار زر کے دائرہ کار کے اندر شریعہ کمپلائنٹ فنڈز حاوی رہے جو تقریباً 72 فیصد بڑھ کر 41 بلین روپے ہو گئے۔ اسٹاک مارکیٹ کی صورتحال میں بہتری کی بدولت خطرات کے حامل اثاثہ جات کی مانگ دوبارہ بحال ہوئی۔ ایکویٹی اور متعلقہ فنڈز دوران سہ ماہی 247 بلین روپے سے 258 بلین روپے ہو گئے جو تقریباً 5 فیصد اضافہ ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال 2019ء کے اختتام پر ایکویٹی اور اس سے متعلقہ فنڈز تقریباً 40 فیصد حصے کے

مالیاتی ضروریات پوری کر سکے گا۔ سعودی تیل کی ملتی شدہ سہولت سے بھی زرمبادلہ کے ذخائر کو مختصر المیعا دسہارا فراہم ہوگا۔ موجودہ مالی سال کے اختتام تک زرمبادلہ کے ذخائر کے حوالے سے توقع ہے کہ وہ بڑھ کر 14 بلین ڈالر تک پہنچ جائیں گے۔ پاکستانی روپیہ اپنے توازن کی سطحوں سے ہم آہنگ ہے (اکتوبر ۲۰۱۹ء REER 95.9 فیصد پر) اور سی اے ڈی قابل بقاء حد میں ہے، چنانچہ پاکستانی روپے کی قدر میں اب اس کے تاریخی اوسط کی بنیاد پر معمولی کمی ہونی چاہیے۔

موجودہ مالی سال کے لیے سی پی آئی کا متوقع اوسط 11.9 فیصد ہوگا جس کا سبب روپے کی قدر کی سست رفتار اثر پذیری اور اشیائے خورد و نوش کے افراط زر میں اضافہ ہے۔ تاہم مستحکم روپے اور بلند base کے اثر کے ساتھ ہمیں اُمید ہے کہ مجموعی افراط زر کا اوسط اگلے سال کم ہو کر 8.8 فیصد ہو جائے گا۔ بین الاقوامی اشیاء کی قیمتوں میں کسی منفی اضافے کے ساتھ ساتھ یونٹیلیٹی کی محصولات وغیرہ میں توقع سے زیادہ ترسیمات سے ہماری توقعات کو خطرہ لاحق ہو سکتا ہے۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح قریب المیعا د افراط زر سے نمٹنے کے لیے کافی ہے۔ تاہم حقیقی شرح میں اضافے کی گنجائش کو دیکھتے ہوئے اگلے مالی سال کے آغاز میں مالیاتی تسہیل کا امکان بعید نہیں ہے۔ افراط زر سے متعلق ہمارے پیش بینی کی بنیاد پر انٹریسٹ کی شرحوں میں اگلے بارہ ماہ میں 150 سے 200 بی پی ایس تک کمی کی اُمید ہے۔

مالیاتی جہت میں حکومت زیر بحث سال کے لیے مالیاتی خسارے کو جی ڈی پی کے 7.3 فیصد تک محدود کرنے کے لیے کوشاں ہے۔ اگرچہ مالیاتی خسارے کا حتمی ہدف ارتقاء پذیر ہونے کے باعث تبدیل ہو سکتا ہے لیکن پرانماری خسارے کو جی ڈی پی کے 0.6 فیصد پر محدود کرنے کی اُمید ایف کی بنیادی شرط کو پورا کرنا لازمی ہے۔ اس مقصد کے لیے ایف بی آر 5.5 ٹریلین روپے (30 فیصد سال در سال زیادہ) ٹیکس جمع کرنے کے لیے مصروف عمل ہے۔ پارلیمنٹ میں پیش کردہ بجٹ میں 600 سے 700 بلین روپے ٹیکس کے اقدامات کی تجویز دی گئی جبکہ باقی مقدار کو ایف بی آر کی کوششوں اور معاشی ترقی سے مشروط کیا گیا۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات کے حوالے سے سادگی کے اقدامات پر توجہ دے رہی ہے تاہم 1.5 ٹریلین روپے (40 فیصد سال در سال زیادہ) کا ایک توسیعی پبلک سیکٹر ڈولپمنٹ پروگرام (پی ایس ڈی پی) کے لیے بھی کوشاں ہے۔ ہم ٹیکس وصولی کے ہدف کو بے حد رجائیت پسند سمجھتے ہیں لیکن ہمیں لگتا ہے کہ اس کے حصول میں 300 سے 400 بلین روپے کی کمی آئے گی۔ نصف اوّل میں عارضی ٹیکس وصولی کے نتیجے سے ہمارے نظریے کی توثیق ہوتی ہے کیونکہ دوران سہ ماہی 120 بلین ڈالر کم کی وصولی ہوئی جس کے نتیجے میں ترقیاتی اقدامات کے لیے بھی کم خرچ کیا جائے گا۔

کمپیوٹل مارکیٹ کے نظریے سے ہم سمجھتے ہیں کہ خطرات کے حامل اثاثہ جات میں سرمایہ کاروں کا اعتماد بحال ہونا چاہیے کیونکہ کئی برسوں کی عدم یقینی کے بعد حاصل ہونے والے کلاں معاشیاتی استحکام کا خیر مقدم کیا جائے گا۔ ایکویٹی مارکیٹ حالیہ bull run (40 فیصد اضافے) کے باوجود بہت استعداد کی حامل ہے۔ موجودہ سال ۲۰۲۰ء میں اہم ترین موضوع مالیاتی

اوسط تک پہنچے۔

خارجی شعبے کے اعداد و شمار نے استحکام کی طرف اشارہ کیا جس کی بدولت خطرات پر مبنی اثاثہ جات میں اعتماد بحال ہوا جبکہ روپے کی قدر گزشتہ پست سطح سے اٹھ کر 6 فیصد تک پہنچ گئی۔ طویل المیعاد بانڈز کے منافعوں میں کمی بھی ایکوٹی مارکیٹس میں حصص کی قیمتوں میں اضافے (bull run) کے لیے بڑا محرک ثابت ہوئی۔

روپے میں استحکام کے باعث، اور شاید اس وجہ سے بھی کہ مرکزی بینک نے افراط زر کا مقابلہ کر کے اسے اگلے چوبیس ماہ میں 5 سے 7 فیصد تک لانے کا عہد کیا ہے، افراط زر کی صورتحال میں متوقع بہتری ہوئی اور اس کے نتیجے میں بانڈ مارکیٹس میں تیز رفتار ترقی ہوئی۔ نصف اول کے دوران اکثر گردش شعبوں کی کارکردگی شاندار رہی کیونکہ کم قیمت قدر کے تعین کے ساتھ ساتھ درمیانی مدت کی متوقع ترقی نے محرک فراہم کیا۔ مزید برآں، متعدد برسوں بعد پہلی مرتبہ روپے کی قدر میں اضافے سے گردش شعبوں کو مطلوبہ افزودگی فراہم ہوئی۔ انجینئرنگ اور فارماسیوٹیکل شعبوں نے دوران مدت قابل ذکر بہتر کارکردگی کا مظاہرہ کیا (بالترتیب 43 فیصد اور 36 فیصد) جبکہ دریافت اور پیداوار (ایکسپلوریشن اینڈ پروڈکشن: ای اینڈ پی)، کھاد اور بینکوں کے شعبوں نے بالترتیب 19 فیصد، 17 فیصد اور 12 فیصد منافع حاصل کر کے مارکیٹ کے مقابلے میں کم تر کارکردگی کا مظاہرہ کیا۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں کلاں معاشیاتی استحکام ہوگا جس کے باعث موجودہ سال کے لیے معاشی ترقی چھوٹے اعداد تک محدود ہو جائے گی۔ آئی ایم ایف کی پیش گوئی کے مطابق حکومت کی اختیار کردہ تنگی پر مبنی پالیسیوں کے تناظر میں پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 2019-20ء میں سست روی کا شکار ہو کر 2.5 فیصد پر آ جائے گی۔ صنعتی ترقی غیر فعال رہے گی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبوں کے لیے۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیاں کچھ سہولت فراہم کر سکتی ہیں کیونکہ حکومت نے ان کے لیے ترغیبات مقرر کی ہیں، جبکہ توانائی کی فراہمی میں اضافے سے بھی ان کمپنیوں کے لیے رکاوٹیں دور ہوتی ہیں۔

ادائیگی کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ سی اے ڈی مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ ہم بے حد محتاط مفروضوں کی بنیاد پر پیش گوئی کر سکتے ہیں کہ سی اے ڈی، جی ڈی پی کے 2.3 فیصد پر رک جائے گا۔ ہم نے خام تیل کی قیمتوں کو 70 ڈالر فی بی بی ایل فرض کیا ہے جو موجودہ طور پر 60 ڈالر فی بی بی ایل کے قریب منڈلا رہی ہیں۔ پاکستان ایک آئی ایم ایف پروگرام اختیار کرنے کے بعد بین الاقوامی ذرائع کو استعمال میں لا کر اپنی مجموعی

گندم اور چینی) کی کمزور متوقع ترقی کے باعث جی ڈی پی میں ترقی بھی پست رہنے کا امکان ہے۔ علاوہ ازیں، بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) میں توقع سے کم ترقی کے باعث کمزور صنعتی ترقی سے مجموعی ترقی کے متاثر ہونے کا امکان ہے۔ مزید برآں، درآمدات پر مبنی کھپت کی طلب میں بتدریج کمی کے باعث ایل ایس ایم میں کمی کا سلسلہ جاری رہنے کا امکان ہے۔ مالی سال 2020ء کے ابتدائی پانچ ماہ کے دوران ایل ایس ایم میں 5.9 فیصد کمی ہوئی جس میں سے اکثر کا تعلق گردش شعبوں سے تھا۔ آٹو ز اور اسٹیل مینوفیکچرنگ کی طلب میں بالترتیب 37.7 فیصد اور 13.8 فیصد کمی ہوئی۔

ٹیکس وصولی کی عارضی تعداد بھی حوصلہ افزا تھی - موجودہ مالی سال کے نصف اول میں فیڈرل بورڈ آف ریونیو (ایف بی آر) نے 2,080 بلین روپے جمع کیے جو گزشتہ سال کی مماثل مدت سے 17 فیصد زیادہ ہے۔ ملکی اور بین الاقوامی وصولی کو علیحدہ علیحدہ دیکھا جائے تو کارکردگی مزید بہتر ہے کیونکہ ملکی سطح پر آمدنی میں 28 فیصد سال در سال اضافہ ہوا۔ پرانمری خسارے کا ہدف بھی پورا ہونے کا امکان ہے کیونکہ حکومت نے پہلی سہ ماہی کے دوران مطلوبہ رکاوٹ پیدا کر دی تھی۔ زیر جائزہ مدت کے دوران طویل تر میعاد کے بانڈز کی خطیر طلب کے باعث پیداواری ختم میں جھکاؤ آیا کیونکہ مارکیٹ کے فریق استحکام کے اقدامات سے مطمئن ہوئے اور افراط زر میں کمی کا امکان پیدا ہوا۔ ساتھ ساتھ مقامی بانڈ مارکیٹ میں پہلی مرتبہ غیر ملکی سرمایہ کاروں کی اتنی بڑے پیمانے پر شرکت کی بدولت کثیر نقد کی آمد ہوئی جس کے باعث پیداوار میں کمی ہوئی۔ نصف اول کے دوران تین سالہ بانڈز میں 221 بیس پوائنٹس (بی پی ایس) جبکہ طویل تر میعاد کے (دس سالہ) بانڈز میں تقریباً 300 بی پی ایس کی کمی ہوئی۔ اگرچہ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مذکورہ سہ ماہی میں منعقدہ تمام پالیسی اجلاسوں میں مستقبل قریب کی افراط زر کا حوالہ دیتے ہوئے پالیسی کی شرح کو غیر تبدیل شدہ رکھا لیکن اگلے دو برسوں کے دوران افراط زر میں 5 تا 7 فیصد کمی کا عہد کیا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

اگرچہ مالی سال 2020ء کا آغاز پہلی سہ ماہی کے دوران مایوس کن تھا لیکن دوسری سہ ماہی کے دوران اس نے تیزی سے رُخ بدلا اور 27 فیصد کاراجران کن منافع حاصل کیا جس سے نصف اول کا مجموعی منافع 20.2 فیصد تک پہنچ گیا۔ طویل مدت بعد غیر ملکی افراد net خریدار ثابت ہوئے اور نصف اول کے دوران 8 ملین ڈالر کی معتدل مقدار جمع ہوئی۔ دوران مدت افراد (بالمقابل ادارے) بڑے خریدار ثابت ہوئے اور ایکویٹیز میں 140 ملین ڈالر کی شمولیت ہوئی جبکہ کمرشل بینک اور میوچل فنڈز net فروخت کاراجرات ہوئے جن کی شمولیت کم ہو کر بالترتیب 91 ملین ڈالر اور 53 ملین ڈالر ہو گئی۔ دوران مدت تجارت میں لگائے گئے حجم اور قدر تقریباً 180.49 ملین حصص / 6.54 روپے کی

ایم سی بی عارف حبیب سیونگزر اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2019ء کو ختم ہونے والے نصف سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

بنیادی کاروبار

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

کاروبار کا ماحول

معیشت اور بازار زر کا مجموعی جائزہ

استحکام کے حکومتی اقدامات کے اثرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ ادائیگی کے توازن کی صورتحال میں بہتری جاری ہے۔ مالی سال ۲۰۲۰ء کے نصف اول میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) سال در سال (YoY) بنیاد پر 75 فیصد کم ہو کر 2.1 بلین ڈالر ہو گیا۔ اشیاء اور مصنوعات کی درآمدات میں کمی کا سلسلہ جاری رہا اور 18.5 فیصد کمی ہوئی جبکہ اشیاء اور مصنوعات کی برآمدات میں 4.8 فیصد اضافہ ہوا۔ ترسیلات زر 3.3 فیصد بڑھ کر 11.4 بلین ڈالر ہو گئیں جس سے معتدل رکاوٹ فراہم ہوئی۔ غیر ملکی زرمبادلہ کے ذخائر میں 4.1 بلین ڈالر کا خطیر اضافہ ہوا کیونکہ پاکستان کو آئی ایم ایف اور کثیرالجہتی اداروں سے رقوم موصول ہوئیں، جبکہ سی اے ڈی کے ذریعے رقوم کے خروج کا سلسلہ محدود رہا۔ صارفی قیمت کے انڈیکس (کنزیومر پرائس انڈیکس: سی پی آئی) کو سال ۲۰۱۵ء اور ۲۰۱۶ء والی بنیاد پر دوبارہ مقرر کیا گیا اور مالی سال ۲۰۲۰ء کے نصف اول کے لیے نئی بنیاد پر مقرر کردہ سی پی آئی کا اوسط 11.1 فیصد سال در سال بنا۔ اشیائے خورد و نوش کے افراط زر میں دوران مدت 14.9 فیصد اضافہ ہوا اور اس نے مجموعی سی پی آئی کو متاثر کیا۔ اشیائے خورد و نوش کے افراط زر کی سب سے بڑی وجہ بھارت سے درآمدات پر پابندی کے بعد جلد خراب ہو جانے والی اشیائے خورد و نوش کی قیمتوں میں اضافہ ہے۔ بہر حال اشیائے خورد و نوش اور توانائی کے علاوہ پیکش کردہ بنیادی افراط زر پھر بھی قابو میں تھی اور مذکورہ مدت کے لیے اس کا اوسط 8.1 فیصد تھا۔ دوران مدت ہونے والے تمام مالیاتی اجلاسوں میں انٹریسٹ کی شرحوں کو برقرار رکھا گیا اور مستقبل قریب میں متوقع افراط زر کو ایک بڑا مسئلہ قرار دیا گیا۔

جی ڈی پی میں متوقع ترقی مختلف اداروں کے مطابق 2.5 سے 3 فیصد تھی، تاہم حالیہ مدت میں اہم فصلوں (کپاس،



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Report on review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **MCB - Arif Habib Savings and Investments Limited** ("the Company") as at 31 December 2019 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 condensed interim financial information for the six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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



KPMG Taseer Hadi & Co.

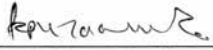
Other Matter

The figures of the condensed interim financial information for the quarter ended 31 December 2019, have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Aryn Pirani.

Date: 26 February 2020

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
	Note		
(Rupees)			
ASSETS			
Non-current assets			
Property and equipments	4	142,738,686	76,673,909
Intangible assets	4.2	301,588,506	308,284,728
Long-term investments	5	551,251,562	486,816,184
Long-term loans and prepayments	6	6,777,017	9,492,144
Long-term deposits		4,838,189	4,487,188
		1,007,193,960	885,754,153
Current assets			
Receivable from related parties	7	565,064,005	499,653,341
Loans and advances		3,973,169	9,968,368
Deposits, prepayments and other receivables	8	32,606,891	54,802,579
Accrued mark-up on bank balances		198,140	181,212
Short-term investments	9	503,974,153	504,707,388
Advance tax - net of provision	10	70,955,198	66,090,652
Cash and bank balances		28,347,073	23,165,617
		1,205,118,629	1,158,569,157
Assets held for sale	4.1.3	1,783,992	-
		1,206,902,621	1,158,569,157
TOTAL ASSETS		2,214,096,581	2,044,323,310
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (30 June 2019: 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		794,802,580	742,226,313
Total equity		1,514,802,580	1,462,226,313
Liabilities			
Non-current liabilities			
Deferred taxation - net	11	50,477,981	42,342,682
Lease liabilities	4.4	49,887,975	-
Current liabilities			
Trade and other payables	12	558,299,428	535,497,377
Unclaimed dividend		12,144,032	4,256,938
Current portion of lease liabilities	4.4	28,484,585	-
Total liabilities		699,294,001	582,096,997
TOTAL EQUITY AND LIABILITIES		2,214,096,581	2,044,323,310

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 form an integral part of this condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the half year and quarter ended 31 December 2019

		Half year ended 31 December		Quarter ended 31 December	
	Note	2019	2018	2019	2018
		(Rupees)		(Rupees)	
Revenue					
Management and investment advisory fee	13	319,806,204	370,660,013	166,063,253	191,610,088
Processing and other related income		10,745,813	10,595,117	4,372,170	6,263,484
Profit on bank deposits calculated using the effective interest method		2,156,351	1,056,239	1,201,869	370,465
Dividend income on short term investments classified as 'financial assets at fair value through profit or loss'		3,181,999	17,427,452	1,511,787	3,069,746
Gain / (loss) on sale of short term investments classified as 'financial assets at fair value through profit or loss' - net		29,103,555	(7,409,359)	18,514,121	691,054
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		87,978,777	(42,885,287)	96,391,111	(43,922,397)
		452,972,699	349,444,175	288,054,311	158,082,440
Expenses					
Administrative expenses	14	(216,228,386)	(208,144,575)	(80,593,680)	(115,118,668)
Selling and distribution expenses	15	(39,412,137)	(89,962,063)	(37,175,733)	(45,393,010)
Financial charges	4.4	(3,076,304)	(344,928)	(2,917,596)	(128,503)
Sindh Workers' Welfare Fund	12.1	(4,100,000)	(1,070,000)	(3,400,000)	-
		(262,816,827)	(299,521,566)	(124,087,009)	(160,640,181)
		190,155,872	49,922,609	163,967,302	(2,557,741)
Other income	16	776,540	1,982,784	478,317	1,969,688
Profit for the period before taxation		190,932,412	51,905,393	164,445,619	(588,053)
Taxation					
- Current tax		(32,673,945)	(37,294,327)	(17,469,001)	(18,579,062)
- Prior tax		(346,901)	(314,041)	(346,901)	-
- Deferred tax		(8,135,299)	(17,189)	(9,729,419)	413,473
		(41,156,145)	(37,625,557)	(27,545,321)	(18,165,589)
Profit for the period after taxation		149,776,267	14,279,836	136,900,298	(18,753,642)
Earnings per share - basic and diluted		2.08	0.20	1.90	(0.26)

The annexed notes 1 to 20 form an integral part of this condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the half year and quarter ended 31 December 2019

	Half year ended 31 December		Quarter ended 31 December	
	2019	2018	2019	2018
	(Rupees)		(Rupees)	
Profit for the period after taxation	149,776,267	14,279,836	136,900,298	(18,753,642)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>149,776,267</u>	<u>14,279,836</u>	<u>136,900,298</u>	<u>(18,753,642)</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the half year and quarter ended 31 December 2019

	Issued, subscribed and paid-up capital	Capital			Reserves			Total
		Share premium	Deficit arising on amalgamation	Sub-total	Revenue			
					Unappropriated profit	Unrealized gain on re-measurement of 'available for sale' financial assets	Sub-total	
(Rupees)								
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 on the initial application of IFRS 9	-	-	-	-	306,182,680	(309,727,895)	(3,545,215)	(3,545,215)
Balance as at 1 July 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	507,990,917	-	507,990,917	1,563,990,917
Profit after taxation for the half year ended 31 December 2018	-	-	-	-	14,279,836	-	14,279,836	14,279,836
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	14,279,836	-	14,279,836	14,279,836
Final dividend for the year ended 30 June 2018 at Rs 1.35 per share	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
	-	-	-	-	(111,720,164)	-	(111,720,164)	(111,720,164)
Balance as at 31 December 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	396,270,753	-	396,270,753	1,452,270,753
Profit after taxation for the half year ended 30 June 2019	-	-	-	-	9,955,560	-	9,955,560	9,955,560
Other comprehensive income for the half year ended 30 June 2019	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	9,955,560	-	9,955,560	9,955,560
Balance as at 30 June 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	406,226,313	-	406,226,313	1,462,226,313
Profit after taxation for the half year ended 31 December 2019	-	-	-	-	149,776,267	-	149,776,267	149,776,267
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	149,776,267	-	149,776,267	149,776,267
Final dividend for the year ended 30 June 2019 at Rs 1.35 per share	-	-	-	-	(97,200,000)	-	(97,200,000)	(97,200,000)
	-	-	-	-	52,576,267	-	52,576,267	52,576,267
Balance as at 31 December 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	458,802,580	-	458,802,580	1,514,802,580

The annexed notes 1 to 20 form an integral part of this condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)

For the half year and quarter ended 31 December 2019

		Half year ended	
		31 December 2019	31 December 2018
	Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		190,932,412	51,905,393
Adjustments for non-cash and other items:			
Depreciation	4.1	16,776,168	9,383,051
Amortisation	4.2	6,829,436	5,121,095
Finance cost on lease liabilities		2,721,232	-
Depreciation on right of use asset		9,663,484	-
Financial charges		3,076,304	344,928
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(87,978,777)	42,885,287
(Gain) / loss on sale of investments - net		(29,103,555)	7,409,359
Impairment on leasehold improvements		-	3,100,000
Gain on disposal of fixed assets		(36,111)	(1,555,834)
		(78,051,819)	66,687,886
Operating cash flows before working capital changes		112,880,593	118,593,279
Movement in working capital			
(Increase) / decrease in current assets			
Loans and advances		5,995,199	(16,276,156)
Deposits, prepayments and other receivables		22,195,688	4,707,199
Accrued mark-up		(16,928)	(1,454)
Receivable from related parties		(65,410,664)	(2,602,188)
		(37,236,705)	(14,172,599)
Increase / (decrease) in current liabilities			
Unclaimed dividend		7,887,094	206,784
Trade and other payables		22,802,051	(35,519,450)
Net cash generated from operations		106,333,033	69,108,014
Taxes paid		(37,885,392)	(39,978,703)
Financial charges paid		(3,076,304)	(344,928)
Rentals paid		(15,376,523)	-
Dividend paid		(97,200,000)	(126,000,000)
		(153,538,219)	(166,323,631)
Net cash used in operating activities		(47,205,186)	(97,215,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,410,173)	(26,394,453)
Sale proceeds from disposal		52,500	1,679,770
Long-term loans and receivables		2,364,126	991,253
Net proceeds against purchase / redemption of investments		53,380,189	129,652,249
		52,386,642	105,928,819
Net increase in cash and cash equivalents		5,181,456	8,713,202
Cash and cash equivalents at the beginning of the period		23,165,617	19,491,053
Cash and cash equivalents at the end of the period		28,347,073	28,204,255

The annexed notes 1 to 20 form an integral part of this condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

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 the transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on 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 registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.4 The Company has been assigned an Asset Manager rating of AM2++ by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 08 October 2019. Currently, the Company is managing the following funds under its management:

	Net assets value as at	
	31 December	30 June
	2019	2019
	(Rupees in million)	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	1,554	1,392
MCB Pakistan Stock Market Fund	9,574	9,556
MCB Pakistan Sovereign Fund	2,510	630
Pakistan Capital Market Fund	515	504
Pakistan Cash Management Fund	4,399	190
Pakistan Income Enhancement Fund	760	698
MCB Pakistan Asset Allocation Fund	1,591	2,048
MCB DCF Income Fund	4,260	3,933
MCB Cash Management Optimizer	20,271	13,903
MCB Pakistan Frequent Payout Fund	179	254
Alhamra Islamic Asset Allocation Fund	2,611	2,972
Alhamra Islamic Stock Fund	3,069	2,779
Alhamra Islamic Income Fund	3,104	2,335
Alhamra Islamic Active Asset Allocation Fund Plan - I	441	627
Alhamra Islamic Active Asset Allocation Fund Plan - II	238	708
Alhamra Daily Dividend Fund	1,125	752

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

	Net assets value as at	
	31 December	30 June
	2019	2019
	(Rupees in million)	
Pension Funds		
Pakistan Pension Fund	1,761	1,559
Alhamra Islamic Pension Fund	994	813
Discretionary portfolio	39,871	34,237

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

	Net assets value as at	
	31 December	30 June
	2019	2019
	(Rupees in million)	
Number of clients	54	61
Total portfolio at cost (Rs. in millions)	36,865	28,281
Total portfolio at market value (Rs. in millions)	37,421	26,826
Fee earned (Rs. in millions)	17	36

- 1.5** In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained 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).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2019

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

- 2.2 The disclosures made in these condensed interim financial statements are based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended 30 June 2019.
- 2.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 2019, whereas, the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been extracted from the unaudited condensed interim financial statements for the period ended 31 December 2018.
- 2.4 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.
- 2.5 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

2.6 Basis of measurement

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

2.7 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 2019, except for the adoption of a new standard effective as of 1 July 2019 as referred to in note 3.4 to these condensed interim financial statements. In addition, the accounting policy for 'Assets held for sale' as adopted by the Company during the period are disclosed 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 16 'Leases' from 1 July 2019. The impact of the adoption of this standard and the new accounting policies are disclosed in note 3.4 below. A number of other new standards are effective from 1 July 2019 but they do not have a material effect on the Company's condensed interim financial statements.

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

The following International Financial Reporting Standards (IFRS) 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 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For the half year and quarter ended 31 December 2019

issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize.

The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated - i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

3.4 Change in accounting policy including adoption of accounting policies

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

3.4.1 IFRS 16 "Leases"

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

The effect of this change in accounting policy is as follows:

	31 December 2019
Impact on the Company's condensed interim statement of financial position:	
Increase in fixed assets - right of use assets	81,377,705
Decrease in prepayments - prepaid rent	(5,076,908)
Increase in deferred tax liability	(600,811)
	75,699,986
 Increase in lease liabilities	 (78,372,560)
 Decrease in net assets	 (2,672,574)
	<hr/> <hr/>
	Half year ended 31 December 2019
Impact on the Company's condensed interim statement of profit or loss:	
Increase in financial charges - finance cost on lease liabilities	(2,721,232)
 (Increase) / decrease in administrative expenses / selling and distribution expenses:	
- Depreciation on right of use assets	(9,663,484)
- Rent expense	10,312,953
	<hr/>
Decrease in profit for the period before taxation	(2,071,763)
Increase in tax	(600,811)
Decrease in profit for the period after taxation	(2,672,574)
	<hr/> <hr/>

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

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

3.4.2 Assets held for sale

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

3.5 Critical management estimates and judgments

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2019.

3.6 Financial risk management

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company for the year ended 30 June 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
4 FIXED ASSETS	<i>Note</i>		
		----- (Rupees) -----	
<i>Tangible</i>			
Property and equipment	4.1	61,360,981	76,673,909
Right of use assets	4.4	81,377,705	-
		<u>142,738,686</u>	<u>76,673,909</u>
<i>Intangible assets</i>			
Computer software	4.2	27,461,573	34,157,795
Goodwill	4.2	82,126,933	82,126,933
Management rights	4.2	192,000,000	192,000,000
		<u>301,588,506</u>	<u>308,284,728</u>
		<u>444,327,192</u>	<u>384,958,637</u>

4.1 Property and equipment

Following is a statement of property and equipment:

	31 December 2019 (Unaudited)					
<i>Note</i>	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	(Rupees)					
As at 1 July 2019						
Cost	50,316,668	28,800,538	18,742,110	77,725,699	1,794,000	177,379,015
Accumulated depreciation	(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)	(70,459,033)
Accumulated impairment losses	-	-	(3,008,277)	(27,237,796)	-	(30,246,073)
Net book value	<u>21,753,260</u>	<u>10,907,582</u>	<u>10,469,888</u>	<u>32,272,429</u>	<u>1,270,750</u>	<u>76,673,909</u>
Half year ended 31 December 2019						
Opening net book value	21,753,260	10,907,582	10,469,888	32,272,429	1,270,750	76,673,909
Additions during the period	287,821	13,000	-	532,868	2,443,270	3,276,959
Disposals during the period:						
- Cost	(1,078,718)	(20,266)	-	-	-	(1,098,984)
- Accumulated depreciation	1,048,991	20,266	-	-	-	1,069,257
	(29,727)	-	-	-	-	(29,727)
Transfer to assets held for sale: 4.1.3						
- Cost	-	-	(1,520,246)	(32,279,774)	-	(33,800,020)
- Accumulated depreciation	-	-	419,419	10,301,441	-	10,720,860
- Accumulated impairment losses	-	-	630,158	20,665,010	-	21,295,168
	-	-	(470,669)	(1,313,323)	-	(1,783,992)
Depreciation for the period	(4,051,829)	(2,067,267)	(2,201,928)	(8,179,993)	(275,151)	(16,776,168)
Closing net book value	<u>17,959,525</u>	<u>8,853,315</u>	<u>7,797,291</u>	<u>23,311,981</u>	<u>3,438,869</u>	<u>61,360,981</u>
As at 31 December 2019						
Cost	49,525,771	28,793,272	17,221,864	45,978,793	4,237,270	145,756,970
Accumulated depreciation	(31,566,246)	(19,939,957)	(7,046,454)	(16,094,026)	(798,401)	(75,445,084)
Accumulated impairment loss	-	-	(2,378,119)	(6,572,786)	-	(8,950,905)
Net book value	<u>17,959,525</u>	<u>8,853,315</u>	<u>7,797,291</u>	<u>23,311,981</u>	<u>3,438,869</u>	<u>61,360,981</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>20% - 50%</u>	<u>25% - 50%</u>	<u>25% - 50%</u>	<u>25%</u>	

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

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

- 4.1.1** There were no disposal of fixed assets during the period, whose aggregate book value 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. 53.199 million (30 June 2019: Rs. 55.097 million).
- 4.1.3** This represents assets held for sale earlier decided for disposal and so disposed off subsequent to the period end (at values approximate to the carrying values).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

4.2 Intangible assets

Following is a statement of intangible assets:

	31 December 2019 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	----- (Rupees) -----			
As at 1 July 2019				
Cost	82,095,045	82,126,933	192,000,000	356,221,978
Accumulated amortisation	(47,937,250)	-	-	(47,937,250)
Net book value	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
Half year ended 31 December 2019				
Opening net book value	34,157,795	82,126,933	192,000,000	308,284,728
Additions during the period	133,214	-	-	133,214
Amortisation for the period	(6,829,436)	-	-	(6,829,436)
Closing net book value	<u>27,461,573</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>301,588,506</u>
As at 31 December 2019				
Cost	82,228,259	82,126,933	192,000,000	356,355,192
Accumulated amortisation	(54,766,686)	-	-	(54,766,686)
Net book value	<u>27,461,573</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>301,588,506</u>
Amortisation rates (% per annum)	<u>25%</u>			
	30 June 2019 (Audited)			
	Computer software	Goodwill	Management rights	Total
	----- (Rupees) -----			
As at 1 July 2018				
Cost	68,429,778	82,126,933	192,000,000	342,556,711
Accumulated amortisation	(36,629,516)	-	-	(36,629,516)
Net book value	<u>31,800,262</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>305,927,195</u>
Year ended 30 June 2019				
Opening net book value	31,800,262	82,126,933	192,000,000	305,927,195
Additions during the year	13,665,267	-	-	13,665,267
Amortisation for the year	(11,307,734)	-	-	(11,307,734)
Closing net book value	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
As at 30 June 2019				
Cost	82,095,045	82,126,933	192,000,000	356,221,978
Accumulated amortisation	(47,937,250)	-	-	(47,937,250)
Net book value	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
Amortisation rates (% per annum)	<u>25%</u>			

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

4.3 Depreciation and amortisation has been allocated as follows:

		(Unaudited)			
		31 December 2019		31 December 2018	
Note		Depreciation	Amortisation	Depreciation	Amortisation
------(Rupees)-----					
Charged to statement of profit or loss	14	16,607,595	6,753,684	9,159,914	4,999,311
Charged to Collective Investment Schemes under management	14.1	168,573	75,752	223,137	121,784
		<u>16,776,168</u>	<u>6,829,436</u>	<u>9,383,051</u>	<u>5,121,095</u>

		(Unaudited)	(Audited)
		31 December	30 June
		2019	2019
4.4	RIGHT OF USE ASSETS	----- (Rupees) -----	-----

4.4 RIGHT OF USE ASSETS

This refers to the right of use assets recognized due to the adoption of IFRS 16 as more fully explained in note 3.4.1.

Opening written down value	-	-
Recognition due to application of modified retrospective approach	33,595,814	-
Additions during the period	57,445,375	-
Depreciation for the period	(9,663,484)	-
Closing written down value	<u>81,377,705</u>	<u>-</u>

Finance lease liabilities are payable as follows.

		2019		
		Minimum Lease Payments	Future Finance Cost	Present value of Minimum
Not later than one year		38,191,370	9,706,785	28,484,585
Later than one year and not later than five years		55,916,989	6,029,014	49,887,975
Later than five years		-	-	-
		<u>94,108,359</u>	<u>15,735,799</u>	<u>78,372,560</u>
Less: Current portion				<u>28,484,585</u>
				<u>49,887,975</u>

Finance cost on lease liabilities for the period amounts to Rs. 2.7 million. Finance lease liabilities have been discounted at 14.13% per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
5 LONG-TERM INVESTMENTS	<i>Note</i>		
		----- (Rupees) -----	
Investments in pension schemes - related parties			
At fair value through profit or loss	5.1	<u>551,251,562</u>	<u>486,816,184</u>

5.1 At fair value through profit or loss

Name of the Investee Fund	As at 1st July 2019	Purchased during the period	Redeemed / sold during the period	As at 31 December 2019	As at 31 December 2019 (Unaudited)		
					Carrying value	Market value	Unrealised Appreciation
					(Number of units)		
Pakistan Pension Fund	805,305	-	-	805,305	245,136,795	274,347,289	29,210,494
Alhamra Islamic Pension Fund	876,129	-	-	876,129	241,679,389	276,904,273	35,224,884
					486,816,184	551,251,562	64,435,378

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
6 LONG-TERM LOANS AND PREPAYMENTS	<i>Note</i>		
		----- (Rupees) -----	
Loans:			
Secured - considered good			
- to executives	6.1	6,205,397	7,848,761
- to other employees		3,911	5,711
Less: Current portion of loans		<u>(1,169,231)</u>	<u>(2,705,906)</u>
		<u>5,040,077</u>	<u>5,148,566</u>
Prepayments:			
Prepaid commission against bachat units		12,551,672	27,269,553
Less: Current portion	8	<u>(10,814,732)</u>	<u>(22,925,975)</u>
		<u>1,736,940</u>	<u>4,343,578</u>
		<u>6,777,017</u>	<u>9,492,144</u>

- 6.1** This includes interest-free loans amounting to Rs. 1.79 million (30 June 2019: Rs. 3.41 million) for a period of 5 years given to executives as per the terms of employment for the purchase of motor vehicles. This also includes interest based housing finance loan amounting to Rs. 4.41 million (30 June 2019: Rs. 4.44 million) given to an executive at the rate of 4.5% per annum for a period of 20 years secured against the mortgage of house. The later balance has been discounted at 12.36% per annum and the actual amount due is Rs. 7.61 million (face value). Based on month end balances, the maximum aggregate balance of loans to an executive outstanding at any time during the year was Rs. 7.85 million (30 June 2019: Rs. 15.68 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
7 RECEIVABLE FROM RELATED PARTIES	<i>Note</i>		
		----- (Rupees) -----	
Unsecured - considered good			
Pakistan Income Fund		12,346,865	11,216,556
MCB Pakistan Stock Market Fund		106,333,125	88,444,948
MCB Pakistan Sovereign Fund		37,880,818	34,012,893
Pakistan Capital Market Fund		8,993,434	7,785,923
Pakistan Pension Fund		10,077,229	9,756,371
Alhamra Islamic Pension Fund		4,485,571	4,281,943
Pakistan Cash Management Fund		12,593,492	11,933,267
Pakistan Income Enhancement Fund		24,269,949	22,460,182
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
MCB Pakistan Asset allocation Fund		43,725,641	42,458,066
MCB Cash Management Optimizer		81,140,461	67,958,476
MCB DCF Income Fund		138,193,366	133,112,513
MCB Pakistan Frequent Payout Fund		5,116,535	4,921,786
Alhamra Islamic Stock Fund		20,419,866	14,253,415
Alhamra Islamic Asset Allocation Fund		22,945,281	16,923,708
Alhamra Islamic Income Fund		17,542,845	14,569,385
Alhamra Islamic Active Asset Allocation Fund - Plan I		177,380	74,698
Alhamra Islamic Active Asset Allocation Fund - Plan II		131,007	63,493
Alhamra Daily Dividend Fund		2,073,931	934,256
MCB Financial Planning Fund (Proposed fund)		1,000,000	1,000,000
	7.1	553,714,156	490,429,239
Advisory fee on account of discretionary portfolio management			
Adamjee Life Assurance Company Limited		11,349,849	9,224,102
		<u>565,064,005</u>	<u>499,653,341</u>

- 7.1 The above amounts includes Federal Excise Duty amounting to Rs 399.62 million (30 June 2019: Rs 399.62 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 11.2 to the condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
		----- (Rupees) -----	
8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	<i>Note</i>		
Deposits		265,620	784,000
Prepayments			
Registration fee		1,250,000	68,505
Insurance		2,216,311	8,182,586
Current portion of prepaid commission against bachat units	6	10,814,732	22,925,975
Maintenance		981,833	2,106,127
Service level agreement		514,339	2,100,711
Software license		213,346	856,882
Others		1,910,665	49,360
		17,901,226	36,290,146
Other receivables			
Advisory fee on account of discretionary portfolio management		26,631,064	29,295,374
Others		362,156	386,234
		26,993,220	29,681,608
Provision against advisory fee	8.1	(12,553,175)	(11,953,175)
		32,606,891	54,802,579
8.1 Movement in provision			
Opening balance		11,953,175	10,253,984
Provision made during the period	8.1.1	600,000	1,699,191
Closing balance		12,553,175	11,953,175

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
9 SHORT-TERM INVESTMENTS	<i>Note</i>		
		----- (Rupees) -----	
Investment in Collective Investment Schemes - related parties			
At fair value through profit or loss	9.1	<u>503,974,153</u>	<u>504,707,388</u>

9.1 At fair value through profit or loss

Name of the Investee Fund	As at 1 July 2019	Purchased during the period	Redeemed / sold during the period	As at 31 December 2019	As at 31 December 2019 (Unaudited)		
					Carrying value	Market value	Unrealised appreciation / (diminution)
					----- (Rupees) -----		
MCB DCF INCOME Fund	-	725,299	277,121	448,177	50,000,000	50,488,468	488,468
MCB CASH MANAGEMENT OPTIMIZER	2,108,505	29,677,771	29,609,198	2,177,078	219,106,134	219,739,663	633,529
ALHAMRA ISLAMIC INCOME FUND	-	311	311	-	-	-	-
MCB PAKISTAN STOCK MARKET FUND	3,227,916	540,343	1,455,107	2,313,153	190,600,086	212,245,237	21,645,151
MCB PAKISTAN SOVEREIGN FUND	-	8,227,804	7,852,769	375,035	20,724,534	21,500,785	776,251
PAKISTAN CASH MANAGEMENT FUND	-	4,793,733	4,793,733	-	-	-	-
ALHAMRA DAILY DIVIDEND FUND	367,040	4,797	371,837	-	-	-	-
					<u>480,430,754</u>	<u>503,974,153</u>	<u>23,543,399</u>

10 ADVANCE TAX - NET OF PROVISION

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010, 2011, 2017, 2018 and 2019. The income tax returns upto the tax year 2019 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

		(Unaudited) 31 December 2019	(Audited) 30 June 2019
11 DEFERRED TAX LIABILITY - NET	Note		
		----- (Rupees) -----	
Deferred tax liability on taxable temporary differences			
- Intangible assets		55,924,318	56,787,409
- Right of use asset		23,599,534	-
- Investments at fair value through profit or loss		2,990,482	(4,939,642)
- Non-Current assets held for sale		521,221	-
		83,035,555	51,847,767
Deferred tax asset on deductible temporary differences			
- Provision against advisory fee		(3,640,421)	(3,466,421)
- Finance cost on discounted loans		(936,020)	(992,105)
- Lease liabilities		(22,728,042)	-
- Property and equipment		(5,253,091)	(5,046,559)
		(32,557,574)	(9,505,085)
		50,477,981	42,342,682

12 TRADE AND OTHER PAYABLES

Accrued expenses and other payables		71,801,155	72,167,226
Sindh Workers' Welfare Fund	12.1	33,169,050	29,069,050
Withholding tax payable		43,905	927,724
Indirect taxes and duties payable	12.2	420,840,027	411,742,319
Payable to facilitators / distributors		32,445,291	21,591,058
		558,299,428	535,497,377

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

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

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 was 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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

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. 33.2 million (30 June 2019: Rs. 29.1 million) with effect from 1 July 2014. Moreover, the management has decided not to reverse WWF amounting to Rs. 5.10 million which have been already paid to Tax Authority until the said amount is refunded back.

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

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on 4 September 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said SHC order in the Honorable Supreme Court of Pakistan and thus the Company is carrying liability for Federal Excise Duty (FED) amounting to Rs. 399.62 (30 June 2019: Rs. 399.62) million as a matter of abundant caution. This amount has also been classified as a balance receivable from related parties (in Note 7) and would be payable only after final verdict as explained above and when received from the funds.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

13	MANAGEMENT AND INVESTMENT ADVISORY FEE	Note	Half year ended		Quarter ended	
			31 December 2019	31 December 2018	31 December 2019	31 December 2018
			(Unaudited)			
			(Rupees)			
From Collective Investment Schemes						
- related parties						
	MCB Cash Management Optimizer		44,715,508	56,357,506	24,257,319	33,357,824
	MCB Pakistan Asset Allocation Fund		18,819,417	35,332,524	9,088,061	17,019,806
	MCB DCF Income Fund		35,966,743	34,041,522	18,473,647	16,027,906
	Alhamra Islamic Income Fund		15,430,611	12,569,642	8,488,820	6,723,789
	MCB Pakistan Sovereign Fund		18,320,817	2,853,570	10,928,013	1,488,406
	Pakistan Capital Market Fund		5,400,357	6,880,717	2,774,712	3,360,141
	Pakistan Cash Management Fund		1,170,860	1,650,216	535,343	809,287
	Pakistan Income Enhancement Fund		5,361,243	6,920,077	2,316,475	3,558,973
	Pakistan Income Fund		13,564,305	8,164,203	6,658,691	4,260,859
	Alhamra Islamic Asset Allocation Fund		29,631,141	43,250,229	14,702,384	21,764,376
	MCB Pakistan Stock Market Fund		97,315,365	129,498,681	50,696,863	65,712,301
	Alhamra Islamic Stock Fund		29,709,080	37,698,242	15,186,453	18,027,821
	MCB Pakistan Frequent Payout Fund		1,776,120	2,607,474	764,548	1,175,252
	Alhamra Islamic Active Allocation Fund Plan I		116,328	406,128	70,949	192,064
	Alhamra Islamic Active Allocation Fund Plan II		77,293	93,085	39,672	33,650
	Alhamra Daily Dividend Fund		3,756,857	1,215,167	1,263,012	680,096
			321,132,045	379,538,983	166,244,962	194,192,551
From Pension Schemes - related parties						
	Pakistan Pension Fund		13,733,469	13,244,598	7,193,739	6,597,257
	Alhamra Islamic Pension Fund		7,291,840	6,871,347	3,871,422	3,494,656
			21,025,309	20,115,945	11,065,161	10,091,913
		13.1	342,157,354	399,654,928	177,310,123	204,284,464
	Investment advisory fee from discretionary portfolio management	13.2	19,223,657	19,190,887	10,341,353	12,234,936
			361,381,011	418,845,815	187,651,476	216,519,400
	Less: Sindh Sales Tax		(41,574,807)	(48,185,802)	(21,588,223)	(24,909,312)
			319,806,204	370,660,013	166,063,253	191,610,088

13.1 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 to Collective Investment Schemes shall be within allowed expense ratio limit and shall not exceed the maximum rate of management fee disclosed in the Offering Document.

13.2 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 statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

14	ADMINISTRATIVE EXPENSES	Note	Half year ended		Quarter ended	
			31 December	31 December 2017	31 December	31 December 2017
			2019	2018	2019	2018
			----- (Unaudited) -----			
----- (Rupees) -----						
	Salaries, allowances and other benefits		121,233,491	112,141,716	32,918,170	62,891,581
	Legal and professional charges		2,768,532	4,229,054	1,444,617	2,352,805
	Travelling and conveyance charges		3,468,536	3,842,988	256,973	2,464,746
	Rent, utilities, repairs and maintenance		43,339,991	46,949,845	22,470,571	22,772,757
	Office supplies		490,103	494,991	254,194	262,322
	Auditors' remuneration		2,039,367	1,300,000	1,414,367	600,000
	Directors' meeting fee		3,525,000	2,700,000	1,800,000	1,275,000
	Insurance		1,118,777	790,215	557,789	318,147
	Depreciation	4.3	16,607,595	9,159,914	7,803,206	4,911,897
	Amortisation	4.3	6,753,684	4,999,311	4,648,885	2,504,216
	Stamp duty and taxes		328,600	150,000	228,600	150,000
	Registrar fee		150,358	366,891	88,943	289,593
	Printing and stationery		2,095,967	1,994,507	1,204,902	1,152,306
	Telephone expenses		2,778,370	2,921,405	1,290,235	1,217,824
	Entertainment expenses		1,264,619	4,072,286	604,682	3,425,257
	Books, periodicals and subscription		7,665,396	5,375,385	3,007,546	1,874,150
	Impairment on property and equipment		-	3,100,000	-	3,100,000
	Provision against advisory fees receivable	8.1	600,000	3,556,067	600,000	3,556,067
		14.1	216,228,386	208,144,575	80,593,680	115,118,668

14.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated 25 November 2015 as amended through SRO 639 (i) / 2019 dated 20 June 2019 introduced amendments in the NBFC Regulations. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CISs). Accordingly, expenses amounting to Rs. 22.85 million (31 December 2018: Rs. 23.95 million) have been charged by the Company to the respective CISs under its management.

15 SELLING AND DISTRIBUTION EXPENSES

The SECP vide Circular 11/2019 dated 5 July 2019, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to all categories of open end mutual funds except for fund of funds for the cost pertaining to opening and maintenance of all branches by the AMC in all cities and payment of salaries to sales team posted at all branches of an AMC. The expenses amounting to Rs. 113.06 million (31 December 2018: Rs. 44.71 million) have been charged by the Company to aforesaid funds under its management.

16 OTHER INCOME

This includes interest income on loan to employees amounting to Rs. 0.25 million.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

17 CONTINGENCIES AND COMMITMENTS

- 17.1** The contingencies and commitments of the Company remains unchanged during the period. For details of contingencies and commitments, refer Note 19 of the annual financial statements of the Company for the year ended 30 June 2019.
- 17.2** During the year ended 30 June 2015, the Company had obtained a short-term running finance facility under mark up arrangement with MCB Bank Limited (a related party) amounting to Rs. 500 million. The facility carried mark-up at one month KIBOR+0.5% (30 June 2019: one month KIBOR+0.5%) per annum. The facility is secured against pledge of the government securities i.e. PIBs and T-Bills and will expire on 31 August 2020. The facility was unutilized as at 31 December 2019.

18 TRANSACTIONS WITH RELATED PARTIES

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

18.1 Transactions with related parties during the period

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2019	31 December 2018
			----- (Rupees) -----	
MCB Bank Limited	Holding company with 51.33% Holding	Commission and other expenses	18,787,940	24,035,690
		Profit on bank deposits	1,942,376	665,053
		Reimbursement of expenses	-	-
		Branch sharing expenses	1,459,020	2,292,984
		Dividend paid	49,891,637	64,674,344
		Financial charges	263,039	71,642
MCB Islamic Bank Limited	Subsidiary of holding Company	Bank charges	2,736	6,877
		Profit on bank deposits	9,352	-
Nishat Real Estate Development Company (Pvt) Limited	Group Company of holding Company	Rent as per rental agreement	2,087,876	1,811,797
Nishat Hotels and Properties Limited	Group Company of holding Company	Rent expense	-	1,320,000
Adamjee Life Assurance Company Limited	Group Company of holding Company	Investment advisory fee	9,551,042	9,350,665
Adamjee Insurance Company Limited	Group Company of holding Company	Amount paid against insurance	1,659,872	1,062,294
		Dividend paid	6,267,645	9,558,500
		Rent as per rental agreement	1,595,000	-
Dolmen City REIT	Group Company of Associated Company	Investment Advisory Fee	94,521	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2019	31 December 2018
			(Rupees)	
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	24,859,631	32,225,448
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	-	94,608
MCB Cash Management Optimizer	Funds under management	Management fee	39,571,246	49,873,898
		Reimbursement of expenses	7,809,702	6,335,429
		Selling and marketing charged out	24,161,722	-
		Investment in units	3,649,640,176	1,143,427,179
		Redemption of units	3,654,768,052	1,347,527,945
		Dividend income	2,617,597	-
MCB DCF Income Fund	Funds under management	Management fee	31,828,976	30,125,241
		Reimbursement of expenses	2,121,932	2,008,349
		Selling and marketing charged out	4,948,083	-
		Share of sales load	55,978	176,125
		Back end load	4,541	1,610
		Investment in units	80,000,000	-
Alhamra Islamic Income Fund	Funds under management	Redemption of units	30,175,608	-
		Management fee	13,655,408	11,123,576
		Reimbursement of expenses	1,350,903	1,344,997
		Selling and marketing charged out	2,366,677	-
		Share of sales load	470,437	51,000
		Sharia fee paid on behalf of the fund	450,000	450,000
MCB Pakistan Asset Allocation Fund	Funds under management	Back end load	32,068	-
		Management fee	16,654,351	31,267,720
		Share of sales load	100,312	54,718
		Reimbursement of expenses	998,489	1,562,831
		Selling and marketing charged out	7,070,250	6,253,095
		Back end load	1,170,335	1,563,464
MCB Pakistan Frequent Payout Fund	Funds under management	Redemption of units	-	50,000,000
		Investment in units	-	50,123,345
		Management fee	1,571,788	2,307,499
		Reimbursement of expenses	100,660	191,705
		Selling and marketing charged out	581,789	-
		Share of sales load	189	-
Alhamra Islamic Stock Fund	Funds under management	Management fee	26,291,221	33,361,276
		Share of sales load	136,431	379,718
		Reimbursement of expenses	1,314,560	1,668,062
		Selling and marketing charged out	11,450,232	6,672,255
		Sharia fee paid on behalf of the fund	450,000	450,000
		Back end load	19,620	-
MCB Pakistan Sovereign Fund	Funds under management	Others	-	17,620
		Management fee	16,213,112	2,525,282
		Reimbursement of expenses	930,602	304,039
		Selling and marketing charged out	1,300,428	-
		Redemption of units	432,007,784	-
		Investment in units	449,334,028	-
		Share of sales load	453,270	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2019	31 December 2018
			(Rupees)	
MCB Pakistan Stock Market Fund	Funds under management	Management fee	86,119,792	114,600,604
		Share of sales load	603,005	1,379,730
		Back end load	7,621	-
		Reimbursement of expenses	4,305,989	5,730,030
		Selling and marketing charged out	40,829,926	22,920,120
		Investment in units	50,000,000	219,086,942
		Redemption of units	125,000,000	144,000,000
		Others	-	8,605
Pakistan Capital Market Fund	Funds under management	Management fee	4,779,078	6,089,130
		Share of sales load	12,728	7,051
		Reimbursement of expenses	238,954	304,457
		Selling and marketing charged out	2,305,302	1,217,827
		Others	-	259,916
Pakistan Cash Management Fund	Funds under management	Management fee	1,036,159	1,460,367
		Reimbursement of expenses	609,646	175,882
		Investment in units	250,556,356	-
		Redemption of units	250,733,824	-
		Share of sales load	494	-
Pakistan Income Enhancement Fund	Funds under management	Management fee	4,744,463	6,123,962
		Share of sales load	294,362	68
		Reimbursement of expenses	369,681	481,910
		Investment in units	-	709,756,691
		Redemption of units	-	710,277,275
		Selling and marketing charged out	2,252,803	-
Pakistan Income Fund	Funds under management	Management fee	12,003,810	7,224,958
		Share of sales load	68,186	150,146
		Reimbursement of expenses	776,997	816,861
		Selling and marketing charged out	1,007,336	-
		Others	-	18,570
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	26,222,248	38,274,540
		Share of sales load	337,067	695,330
		Back end load	6,782,652	5,871,497
		Reimbursement of expenses	1,311,112	1,913,728
		Selling and marketing charged out	12,217,208	7,654,908
		Sharia fee paid on behalf of the fund	450,000	450,000
Alhamra Islamic Pension Fund	Funds under management	Management fee	6,452,956	6,080,837
		Share of sales load	127,889	116,572
		Contribution to the fund on behalf of the employees	4,658,205	7,732,587
Pakistan Pension Fund	Funds under management	Management fee	12,153,512	11,720,883
		Share of sales load	68,622	53,994
		Contribution to the fund on behalf of the employees	1,549,786	2,600,088
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	102,945	359,404
		Reimbursement of expenses	247,854	696,722
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	68,401	82,376
		Reimbursement of expenses	226,924	380,187

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2019	31 December 2018
			----- (Rupees) -----	
Alhamra Daily Dividend Fund	Funds under management	Management fee	3,324,652	1,075,549
		Reimbursement of expenses	409,829	-
		Selling and marketing charged out	2,591,087	-
		Dividend income	564,402	213,866
		Investment in units	479,741	41,181,782
		Redemption of units	37,183,725	41,181,782
Directors & Executives	Directors and key executives	Dividend paid	28,996	43,123
Executive Director		Remuneration and other benefits	18,043,782	15,034,842
Vice Chairman		Sale of Vehicle	-	1,413,590
Key Management Personnel	Other connected persons / related parties	Remuneration and other benefits	76,088,890	26,567,993
Chief Investment Officer		Housing loan	7,616,919	8,000,000

18.2 Amount outstanding as at period end

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December 2019	30 June 2019
			----- (Rupees) -----	
MCB Bank Limited	Holding company with 51.33% Holding	Bank balance	18,845,550	13,096,131
		Other payable	4,380,075	4,380,075
		Commission payable	4,133,973	4,222,600
		Mark-up receivable	156,410	115,076
MCB Islamic Bank Limited	Subsidiary of holding Company	Bank balance	318,222	1,093,594
		Mark-up receivable	1,857	1,385
Adamjee Life Assurance Company Limited	Group Company of holding Company	Advisory fee receivable	11,349,849	9,224,102
Nishat Real Estate Development Company (Pvt.) Ltd.	Group Company of holding Company	Rent Deposit	784,326	784,326
Arif Habib Limited	Subsidiary of Associated Company	Sharing of expenses	-	47,304
Dolmen City REIT	Group Company of Associated Company	Investment Advisory fee receivable	94,521	-
MCB DCF Income Fund	Funds under management	Remuneration receivable	6,291,048	5,401,978
		Federal excise duty on remuneration	99,060,000	99,060,000
		Sales load receivable	504,746	398,917
		Federal excise duty on sales load	27,932,990	27,932,990
		Back-end load	4,541	-
		Receivable against reimbursement of expenses	371,127	318,628
		Receivable against selling & marketing expenses	4,028,914	-
			138,193,366	133,112,513
		Closing balance of investment in units	50,488,468	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December	30 June
			2019	2019
----- (Rupees) -----				
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	3,117,846	4,371,044
		Federal excise duty on remuneration	19,027,707	19,027,707
		Sales load receivable	212,196	157,385
		Federal excise duty on sales load	16,172,955	16,172,955
		Back-end load	45,121	6,779
		Receivable against reimbursement of expenses	137,974	193,409
		Receivable against selling & marketing expenses	5,011,842	2,528,787
			43,725,641	42,458,066
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	7,423,458	12,917,964
		Federal excise duty on remuneration	54,267,349	54,267,349
		Receivable against reimbursement of expenses	1,761,233	754,375
		Federal excise duty on sales load	18,788	18,788
		Receivable against selling & marketing expenses	17,669,633	-
			81,140,461	67,958,476
		Closing balance of investment in units	219,739,663	212,000,020
		Alhamra Islamic Income Fund	Funds under management	Remuneration receivable
Federal excise duty on remuneration	8,639,029			8,639,029
Sales load receivable	289,626			50,214
Federal excise duty on sales load	3,028,386			3,028,386
Receivable against reimbursement of expenses	286,406			182,361
Receivable against shariah fee	375,000			75,000
Receivable against selling & marketing expenses	1,486,692			-
	17,542,845			14,569,385
MCB Pakistan Stock Market Fund	Funds under management	Remuneration receivable	18,212,918	18,551,623
		Federal excise duty on remuneration	54,774,349	54,774,349
		Sales load receivable	551,291	33,902
		Federal excise duty on sales load	3,932,683	3,932,683
		Receivable against reimbursement of expenses	805,900	820,868
		Receivable against selling & marketing expenses	28,055,984	10,331,523
			106,333,125	88,444,948
		Closing balance of investment in units	212,245,237	256,003,384
Pakistan Income Fund	Funds under management	Remuneration receivable	2,106,171	1,594,211
		Federal excise duty on remuneration	9,210,393	9,210,393
		Sales load receivable	133,403	57,453
		Federal excise duty on sales load	239,199	239,199
		Receivable against reimbursement of expenses	133,524	115,300
		Receivable against selling & marketing expenses	524,175	-
	12,346,865	11,216,555		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December	30 June
			2019	2019
			----- (Rupees) -----	
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	3,203,745	758,952
		Federal excise duty on remuneration	29,027,485	29,027,485
		Sales load receivable	331,610	-
		Federal excise duty on sales load	4,169,840	4,169,840
		Receivable against reimbursement of expenses	213,486	56,616
		Receivable against selling & marketing expenses	934,652	-
			37,880,818	34,012,893
		Closing balance of investment in units	21,500,784	-
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	979,761	953,810
		Federal excise duty on remuneration	5,872,376	5,872,376
		Sales load receivable	1,117	1,105
		Federal excise duty on sales load	392,742	392,742
		Receivable against reimbursement of expenses	159,358	42,204
		Receivable against selling & marketing expenses	1,588,080	523,686
			8,993,434	7,785,923
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	5,369,035	5,209,401
		Federal excise duty on remuneration	5,689,133	5,689,133
		Sales load receivable	236,678	51,015
		Federal excise duty on sales load	124,913	124,913
		Back-end load	15,653	-
		Receivable against reimbursement of expenses	237,563	230,793
		Receivable against selling & marketing expenses	8,371,891	2,873,160
		Receivable against shariah fee	375,000	75,000
			20,419,866	14,253,415
Pakistan Pension Fund	Funds under management	Remuneration receivable	2,536,128	2,165,384
		Federal excise duty on remuneration	5,976,465	5,976,465
		Sales load receivable	1,564,636	1,614,522
			10,077,229	9,756,371
		Closing balance of investment in units	274,347,289	245,136,795

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December	30 June
			2019	2019
			----- (Rupees) -----	
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	5,013,955	5,676,971
		Federal excise duty on remuneration	5,911,403	5,911,403
		Sales load receivable	332,298	226,884
		Federal excise duty on sales load	1,135,845	1,135,845
		Back-end load	1,177,050	502,186
		Receivable against reimbursement of expenses	884,905	251,193
		Receivable against selling & marketing expenses	8,114,825	3,144,226
		Receivable against shariah fee	375,000	75,000
			22,945,281	16,923,708
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	1,392,020	1,123,028
		Federal excise duty on remuneration	3,030,332	3,030,332
		Sales load receivable	63,219	128,583
			4,485,571	4,281,943
		Closing balance of investment in units	276,904,273	241,679,389
Pakistan Sarmaya Mahfooz Fund (Matured)	Funds under management	Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
			4,267,360	4,267,360
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	189,577	-
		Federal excise duty on remuneration	11,933,267	11,933,267
		Receivable against reimbursement of expenses	470,648	-
			12,593,492	11,933,267
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	734,050	992,267
		Federal excise duty on remuneration	16,588,842	16,588,842
		Sales load receivable	700,644	72,600
		Federal excise duty on sales load	4,746,222	4,746,222
		Receivable against reimbursement of expenses	63,244	60,251
		Receivable against selling & marketing expenses	1,436,947	-
			24,269,949	22,460,182
MCB Pakistan Frequent Payout Fund	Funds under management	Remuneration receivable	251,416	434,941
		Federal excise duty on remuneration	841,264	841,264
		Sales load receivable	-	-
		Federal excise duty on sales load	3,624,619	3,624,619
		Receivable against reimbursement of expenses	15,321	20,962
		Receivable against selling & marketing expenses	383,915	-
			5,116,535	4,921,786

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half year ended	
			31 December	30 June
			2019	2019
			----- (Rupees) -----	
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Remuneration receivable	22,341	21,710
		Receivable against reimbursement of expenses	155,039	52,988
			177,380	74,698
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Remuneration receivable	12,110	4,353
		Receivable against reimbursement of expenses	118,897	59,140
			131,007	63,493
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	421,219	1,177,289
		Payable against bank charges	-	(243,033)
		Receivable against reimbursement of expenses	88,992	-
		Receivable against selling & marketing expenses	1,563,720	-
			2,073,931	934,256
		Closing balance of investment in units	-	36,703,984

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Fair value hierarchy

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

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

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

On-balance sheet

financial instruments

31 December 2019 (Unaudited)

	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3	Total
(Rupees)							
Financial assets measured at fair value							
Long-term investments	551,251,562	-	-	551,251,562	-	-	551,251,562
Short-term investments	503,974,153	-	-	503,974,153	-	-	503,974,153
	<u>1,055,225,715</u>	<u>-</u>	<u>-</u>	<u>1,055,225,715</u>	<u>-</u>	<u>-</u>	<u>1,055,225,715</u>
Financial assets not measured at fair value							
18.1							
Long-term loans	-	5,040,077	-		5,040,077		
Long-term deposits	-	4,838,188	-		4,838,188		
Receivable from related parties	-	565,064,005	-		565,064,005		
Loans and advances	-	1,169,231	-		1,169,231		
Deposits and other receivables	-	14,705,665	-		14,705,665		
Accrued mark-up	-	198,140	-		198,140		
Cash and Bank balances	-	28,347,073	-		28,347,073		
	<u>-</u>	<u>619,362,379</u>	<u>-</u>		<u>619,362,379</u>		
Financial liabilities not measured at fair value							
18.1							
Trade & other payables	-	-	104,246,446		104,246,446		
Unclaimed dividend	-	-	12,144,032		12,144,032		
	<u>-</u>	<u>-</u>	<u>116,390,478</u>		<u>116,390,478</u>		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the half year and quarter ended 31 December 2019

On-balance sheet		31 June 2019 (Audited)							
financial instruments		Carrying amount				Fair value			
Note	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
									(Rupees)
Financial assets measured at fair value									
Long-term investments	486,816,184	-	-	486,816,184	486,816,184	-	-	486,816,184	
Short-term investments	504,707,388	-	-	504,707,388	504,707,388	-	-	504,707,388	
	<u>991,523,572</u>	<u>-</u>	<u>-</u>	<u>991,523,572</u>	<u>991,523,572</u>	<u>-</u>	<u>-</u>	<u>991,523,572</u>	
Financial assets not measured at fair value									
18.1									
Long-term loans	-	5,148,566	-	5,148,566					
Long-term deposits	-	4,487,188	-	4,487,188					
Receivable from related parties	-	499,653,341	-	499,653,341					
Loans and advances	-	2,705,906	-	2,705,906					
Deposits and other receivables	-	18,512,433	-	18,512,433					
Accrued mark-up	-	181,212	-	181,212					
Cash and Bank balances	-	23,165,617	-	23,165,617					
	-	<u>553,854,263</u>	-	<u>553,854,263</u>					
Financial liabilities not measured at fair value									
18.1									
Trade & other payables	-	-	93,758,284	93,758,284					
Unclaimed dividend	-	-	4,256,938	4,256,938					
	-	-	<u>98,015,222</u>	<u>98,015,222</u>					

During the period ended 31 December 2019, 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.

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

20 GENERAL

20.1 Corresponding figures

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

20.2 Non adjusting events after the reporting period

The Board of Directors in their meeting held on 21 February 2020 have for the half year ended December 31, 2019, declared interim cash dividend of Rs. 1 per share (December 31, 2018: Nil) amounting to Rs. 72 million (December 31, 2018: Nil). This condensed interim financial statements for the half year ended December 31, 2019 do not include the effect of the declared interim cash dividend which will be recognized in the financial statements for the year ended June 30, 2020.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For the half year and quarter ended 31 December 2019

20.3 Date of authorisation for issue

This condensed interim financial information was authorised for issue on February 21, 2020 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer




Director





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
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