



MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2020
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited



AM1
Rated by PACRA



JSAVE
Savings Asaan. Life Asaan.

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Vision

To become synonymous with Savings

Mission

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

Core Values

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

COMPANY INFORMATION

Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
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	AM1 Asset Manager Rating assigned by PACRA	

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Economy and Money Market Review

The first half of fiscal year 2021 has been promising as economic activities have swung up in full throttle though challenges from Covid may continue to remain in the near term. The economic recovery has been sharper than expectations as lagged impact of monetary easing, pent up demand and higher remittances have provided impetus to economic growth. Covid-19 has not been as detrimental as initially expected, and perhaps local demographics and a successful strategy by the government has been able to wither the storm. We therefore expect economic growth to be better than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1% over last year) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have exhibited strong demand and volumetric growth.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of ~17% over last year in the first half of FY21. Sales of 2 and 3 wheeler units rose at a more impressive rate of ~19% over last year reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by near 10% over last year during the first half implying a broad based recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by ~7.4% in first five months of the current fiscal year led by the cyclical sectors.

Current account posted a surplus of USD 997 million in the first half of fiscal year compared to a deficit of USD 2,032 million in the corresponding period of the last year. The improvement came in primarily on the back of higher remittances which grew at a stupendous rate of 25% during the period. Foreign exchange reserves of central bank saw an increase of ~USD 1.3 billion during the first half due to improved balance of payment position.

Inflation remained an Achilles heel for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged ~8.6% over last year during the first six months, with food inflation averaging ~13% during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged ~5.9% for the period. Monetary Policy Committee(MPC) maintained status quo after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19.

As the economy started to open up, tax collection also improved and grew by 5% during the first half of the fiscal year and almost met the desired target for the period. Fiscal deficit for the first five months of the period clocked in at 1.8% of GDP, compared to 1.6% of GDP last year. Primary balance was even better at a surplus of 0.5% of GDP compared to last year surplus of 0.3% of GDP.

Yield curve started to slope upward after inflation continued to disappoint investors. The central bank also raised its expectation of inflation as discussed in the minutes of MPC. It now expects it to fall in the upward range of 7-9% compared to earlier expectations of inflation falling in the lower range. 3, 5 and 10 Year bonds saw a rise of 74 bps, 114 bps and 129 bps respectively during the period.

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Equity Market Review

The benchmark KSE-100 Index continued on towards its positive trajectory during the second quarter of this fiscal year, after posting an incredible return of 17.9% in the first quarter. The index posted a return of 7.9% during the second quarter, taking the cumulative return of first half to 27.1%. Individual and Corporate Companies were the major buyers during the period, taking an exposure of USD 159 / 91 million in equities, while commercial banks turned out to be net sellers reducing their exposure by USD 69 million. On the other end, Foreigners continued to offload as they sold stocks worth USD 247million. Trading activity at the bourse increased compared to the previous half as the average volumes and value traded amounted to near 448 Million shares (up 116%) and about PKR 17 Billion (up 109%) respectively.

Tech, Steel and Refineries were the major outperformers as they posted returns of 134% / 86% / 75% respectively during the first half of the fiscal year. Tech companies saw a massive re-rating in their valuations as investor cherished the changing landscape of tech companies post Covid. Steel sector gained traction during period after a sharp increase in construction demand and prices sent their stocks soaring. Moreover, rumors of a guaranteed rate of return for refineries drove sector returns during the period. On the flip side, Oil and Gas exploration remained the major underperformer posting nominal returns of 7% only, as volatile crude oil prices along with rising circular debt kept investors at bay.

Economy & Market – Future Outlook

Balance of Payment worries have subsided for the near term as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. Global economy has started to recover and the reported data and news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact near 25% growth over last year reported in the first half has surprised everyone. We expect Current Account Deficit to settle near 1% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. However, the recent spike in commodity prices from oil to iron ore, coal, etc. pose downside risks to our favorable stance. With Real Effective Rate for Nov-2020 at 99.4, any significant movement in commodities may cause relative inflation and balance of payment to weaken further and thus can cause currency to weaken swiftly. Continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by about USD 550 million from current levels, which will help alleviate any pressure on currency.

Inflation has exceeded our earlier expectations as food prices have sky rocketed. We expect CPI to average near 9.1% for FY21, slightly higher than the expected range (7.0-9.0) of central bank. For the next fiscal year, we expect CPI to average close to 8.5%, slightly lesser than current run rate. Central bank for the first time has provided guidance on interest rates in the short term which will perhaps bring more certainty in investor expectations. The central authority has vowed to keep interest rates stable in the short run and bring in mildly positive interest rates over the medium term. Given the guidance by central bank, we now expect interest rates to adjust by 100-150 bps over the next fiscal year.

From capital market perspective, given that low interest rate environment is likely to continue for the short to medium term, we believe equities will continue to attract flows. Risk premiums vis a vis 10-year bonds is right now at 1.9%, compared to historical average of 1.0% suggesting some upside due to re-rating would be possible. Alongside, earnings growth will be a key driver for the next few years as they have lagged behind nominal GDP growth during the last couple of years. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 24.0% to PKR 920 billion at the end of the first half of the fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 30% during the period to PKR 410 billion. Within the money market sphere, the conventional funds dominated as they grew by about 37% to PKR 281 billion. Equity and related funds surged rapidly by 24% from PKR 224 billion to PKR 278 billion over the quarter. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up 26% YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 44%, followed by Equity and Equity related funds with a share of 30% and Income funds having a share of 24% as at the end of the calendar year.

Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

COMPANY'S PERFORMANCE REVIEW

During the six months ended December 31, 2020 the net asset under management increased by 21% from Rs. 109 billion to Rs. 132 billion. The increase in net assets resulting in increased revenue coupled with rationalization of cost including closing and relocation of certain branches and relocation of Head Office in December 2019, resulted in operating profit of Rs. 128.1 million compared to Rs. 67.7 million in the same corresponding period. Moreover, the Company earned Rs. 134.9 million through investments and placement of excess funds. This resulted that the Company during the first half of FY 2020-2021 earned profit before tax of Rs. 264.9 million compared to 190.9 million in corresponding period. After paying taxes the Company earned profit after tax of Rs. 210.4 million compared to Rs. 149.7 million earned in the same corresponding period.

The Earnings per Share of six months ended December 31, 2020 is Rs. 2.92 as compared to Re. 2.08 per share in the corresponding period.

In view of the reported performance of the Company the Director feels great pleasure in declaring interim dividend of 22.5% (Rs. 2.25 per share)

GDP growth for FY21 is projected at 2.1% by government and various institutions. Despite the reemergence of Covid cases in the winter season, Pakistan has resiliently kept the growth momentum going. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2020

geared up after record monetary easing. We expect growth to fare better than general expectations as industrial growth has revived much earlier than our anticipation. We, therefore, expect economic growth to recover well above 2.1%.

With respect to equities as growth momentum continues, the valuations are catching up with historical norms. Barring any external shock, we think equities have potential to provide decent returns to investors. The Company would continue to take benefit from market appreciations which would have positive effect on the earnings of the Company. Moreover, this would also have positive effect on the core earnings of the Company.

We are still excited on the opportunities digital platforms provide to expand retail segment. Till now results are encouraging and 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.

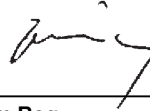
ACKNOWLEDGEMENT

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 08, 2021



Nasim Beg
Director and Vice Chairman

ڈائریکٹر رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2020ء

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ موسم سرما میں کووڈ کے دوبارہ ظہور پذیر ہونے کے باوجود پاکستان نے چلک کا مظاہرہ کرتے ہوئے ترقی کی رفتار برقرار رکھی۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گردش شعوبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ ترقی عمومی توقعات سے بہتر ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہوگئی ہے۔ ہمیں اُمید ہے کہ معاشی ترقی 2.1 سے کافی بلند سطح پر بحال ہوگی۔

ایکویٹیز کے تناظر میں ترقی کی رفتار تیز تر ہونے کے ساتھ valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ ہمارے مطابق اگر کوئی خارجی دھچک نہ لگے تو ایکویٹیز میں سرمایہ کاروں کو اچھا منافع دینے کی استعداد موجود ہے۔ کمپنی مارکیٹ میں قدر کے اضافے سے فائدہ اٹھانے کا سلسلہ جاری رکھے گی جس سے کمپنی کی آمدنیوں پر مثبت اثرات مرتب ہوں گے۔ علاوہ ازیں، اس سے کمپنی کی بنیادی آمدنیوں پر بھی مثبت اثر مرتب ہوگا۔ ہم اب بھی خوردہ طبقے کی توسیع کے لیے ڈیجیٹل ذرائع سے فراہم ہونے والے مواقع کے حوالے سے پُر جوش ہیں۔ تاحال نتائج حوصلہ افزا ہیں، اور ہمیں توقع ہے کہ ابتدائی برسوں میں ان ذرائع کے لیے زیادہ سرمایہ کاریاں درکار ہوں گی تاکہ ہماری رسائی اور صارفین کو حاصل ہونے والے تجربے میں بہتری آ سکے۔ ہم بدستور پُر اُمید ہیں کہ موجودہ سرمایہ کاریوں سے مستقبل میں ثمرات حاصل ہوں گے جس کے نتیجے میں آنے والے برسوں میں زیادہ منافع حاصل ہوگا۔

اظہارِ تشکر

بورڈ آف ڈائریکٹر سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر ملازمین کی محنت اور لگن اور حصص یافتگان کے کمپنی پر اعتماد کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز



نیم ایگ
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2021ء

ڈائریکٹر رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2020ء

کے دوران یہ معمولی جی ڈی پی سے پیچھے رہی ہیں۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد و قسویہ اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار کے فنڈ سال بھر بلا رکاوٹ پالیسی شروحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2021ء کے نصف اول کے اختتام پر تقریباً 24.0 فیصد بڑھ کر 920 بلین روپے ہو گئے۔ مینی مارکیٹ فنڈز اور فکسڈ انکم فنڈز میں خطر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ مینی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 30 فیصد بڑھ کر 410 بلین روپے ہو گئے۔ مینی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 37 فیصد بڑھ کر 281 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سہ ماہی 24 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 278 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے۔

کیلنڈر سال کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے مینی مارکیٹ فنڈز تقریباً 44 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور فکسڈ انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کے مستقبل کے امکانات

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہمیں اُمید ہے کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس دباؤ کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسانی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے۔

کمپنی کی کارکردگی کا جائزہ

31 دسمبر 2020ء کو ختم ہونے والے چھ ماہ کے دوران، انتظامیہ کے تحت net اثاثہ جات 21 فیصد اضافے کے ساتھ 109 بلین روپے سے 132 بلین روپے ہو گئے۔ Net اثاثہ جات میں اضافے کی بدولت آمدنی میں اضافے، بیع لاگت کو مؤثر بنانے کے عمل، بشمول کچھ شناختی کو بند یا منتقل کرنے اور دسمبر 2019ء میں ہیڈ آفس کو منتقل کرنے، کے نتیجے میں آپریٹنگ منافع 128.1 ملین روپے ہوا جبکہ مماثل مدت میں 67.7 ملین روپے تھا۔ علاوہ ازیں، اضافی رقم کی سرمایہ کاری اور فروخت سے کمپنی کو 134.9 ملین روپے آمدنی ہوئی۔ اس کے نتیجے میں مالی سال 2020-21ء کے نصف اول کے دوران کمپنی کا منافع قبل از ٹیکس 264.9 ملین روپے بنا جبکہ اس کے بالمقابل مماثل مدت میں 190.9 ملین روپے تھا۔ ٹیکسوں کی ادائیگی کے بعد منافع بعد از ٹیکس 210.4 ملین روپے تھا جبکہ اس کے بالمقابل مماثل مدت میں 149.7 ملین روپے تھا۔

31 دسمبر 2020ء کو ختم ہونے والے چھ ماہ کی آمدنی فی شیئر 2.92 روپے تھی جبکہ اس کے بالمقابل مماثل مدت میں 2.08 روپے تھی۔

کمپنی کی رپورٹنگ کارکردگی کو دیکھتے ہوئے ڈائریکٹرز نے 22.5 فیصد عبوری منافع (2.25 روپے فی حصص) کا بمسترت اعلان کیا ہے۔

ڈائریکٹرز رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2020ء

ایکویٹی مارکیٹ کا جائزہ

بچ مارک KSE-100 انڈیکس نے موجودہ مالی سال کی پہلی سہ ماہی میں 17.9 فیصد زبردست منافع حاصل کرنے کے بعد دوسری سہ ماہی کے دوران اپنی مثبت رفتار جاری رکھی۔ انڈیکس نے دوسری سہ ماہی کے دوران 7.9 فیصد منافع پوسٹ کیا جس کی بدولت نصف اوّل کا مجموعی منافع 27.1 فیصد تک پہنچ گیا۔ افراد اور کارپوریٹ کمپنیاں دوران مدت سب سے بڑے خریدار تھے جنہوں نے 159/91 ملین ڈالر سرمایہ کاری کی، جبکہ کرشل بینک net فروخت کا ثابت ہوئے جنہوں نے اپنی سرمایہ کاری میں 69 ملین ڈالر کی کمی کی۔ دوسری جانب غیر ملکیوں نے اپنے حصے میں کمی کرنے کا سلسلہ جاری رکھا اور 247 ملین ڈالر مالیت کے اسٹاکس فروخت کیے۔ اسٹاک مارکیٹ کی تجارتی سرگرمی میں گزشتہ ششماہی کے مقابلے میں اضافہ ہوا کیونکہ اوسط حجم تقریباً 448 ملین حصص، یعنی 116 فیصد زیادہ، اور تجارت شدہ قدر تقریباً 17 ملین روپے، یعنی 109 فیصد زیادہ تھی۔

ٹیکنالوجی، اسٹیل اور ریٹائرمنٹ ہدف سے بہتر کارکردگی کا مظاہرہ کرنے والے بڑے شعبے تھے جنہوں نے مالی سال کے نصف اوّل کے دوران بالترتیب 134 فیصد، 86 فیصد اور 75 فیصد منافع پوسٹ کیا۔ ٹیکنالوجی کمپنیوں کی قدر کی بڑے پیمانے پر تشکیل نو ہوئی کیونکہ سرمایہ کاروں نے ٹیکنالوجی کمپنیوں کی بدلتی ہوئی صورتحال بعد از کووڈ کا خیر مقدم کیا۔ اسٹیل کے شعبے نے رفتار پکڑی کیونکہ تعمیراتی ماگ اور قیمتوں میں تیزی سے اضافے کے بعد ان کے اسٹاکس نے بھرپور ترقی کی۔ علاوہ ازیں، ریٹائرمنٹ کے لیے یقینی شرح منافع کی افواہوں نے دوران مدت اس شعبے کے منافع کو محرک فراہم کیا۔ دوسری جانب تیل اور گیس کی دریافت کا شعبہ ہدف سے کم کارکردگی کا مظاہرہ کرنے والا بڑا شعبہ تھا جس نے صرف 7 فیصد معمولی منافع پوسٹ کیا کیونکہ خام تیل کی غیر مستحکم قیمتوں اور بڑھتے ہوئے گردش قرضوں سے سرمایہ کاروں کی حوصلہ شکنی ہوئی۔

معیشیت اور بازار - مستقبل کے امکانات

ادائیگیوں کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آگیا ہے۔ عالمی معیشیت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلات زر بھی توقعات سے بہت بلند ہوئی ہیں اور نصف اوّل میں سال گزشتہ کے مقابلے میں 25 فیصد ترقی نے سب کو حیران کر دیا ہے۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1 فیصد پر ٹھہرے گا، اور اس کے لیے مالیات کی فراہمی یا سانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو سکتی ہے۔ تاہم تیل سے لے کر خام لوہے اور کونکے تک اشیاء کی قیمتوں میں حالیہ اضافہ ہماری خوش آئند صورتحال کے لیے خطرہ ثابت ہو سکتا ہے۔ نومبر 2020ء کا رینٹل افیکٹو ریٹ 99.4 فیصد تھا، اور اشیاء میں کسی بھی قابل ذکر حرکت کے باعث افراط زر اور ادائیگیوں کے توازن کی نسبتاً صورتحال مزید خراب ہو سکتی ہے اور اس کے نتیجے میں روپے کی قدر تیزی سے گر سکتی ہے۔ آئی ایم ایف پروگرام پر عمل درآمد کا سبک رفتاری کے ساتھ جاری رہنا مالیاتی گوشوارے کو مثبت حد میں رکھنے کے لیے کلیدی عامل ثابت ہوگا۔ موجودہ صورتحال میں غیر ملکی زرمبادلہ کے ذخائر کی موجودہ سطحوں میں مزید 550 ملین ڈالر کا اضافہ متوقع ہے جس کی بدولت روپے پر کسی قسم کے دباؤ کو کم کرنے میں مدد ملے گی۔

افراط زر ہماری سابقہ توقعات سے آگے نکل گئی ہے کیونکہ اشیاء خورد و نوش کی قیمتیں آسمان سے باتیں کر رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.01 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ اگلے مالی سال کے لیے افراط زر کا اوسط تقریباً 8.5 فیصد رہے گا جو موجودہ سطح سے کچھ کم ہے۔ مرکزی بینک نے پہلی مرتبہ قریب المیعا دیں سود کی شرحوں سے متعلق راہنمائی فراہم کی ہے جس کی بدولت سرمایہ کاروں کی توقعات میں مزید یقینی صورتحال پیدا ہوگی۔ مرکزی مختار ادارے نے سود کی شرحوں کو مختصر مدت میں مستحکم رکھنے اور درمیانی مدت میں کچھ مثبت کرنے کا عزم کیا ہے۔ اب مرکزی بینک کی راہنمائی کے پیش نظر ہمیں اُمید ہے کہ سود کی شرحوں میں اگلے مالی سال کے دوران 100 سے 150 بیسیس پوائنٹس تک ترسیم ہوگی۔

کیپیٹل مارکیٹ کے نقطہ نظر سے اگر سود کی پست شرحوں کا ماحول مختصر اور درمیانی مدت کے دوران قائم رہے تو ہم سمجھتے ہیں کہ ایکویٹی زکامات کو مائل کرنے کا سلسلہ جاری رہے گا۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیئم فی الوقت 1.9 فیصد پر ہیں، اور قدیم اوسط 1.0 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ ری بینک کی بدولت کچھ فائدہ متوقع ہے۔ ساتھ ساتھ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا کیونکہ گزشتہ کچھ برسوں

ڈائریکٹر رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2020ء

معیشت اور بازار زر کا جائزہ

مالی سال 2021ء کا نصف اول اُمید افزا رہا کیونکہ معاشی سرگرمیوں نے پوری قوت کے ساتھ سر اُٹھایا ہے اگرچہ کووڈ کے باعث پیدا ہونے والی مشکلات قریب المیاد میں برقرار رہیں گی۔ معاشی بحالی توقعات سے تیز تر رہی ہے کیونکہ مالیاتی تسہیل، طلب کی محدودیت اور بہتر ترسیلات نے معاشی ترقی کو محرک فراہم کیا۔ کووڈ-19 اتنا نقصان دہ ثابت نہیں ہوا جتنا اس بارے میں ابتدائی امکانات تھے، اور شاید مقامی آبادی کے اعداد و شمار اور حکومت کے کامیاب انٹر عمل کی بدولت یہ طوفان پسپا ہو گیا۔ چنانچہ ہم سمجھتے ہیں کہ معاشی ترقی عمومی تخمینوں کے مقابلے میں بہتر رہے گی۔ حکومت کی ابتدائی توقعات کے مطابق صنعتی ترقی (جس کا ہدف سال گزشتہ کے مقابلے میں 0.1 فیصد ترقی تھا) کووڈ-19 کے باعث پست تر ہوگی، لیکن اب ہم سمجھتے ہیں کہ یہ توقعات سے بہتر ہوگی کیونکہ گردش شعبوں میں بھرپور طلب اور حجم کے اعتبار سے ترقی کا مظاہرہ ہوا ہے۔

مالی سال 2021ء کی پہلی ششماہی میں سیمنٹ کے شعبے میں مقامی فروخت میں متاثر کن ترقی ہوئی جو سال گزشتہ سے 17 فیصد زیادہ تھی۔ 2 اور 3 پہلوؤں والے پائپس کی فروخت میں مزید متاثر کن ترقی ہوئی جو سال گزشتہ سے 19 فیصد زیادہ تھی جس سے متوسط طبقے کی متحرک مالی صورتحال کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم مصنوعات کی طلب میں سال گزشتہ کے مقابلے میں تقریباً 10 فیصد اضافہ ہوا جس سے معیشت میں وسیع البہاد بحالی کی ترجمانی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں موجودہ مالی سال کے پہلے پانچ ماہ میں 7.4 فیصد ترقی ہوئی ہے۔

مالی سال کے نصف اول میں کرنٹ اکاؤنٹ میں 997 ملین ڈالر منافع ہوا جبکہ اس کے بالمقابل سال گزشتہ کی مماثل مدت میں 2,032 ملین ڈالر خسارہ ہوا تھا۔ اس بہتری کی بنیادی وجہ ترسیلات میں اضافہ تھا جن میں دوران مدت 25 فیصد ترقی ہوئی۔ سینٹرل بینک کے زرمبادلہ کے ذخائر میں 1.3 بلین ڈالر اضافہ ہوا جس کی وجہ ادائیگی کے توازن کی صورتحال میں بہتری ہے۔

افراط زر حکومت کی دھتکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز افراد مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط پہلے چھ ماہ کے دوران 8.6 فیصد تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث گندم اور جلد خراب ہو جانے والی اشیائے خورد و نوش کی قیمتوں میں اضافہ جاری رہا۔ بہر حال بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 5.9 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی، مرکزی بینک کووڈ-19 کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں مالی سال کے نصف اول کے دوران 5 فیصد اضافہ ہوا جو ہدف برائے مدت کے تقریباً قریب تھا۔ پہلے پانچ ماہ کا مالیاتی خسارہ مجموعی ملکی پیداوار (جی ڈی پی) کا 1.8 فیصد تھا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 1.6 فیصد تھا۔ بنیادی توازن جی ڈی پی (GDP) کے 0.5 فیصد کے ساتھ مزید بہتر رہا جبکہ اس کے بالمقابل سال گزشتہ جی ڈی پی کا 0.3 فیصد تھا۔

افراط زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا جس کے باعث پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراط زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ ایم پی سی کے منٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراط زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا چلی سطح میں آنا متوقع تھا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 74، 114 اور 129 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

INDEPENDENT AUDITOR'S REVIEW REPORT



KPMG Taseer Hadi & Co.
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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 Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **MCB - Arif Habib Savings and Investments Limited** ("the Company") as at 31 December 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, 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 statements"). Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

INDEPENDENT AUDITOR'S REVIEW REPORT



KPMG Taseer Hadi & Co.

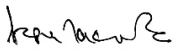
Other Matter

The figures of the condensed interim financial statements for the quarter ended 31 December 2020 and 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: 19 February 2021


Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		(Unaudited) 31 December 2020	(Audited) 30 June 2020
	Note	(Rupees)	
ASSETS			
Non-current assets			
Fixed assets	5	378,872,156	401,747,361
Long-term investments	6	611,151,304	533,563,426
Long-term loans and prepayments	7	14,847,302	7,062,588
Long-term deposits		4,404,903	5,289,229
		1,009,275,665	947,662,604
Current assets			
Receivable from related parties	8	557,549,875	537,446,025
Loans and advances	9	5,260,402	4,201,445
Deposits, prepayments and other receivables	10	30,341,076	30,508,123
Accrued mark-up on bank balances		23,907	24,966
Short-term investments	11	658,293,563	661,620,881
Advance tax - net of provision	12	50,003,379	64,293,766
Cash and bank balances		25,853,257	19,814,591
		1,327,325,459	1,317,909,797
TOTAL ASSETS		2,336,601,124	2,265,572,401
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		720,000,000	720,000,000
72,000,000 (30 June 2020: 72,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		879,111,046	830,695,426
Total equity		1,599,111,046	1,550,695,426
Liabilities			
Non-current liabilities			
Deferred taxation - net	13	66,668,563	55,968,562
Lease liability against right-of-use assets	14	29,843,927	33,454,709
Current liabilities			
Current portion of lease liability against right-of-use assets	14	29,082,797	27,191,338
Trade and other payables	15	607,428,599	593,676,366
Unclaimed dividend		4,466,192	4,586,000
Total liabilities		737,490,078	714,876,975
TOTAL EQUITY AND LIABILITIES		2,336,601,124	2,265,572,401
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 23 form an integral part of this condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020

		Half year ended 31 December		Quarter ended 31 December	
	Note	2020	2019	2020	2019
		(Rupees)		(Rupees)	
Revenue					
Management and investment advisory fee	16	348,058,343	319,806,204	173,827,638	166,063,253
Processing and other related income		21,617,876	16,176,600	16,762,052	4,372,170
Profit on bank balances under effective interest method		681,361	2,156,351	302,838	1,201,869
Dividend income on short term investments classified as 'financial assets at fair value through profit or loss'		12,077,817	3,181,999	6,177,517	1,511,787
Gain on sale of short term investments classified as 'financial assets at fair value through profit or loss' - net		11,719,861	29,103,555	4,367,396	18,514,121
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		110,493,313	87,978,777	49,712,015	96,391,111
		504,648,571	458,403,486	251,149,456	288,054,311
Expenses					
Administrative expenses	17	(200,531,036)	(216,228,386)	(109,369,224)	(80,593,680)
Selling and distribution expenses	18	(31,794,466)	(44,842,924)	(15,813,909)	(37,175,733)
Financial charges		(3,794,688)	(3,076,304)	(2,291,950)	(2,917,596)
Sindh Workers' Welfare Fund	15.1	(5,400,000)	(4,100,000)	(2,400,000)	(3,400,000)
		(241,520,190)	(268,247,614)	(129,875,083)	(124,087,009)
		263,128,381	190,155,872	121,274,373	163,967,302
Other income	19	1,788,348	776,540	1,060,403	478,317
Profit for the period before taxation		264,916,729	190,932,412	122,334,776	164,445,619
Taxation					
- Current tax		(43,801,109)	(32,673,945)	(22,600,000)	(17,469,001)
- Prior tax		-	(346,901)	-	(346,901)
- Deferred tax		(10,700,000)	(8,135,299)	(3,400,000)	(9,729,419)
		(54,501,109)	(41,156,145)	(26,000,000)	(27,545,321)
Profit for the period after taxation		210,415,620	149,776,267	96,334,776	136,900,298
Earnings per share - basic and diluted		2.92	2.08	1.34	1.90

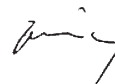
The annexed notes 1 to 23 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For The Half Year and Quarter Ended 31 December 2020

	Half year ended		Quarter ended	
	31 December		31 December	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
Profit for the period after taxation	210,415,620	149,776,267	96,334,776	136,900,298
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	210,415,620	149,776,267	96,334,776	136,900,298

The annexed notes 1 to 23 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 Ended 31 December 2020

	Issued, subscribed and paid-up capital	Reserves			Total	
		Capital		Revenue		
		Share premium	Deficit arising on amalgamation	Sub-total Unappropriated profit		
		(Rupees)				
Balance as at 1 July 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	406,226,313	1,462,226,313
Profit after taxation for the half year ended 31 December 2019	-	-	-	-	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
Final dividend for the year ended 30 June 2019 at Rs 1.35 per share	-	-	-	-	(97,200,000)	(97,200,000)
	-	-	-	-	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	1,514,802,580
Profit after taxation for the half year ended 30 June 2020	-	-	-	-	107,892,846	107,892,846
Other comprehensive income for the half year ended 30 June 2020	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	107,892,846	107,892,846
Interim dividend for the year ended 30 June 2020 at Rs. 1 per share	-	-	-	-	(72,000,000)	(72,000,000)
Balance as at 30 June 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	494,695,426	1,550,695,426
Profit after taxation for the half year ended 31 December 2020	-	-	-	-	210,415,620	210,415,620
Other comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	210,415,620	210,415,620
Final dividend for the year ended 30 June 2020 at Rs 2.25 per share	-	-	-	-	(162,000,000)	(162,000,000)
	-	-	-	-	48,415,620	48,415,620
Balance as at 31 December 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	543,111,046	1,599,111,046

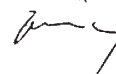
The annexed notes 1 to 23 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
For The Half Year Ended 31 December 2020

		Half year ended	
		31 December 2020	31 December 2019
	Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		264,916,729	190,932,412
Adjustments for non-cash and other items:			
Depreciation	5.1	11,983,986	16,776,168
Amortisation	5.2	6,139,676	6,829,436
Depreciation on right of use asset		15,681,059	9,663,484
Financial charges		3,794,688	5,797,536
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(110,493,313)	(87,978,777)
(Gain) / loss on sale of investments - net		(11,719,861)	(29,103,555)
(Gain) / loss on disposal of fixed assets		(1,510,283)	(36,111)
		<u>(86,124,048)</u>	<u>(78,051,819)</u>
Operating cash flows before working capital changes		178,792,681	112,880,593
Movement in working capital			
(Increase) / decrease in current assets			
Loans and advances		(1,058,957)	5,995,199
Deposits, prepayments and other receivables		167,047	22,195,688
Accrued mark-up		1,059	(16,928)
Receivable from related parties		<u>(20,103,850)</u>	<u>(65,410,664)</u>
		<u>(20,994,701)</u>	<u>(37,236,705)</u>
Increase / (decrease) in current liabilities			
Unclaimed dividend		(119,808)	7,887,094
Trade and other payables		<u>13,752,233</u>	<u>22,802,051</u>
Net cash generated from operations		171,430,405	106,333,033
Income taxes paid		<u>(29,510,721)</u>	<u>(37,885,392)</u>
Financial charges paid		<u>(3,794,688)</u>	<u>(3,076,304)</u>
		<u>(33,305,409)</u>	<u>(40,961,696)</u>
Net cash generated from operating activities		138,124,996	65,371,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		<u>(5,285,843)</u>	<u>(3,410,173)</u>
Sale proceeds from disposal		7,086,150	52,500
Long-term loans and receivables		<u>(6,900,388)</u>	2,364,126
Net proceeds against purchase / redemption of investments		<u>47,952,624</u>	<u>53,380,189</u>
Net cash generated from investing activities		42,852,543	52,386,642
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		<u>(12,938,873)</u>	<u>(15,376,523)</u>
Dividend paid		<u>(162,000,000)</u>	<u>(97,200,000)</u>
Net cash generated from financing activities		(174,938,873)	(112,576,523)
Net increase in cash and cash equivalents		6,038,666	5,181,456
Cash and cash equivalents at the beginning of the period		<u>19,814,591</u>	<u>23,165,617</u>
Cash and cash equivalents at the end of the period		<u>25,853,257</u>	<u>28,347,073</u>


The annexed notes 1 to 23 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020

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 AM1 by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 6 October 2020. Currently, the Company is managing the following funds under its management:

		Net assets value as at	
		31 December	30 June
	Note	2020	2020
		(Rupees in million)	
Open-end Collective Investment Schemes (CISs)			
Pakistan Income Fund		2,914	2,076
MCB Pakistan Stock Market Fund		11,872	8,804
MCB Pakistan Sovereign Fund		1,402	1,816
Pakistan Capital Market Fund		477	415
Pakistan Cash Management Fund		2,664	3,693
Pakistan Income Enhancement Fund		668	707
MCB Pakistan Asset Allocation Fund		1,469	1,299
MCB DCF Income Fund		3,775	4,033
MCB Cash Management Optimizer		35,148	28,106
Alhamra Islamic Money Market Fund			
(Formerly MCB Pakistan Frequent Payout Fund)	1.5	4,103	152
Alhamra Islamic Asset Allocation Fund		2,638	1,964
Alhamra Islamic Stock Fund		3,558	2,656
Alhamra Islamic Income Fund		6,865	4,442
Alhamra Islamic Active Asset Allocation Fund Plan - I		-	341
Alhamra Islamic Active Asset Allocation Fund Plan - II		137	177
Alhamra Daily Dividend Fund		2,092	3,237
Pension Funds			
Pakistan Pension Fund		1,851	1,723
Alhamra Islamic Pension Fund		1,222	1,058
Discretionary portfolio			
		53,035	42,550

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Half Year and Quarter Ended 31 December 2020

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 2020	30 June 2020
	(Rupees in million)	
Number of clients	51	36
Total portfolio at cost (Rs. in millions)	51,165	36,853
Total portfolio at market value (Rs. in millions)	52,456	35,426
Fee earned (Rs. in millions)	22	33

- 1.5 During the year, the name of Alhamra Islamic Money Market Fund (formerly MCB Pakistan Frequent Payout Fund) was changed.

- 1.6 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). The rating was determined by PACRA on 5 November 2020.

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 2020.
- 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 2020, 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 2019.
- 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 AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Half Year and Quarter Ended 31 December 2020

2.6 Basis of measurement

These condensed interim financial statements have been prepared on the basis of historical cost convention, except that certain investments are carried at fair values.

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 IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events, etc. The pandemic has resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, and stockholders. However, the management based on its assessment considers that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

4 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

- 4.1 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 2020.

4.2 New standards, interpretations and amendments adopted by the Company

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these condensed interim financial statements.

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

In addition certain IFRS, amendments and interpretations to approved accounting standards are not yet effective. However, these are not likely to have any material effect on the Company's financial statements.

4.4 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 2020.

4.5 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 2020.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020

		(Unaudited) 31 December 2020	(Audited) 30 June 2020
		----- (Rupees) -----	
5 FIXED ASSETS	<i>Note</i>		
Tangible			
Property and equipment	5.1	33,089,796	45,363,804
Right of use assets	5.4	56,423,358	60,884,879
		<u>89,513,154</u>	<u>106,248,683</u>
Intangible assets			
Computer software	5.2	15,232,069	21,371,745
Goodwill	5.2	82,126,933	82,126,933
Management rights	5.2	192,000,000	192,000,000
		<u>289,359,002</u>	<u>295,498,678</u>
		<u>378,872,156</u>	<u>401,747,361</u>

5.1 Property and equipment

Following is a statement of property and equipment:

	31 December 2020 (Unaudited)				
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles
	----- (Rupees) -----				
As at 1 July 2020					
Cost	55,234,935	28,793,272	17,221,864	45,978,793	4,237,270
Accumulated depreciation	(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)
Accumulated impairment losses	-	(561,390)	(3,248,387)	(9,397,744)	-
Net book value	<u>19,309,867</u>	<u>6,271,218</u>	<u>4,431,392</u>	<u>12,442,117</u>	<u>2,909,210</u>
Half year ended 31 December 2020					
Opening net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210
Additions during the period	4,807,495	366,980	111,368	-	-
Disposals during the period:					
- Cost	(951,394)	(5,658,134)	(8,307,376)	(13,002,138)	-
- Accumulated depreciation	948,407	4,233,886	4,108,531	7,130,213	-
- Accumulated impairment losses	-	561,390	2,522,470	2,838,280	-
	(2,987)	(862,858)	(1,676,375)	(3,033,645)	-
Depreciation for the period	(4,592,312)	(1,616,514)	(1,078,057)	(4,167,444)	(529,659)
Closing net book value	<u>19,522,063</u>	<u>4,158,826</u>	<u>1,788,328</u>	<u>5,241,028</u>	<u>2,379,551</u>
As at 31 December 2020					
Cost	59,091,036	23,502,118	9,025,856	32,976,655	4,237,270
Accumulated depreciation	(39,568,973)	(19,343,292)	(6,511,611)	(21,176,163)	(1,857,719)
Accumulated impairment loss	-	-	(725,917)	(6,559,464)	-
Net book value	<u>19,522,063</u>	<u>4,158,826</u>	<u>1,788,328</u>	<u>5,241,028</u>	<u>2,379,551</u>
Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%
	30 June 2020 (Audited)				
	Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles
	----- (Rupees) -----				
As at 1 July 2019					
Cost	50,316,668	28,800,538	18,742,110	77,725,699	1,794,000
Accumulated depreciation	(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)
Accumulated impairment losses	-	-	(3,008,277)	(27,237,796)	-
Net book value	<u>21,753,260</u>	<u>10,907,582</u>	<u>10,469,887</u>	<u>32,272,429</u>	<u>1,270,750</u>
Year ended 30 June 2020					
Opening net book value	21,753,260	10,907,582	10,469,887	32,272,429	1,270,750
Additions during the year	5,996,985	13,000	-	532,868	2,443,270
Disposals during the year					
- Cost	(1,078,718)	(20,266)	(1,520,246)	(32,279,774)	-
- Accumulated depreciation	1,061,888	20,266	406,097	10,301,442	-
- Accumulated impairment losses	-	-	630,158	20,678,332	-
	(16,830)	-	(483,991)	(1,300,000)	-
Impairment charged during the year	-	(561,390)	(870,267)	(2,838,280)	-
Depreciation for the year	(8,423,548)	(4,087,974)	(4,684,238)	(16,224,900)	(804,810)
Closing net book value	<u>19,309,867</u>	<u>6,271,218</u>	<u>4,431,392</u>	<u>12,442,117</u>	<u>2,909,210</u>
As at 30 June 2020					
Cost	55,234,935	28,793,272	17,221,864	45,978,793	4,237,270
Accumulated depreciation	(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)
Accumulated impairment loss	-	(561,390)	(3,248,387)	(9,397,744)	-
Net book value	<u>19,309,867</u>	<u>6,271,218</u>	<u>4,431,392</u>	<u>12,442,117</u>	<u>2,909,210</u>
Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020**

5.1.1 There were no disposal of fixed assets during the period, whose aggregate book value exceeds Rs. 5 million.

5.1.2 Included in the cost of property and equipment are fully depreciated items which are still in use, aggregating to Rs. 35.34 million (30 June 2020: Rs. 66.39 million).

5.2 Intangible assets

Following is a statement of intangible assets:

	31 December 2020 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortisation	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Half year ended 31 December 2020				
Opening net book value	21,371,745	82,126,933	192,000,000	295,498,678
Amortisation for the period	(6,139,676)	-	-	(6,139,676)
Closing net book value	15,232,069	82,126,933	192,000,000	289,359,002
As at 31 December 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortisation	(67,241,005)	-	-	(67,241,005)
Net book value	15,232,069	82,126,933	192,000,000	289,359,002
Amortisation rates (% per annum)	25%			
	30 June 2020 (Audited)			
	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	34,157,795	82,126,933	192,000,000	308,284,728
Year ended 30 June 2020				
Opening net book value	34,157,795	82,126,933	192,000,000	308,284,728
Additions during the year	378,029	-	-	378,029
Amortisation for the year	(13,164,079)	-	-	(13,164,079)
Closing net book value	21,371,745	82,126,933	192,000,000	295,498,678
As at 30 June 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortisation	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Amortisation rates (% per annum)	25%			

5.3 Depreciation and amortisation has been allocated as follows:

		(Unaudited)			
		31 December 2020		31 December 2019	
Note		Depreciation	Amortisation	Depreciation	Amortisation
		(Rupees)			
Charged to statement of profit or loss	17	11,084,725	5,678,965	16,607,595	6,753,684
Charged to Collective Investment Schemes under management	17.1	899,261	460,711	168,573	75,752
		11,983,986	6,139,676	16,776,168	6,829,436

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					(Unaudited) 31 December 2020	(Audited) 30 June 2020
5.4	RIGHT OF USE ASSETS				----- (Rupees) -----	
	Opening written down value				60,884,879	-
	Recognition during the period				-	30,513,482
	Additions during the period				17,237,692	57,445,375
	Derecognition of right of use assets				(4,254,787)	-
	Effect of Modification				(1,763,367)	-
	Depreciation for the period				(15,681,059)	(27,073,978)
	Closing written down value				<u>56,423,358</u>	<u>60,884,879</u>
6	LONG-TERM INVESTMENTS			Note	(Unaudited) 31 December 2020	(Audited) 30 June 2020
					----- (Rupees) -----	
	Investments in pension schemes - related parties					
	Investments at fair value through profit or loss			6.1	<u>611,151,304</u>	<u>533,563,426</u>
6.1	Investments at fair value through profit or loss					
	Name of the Investee Fund	As at 1 July 2020	Purchased during the period	Redeemed / sold during the period	As at 31 December 2020	As at 31 December 2020 (Unaudited)
					Carrying value	Market value
						Unrealised Appreciation
					----- (Rupees) -----	
	Alhamra Islamic Pension Fund	876,129	-	-	876,129	267,323,646
	Pakistan Pension Fund	805,305	-	-	805,305	266,239,774
					<u>533,563,420</u>	<u>611,151,304</u>
						<u>77,587,884</u>
7	LONG-TERM LOANS AND PREPAYMENTS			Note	(Unaudited) 31 December 2020	(Audited) 30 June 2020
					----- (Rupees) -----	
	Loans:					
	Secured - considered good					
	- to executives			7.1	8,627,768	6,938,951
	- to other employees				-	2,111
	Less: Current portion of loans				<u>(1,640,768)</u>	<u>(1,176,024)</u>
					<u>6,987,000</u>	<u>5,765,038</u>
	Prepayments:					
	Prepaid commission against bachat units				<u>15,617,214</u>	<u>5,234,305</u>
	Less: Current portion			10	<u>(7,756,912)</u>	<u>(3,936,755)</u>
					<u>7,860,302</u>	<u>1,297,550</u>
					<u>14,847,302</u>	<u>7,062,588</u>
7.1	This includes interest-free loans amounting to Rs. 4.06 million (30 June 2020: Rs. 4.37 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. 4.34 million (30 June 2020: Rs. 4.377 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. Based on month end balances, the maximum aggregate balance of loans to an executive outstanding at any time during the year was Rs. 9.11 million (30 June 2020: Rs. 7.82 million).					
8	RECEIVABLE FROM RELATED PARTIES			Note	(Unaudited) 31 December 2020	(Audited) 30 June 2020
					----- (Rupees) -----	
	Unsecured - considered good					
	Pakistan Income Fund				13,822,009	12,485,626
	MCB Pakistan Stock Market Fund				119,859,862	103,862,961
	MCB Pakistan Sovereign Fund				34,871,141	35,992,189
	Pakistan Capital Market Fund				8,806,122	8,529,951
	Pakistan Pension Fund				8,653,273	8,593,459
	Alhamra Islamic Pension Fund				4,803,095	4,634,002
	Pakistan Cash Management Fund				12,510,670	12,610,282
	Pakistan Income Enhancement Fund				23,340,872	22,110,177
	Pakistan Sarmaya Mehfooz Fund				4,267,360	4,267,360
	MCB Pakistan Asset allocation Fund				42,848,019	41,939,488
	MCB Cash Management Optimizer				67,133,009	71,598,618
	MCB DCF Income Fund				137,298,069	138,483,978
	Alhamra Islamic Money Market Fund			1.5	4,895,619	5,003,898
	Alhamra Islamic Stock Fund				24,418,293	19,117,825
	Alhamra Islamic Asset Allocation Fund				21,381,419	17,380,198
	Alhamra Islamic Income Fund				18,077,941	16,092,180
	Alhamra Islamic Active Asset Allocation Fund - Plan I				24,621	39,275
	Alhamra Islamic Active Asset Allocation Fund - Plan II				18,003	19,979
	Alhamra Daily Dividend Fund				607,864	3,280,594
	Other proposed fund				-	1,000,000
				8.1	<u>547,637,261</u>	<u>527,042,040</u>
	Advisory fee on account of discretionary portfolio management					
	Adamjee Life Assurance Company Limited				<u>9,912,614</u>	<u>10,403,985</u>
					<u>557,549,875</u>	<u>537,446,025</u>

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- 8.1 The above amounts includes Federal Excise Duty amounting to Rs. 412.88 million (30 June 2020: Rs. 412.88 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 14.2 to the condensed interim financial statements.

		(Unaudited) 31 December 2020	(Audited) 30 June 2020
	Note	----- (Rupees) -----	
9 LOANS AND ADVANCES			
Secured - Considered good			
Current portion of loans to employees	7	1,640,768	1,176,024
Advances - Considered good			
Advances to employees		679,930	561,930
Advances to suppliers and contractors		2,939,704	2,463,491
		3,619,634	3,025,421
		<u>5,260,402</u>	<u>4,201,445</u>
10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		200,000	1,776,960
Prepayments			
Fees and subscriptions		2,195,934	1,000,000
Insurance		1,857,841	7,059,970
Current portion of prepaid commission against bachat units	7	7,756,912	3,936,755
Maintenance		2,385,947	1,840,236
Service level agreement		888,792	2,355,162
Software license		350,655	611,252
Others		180,463	203,920
		15,616,544	17,007,295
Other receivables			
Advisory fee on account of discretionary portfolio management		22,127,364	23,720,613
Others		4,799,285	405,372
		26,926,649	24,125,985
Provision against advisory fee	10.1	(12,402,117)	(12,402,117)
		<u>30,341,076</u>	<u>30,508,123</u>
10.1 Movement in provision			
Opening balance		12,402,117	11,953,175
Provision made during the period		-	448,942
Closing balance		<u>12,402,117</u>	<u>12,402,117</u>
11 SHORT-TERM INVESTMENTS			
	Note	(Unaudited) 31 December 2020	(Audited) 30 June 2020
		----- (Rupees) -----	
Investment in Collective Investment Schemes - related parties			
Investments at fair value through profit or loss	11.1	658,293,563	661,620,881

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Half Year and Quarter Ended 31 December 2020

11.1 Investments at fair value through profit or loss

Name of the Investee Fund	As at 1 July 2020	Purchased during the period	Redeemed / sold during the period	As at 31 December 2020	As at 31 December 2020 (Unaudited)		
					Carrying value	Market value	Unrealised appreciation / (diminution)
					(Number of units)		
MCB CASH MANAGEMENT OPTIMIZER	5,469,446	32,014,239	37,384,120	99,565	10,041,592	10,043,543	1,951
MCB PAKISTAN STOCK MARKET FUND	1,422,538	2,989,179	1,216,676	3,195,041	280,245,171	313,148,649	32,903,478
MCB PAKISTAN INCOME MARKET FUND	-	5,746	5,746	-	-	-	-
MCB PAKISTAN SOVEREIGN FUND	-	10,956	10,956	-	-	-	-
PAKISTAN CASH MANAGEMENT FUND	-	2	2	-	-	-	-
ALHAMRA DAILY DIVIDEND FUND	-	3,502,354	3,502,354	-	-	-	-
MCB DCF INCOME FUND	-	9,344	9,344	-	-	-	-
ALHAMRA MONEY MARKET FUND	-	16,481,322	13,113,807	3,367,515	335,101,371	335,101,371	-
					625,388,134	658,293,563	32,905,429

12 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 2020 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

13 DEFERRED TAX LIABILITY - NET

Deferred tax liability on taxable temporary differences

- Intangible assets
- Right of use asset
- Investments at fair value through profit or loss

	(Unaudited) 31 December 2020	(Audited) 30 June 2020
	(Rupees)	
	71,818,144	64,613,575
	16,362,774	19,291,940
	4,113,227	(391,359)
	92,294,145	83,514,156

Deferred tax asset on deductible temporary differences

- Property and equipment
- Finance cost on discounted loans
- Provision against advisory fee
- Liability against right-of-use asset

	(4,051,934)	(5,523,312)
	(888,284)	992,105
	(3,596,614)	(3,596,614)
	(17,088,750)	(19,417,773)
	(25,625,582)	(27,545,594)
	66,668,563	55,968,562

14 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

Finance lease liabilities are payable as follows.

- Not later than one year
- Later than one year and not later than five years
- Later than five years

Less: Current portion

31 December 2020 (Unaudited)		
Minimum lease payments	Future finance cost	Present value of minimum lease payments
34,659,951	5,577,154	29,082,797
31,742,372	1,898,445	29,843,927
-	-	-
66,402,323	7,475,599	58,926,724
		(29,082,797)
		29,843,927

Finance lease liabilities are payable as follows.

- Not later than one year
- Later than one year and not later than five years
- Later than five years

Less: Current portion

30 June 2020 (Audited)		
Minimum lease payments	Future finance cost	Present value of minimum
33,847,442	6,656,104	27,191,338
36,618,398	3,163,689	33,454,709
-	-	-
70,465,840	9,819,793	60,646,047
		(27,191,338)
		33,454,709

14.1 Above balances have been discounted at the rates ranging between 8.07% to 14.95% (30 June 2020: 8.47% to 14.95%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
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		(Unaudited) 31 December 2020	(Audited) 30 June 2020
	Note	2020	2020
		----- (Rupees) -----	
15 TRADE AND OTHER PAYABLES			
Accrued expenses and other payables		84,992,319	106,891,203
Sindh Workers' Welfare Fund	15.1	44,169,050	38,769,050
Withholding tax payable		2,937,472	1,573,528
Indirect taxes and duties payable	15.2	425,454,417	422,580,282
Payable to facilitators / distributors		49,875,341	23,862,303
		607,428,599	593,676,366

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

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

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers' Welfare Fund Ordinance, 1971, accordingly an amount of Rs. 14.442 million has been reversed 12 January 2017. Further, as a consequence of passage of the 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (SWWF) which was effective from 01 July 2014. The Company believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 44.17 million (30 June 2020: Rs. 38.77 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.

- 15.2** 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 8) and would be payable only after final verdict as explained above and when received from the funds.

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16	MANAGEMENT AND INVESTMENT ADVISORY FEE	Note	Half year ended		Quarter ended		
			31 December 2020	31 December 2019	31 December 2020	31 December 2019	
			(Unaudited)				
			(Rupees)				
Management fee from Collective Investment Schemes - related parties							
	MCB Cash Management Optimizer	55,445,444	44,715,508	26,113,743	24,257,319		
	MCB Pakistan Asset Allocation Fund	16,082,786	18,819,417	8,164,621	9,088,061		
	MCB DCF Income Fund	35,374,243	35,966,743	17,347,438	18,473,647		
	Alhamra Islamic Income Fund	12,542,009	15,430,611	6,007,680	8,488,820		
	MCB Pakistan Sovereign Fund	7,639,244	18,320,817	3,391,309	10,928,013		
	Pakistan Capital Market Fund	5,312,946	5,400,357	2,665,165	2,774,712		
	Pakistan Cash Management Fund	1,417,214	1,170,860	672,216	535,343		
	Pakistan Income Enhancement Fund	2,840,652	5,361,243	1,290,290	2,316,475		
	Pakistan Income Fund	13,442,443	13,564,305	6,740,121	6,658,691		
	Alhamra Islamic Asset Allocation Fund	27,358,119	29,631,141	14,389,178	14,702,384		
	MCB Pakistan Stock Market Fund	125,785,514	97,315,365	64,703,688	50,696,863		
	Alhamra Islamic Stock Fund	38,075,590	29,709,080	19,556,815	15,186,453		
	Alhamra Islamic Money Market Fund	1.5	303,930	1,776,120	170,225	764,548	
	Alhamra Islamic Active Allocation Fund Plan I		38,678	116,328	17,718	70,949	
	Alhamra Islamic Active Allocation Fund Plan II		30,728	77,293	13,943	39,672	
	Alhamra Daily Dividend Fund		3,867,188	3,756,857	1,784,019	1,263,012	
			345,556,728	321,132,045	173,028,169	166,244,962	
Management fee from Pension Schemes - related parties							
	Pakistan Pension Fund		15,605,837	13,733,469	7,842,987	7,193,739	
	Alhamra Islamic Pension Fund		10,039,173	7,291,840	5,105,604	3,871,422	
			25,645,010	21,025,309	12,948,591	11,065,161	
		16.1	371,201,738	342,157,354	185,976,760	177,310,123	
	Investment advisory fee from discretionary portfolio management	16.2	22,104,189	19,223,657	10,448,470	10,341,353	
			393,305,927	361,381,011	196,425,230	187,651,476	
	Less: Sindh Sales Tax		(45,247,584)	(41,574,807)	(22,597,592)	(21,588,223)	
			348,058,343	319,806,204	173,827,637	166,063,253	
16.1 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.							
16.2 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.							
17	ADMINISTRATIVE EXPENSES	Note	Half year ended		Quarter ended		
			31 December 2020	31 December 2019	31 December 2020	31 December 2019	
			(Unaudited)				
			(Rupees)				
	Salaries, allowances and other benefits		121,528,040	121,233,491	67,540,128	32,918,170	
	Legal and professional charges		3,708,404	2,768,532	1,191,433	1,444,617	
	Travelling and conveyance charges		493,147	3,468,536	282,868	256,973	
	Rent, utilities, repairs and maintenance		29,219,292	43,339,991	17,880,161	22,470,571	
	Office supplies		1,007,495	490,103	321,571	254,194	
	Auditors' remuneration		2,031,692	2,039,367	878,500	1,414,367	
	Directors' meeting fee		5,625,000	3,525,000	2,700,000	1,800,000	
	Insurance		1,037,874	1,118,777	485,093	557,789	
	Depreciation	5.3	11,084,725	16,607,595	5,061,972	7,803,206	
	Amortisation	5.3	5,678,964	6,753,684	2,739,802	4,648,885	
	Stamp duty and taxes		6,750	328,600	-	228,600	
	Registrar fee		326,850	150,358	201,503	88,943	
	Printing and stationery		2,506,623	2,095,967	1,061,288	1,204,902	
	Telephone expenses		2,461,190	2,778,370	1,122,598	1,290,235	
	Entertainment expenses		860,498	1,264,619	387,804	604,682	
	Books, periodicals and subscription		12,954,492	7,665,396	7,514,503	3,007,546	
	Provision against advisory fees receivable		-	600,000	-	600,000	
		17.1	200,531,036	216,228,386	109,369,224	80,593,680	

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17.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated 25 November 2015 introduced amendments in the NBFC Regulations 2008. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations on Collective Investment Schemes upto a maximum of 0.1% of average annual net assets of the scheme. The maximum cap of 0.1% of average annual net assets was removed by SECP vide S.R.O No. 639 (1) / 2019. Accordingly, expenses amounting to Rs. 34.59 million (31 December 2019: Rs. 22.85 million) have been charged by the Company to the respective CISs under its management during the period.

18 SELLING AND DISTRIBUTION EXPENSES

SECP vide its Circular 40/2016 dated 30 December 2016, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from 01 January 2017 till 31 December 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. The said condition was amended through Circular No. 11 of 2019 dated 5 June 2019, according to which an AMC may charge selling and marketing expenses to all types of open end mutual funds except for Fund of Funds against the cost pertaining to opening and maintenance of all branches in all cities. Under this circular, expenses amounting to Rs. 145.28 million (31 December 2019: Rs. 113.06 million) have been charged by the Company to aforesaid funds under its management.

19 OTHER INCOME

This includes interest income on loan to employees amounting to Rs. 0.27 million (31 December 2019: Rs. 0.25 million).

20 CONTINGENCIES AND COMMITMENTS

20.1 The contingencies and commitments of the Company remains unchanged during the period. For details of contingencies and commitments, refer Note 20 of the annual financial statements of the Company for the year ended 30 June 2020.

20.2 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 three month KIBOR+0.5% (30 June 2020: 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 2021. The facility was unutilized as at 31 December 2020.

21 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 contracted rates and terms. Details of such transaction are as follows:

21.1 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 2020	31 December 2019
			(Rupees)	
MCB Bank Limited	Parent company with 51.33% Holding	Commission and other expenses	9,657,763	18,787,940
		Profit on bank deposits	548,202	1,942,376
		Branch sharing expenses	1,459,020	1,459,020
		Rent as per rental agreement	1,200,000	-
		Dividend paid	83,152,728	49,891,637
		Sale proceeds on disposal of fixed assets	1,550,050	-
		Financial charges	374,659	263,039
			97,942,422	72,344,011
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank charges	-	2,736
		Profit on bank deposits	7,178	9,352
			7,178	12,088
Nishat Real Estate Development Company (Pvt) Limited	Group Company of Parent Company	Rent as per rental agreement	1,078,736	2,087,876
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	11,929,797	9,551,042
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	2,586,157	1,659,872
		Dividend paid	12,289,500	6,267,645
		Rent as per rental agreement	9,769,375	1,595,000
			24,645,032	9,522,517
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	48,744,376	-
MCB Cash Management Optimizer	Funds under management	Management fee	49,066,765	39,571,246
		Investment in units	3,228,831,242	3,649,640,176
		Redemption of units	3,774,338,729	3,654,768,052
		Dividend Income	10,806,747	2,617,597
		Reimbursement of expenses	15,676,577	7,809,702
		Selling and marketing	-	24,161,722
			7,078,720,060	7,378,568,495
		MCB DCF Income Fund	Funds under management	Management fee
Share of sales load	34,669			55,978
Back end load	-			4,541
Reimbursement of expenses	2,086,976			2,121,932
Selling and marketing	8,139,206			4,948,083
	41,565,490			38,959,509
Alhamra Islamic Income Fund	Funds under management	Investment in units	1,014,790	80,000,000
		Redemption of units	1,015,540	30,175,608
		Management fee	11,099,122	13,655,408
		Share of sales load	776,779	470,437
		Back end load	-	32,068
		Sharia fee paid on behalf of the fund	369,193	450,000
MCB Pakistan Asset Allocation Fund	Funds under management	Reimbursement of expenses	3,357,086	1,350,903
		Selling and marketing	6,714,171	2,366,677
		Back end load	8,769	1,170,335
			24,418,967	25,993,738

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half Year ended	
			31 December 2020	31 December 2019
			----- (Rupees) -----	
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Management fee	268,965	1,571,788
		Reimbursement of expenses	20,640	100,660
		Selling and marketing	164,905	581,789
		Share of sales load	1,171	189
		Dividend Income	994,108	-
		Other Expenses	758,883	-
			2,218,672	2,254,425
Alhamra Islamic Stock Fund	Funds under management	Investment in units	1,640,543,112	-
		Redemption of units	1,305,407,828	-
		Management fee	33,695,212	26,291,221
		Share of sales load	382,674	136,431
		Reimbursement of expenses	1,684,761	1,314,560
		Selling and marketing	21,901,888	11,450,232
		Sharia fee paid on behalf of the fund	369,193	450,000
MCB Pakistan Sovereign Fund	Funds under management	Back end load	-	19,620
			58,033,728	39,662,063
		Management fee	6,760,392	16,213,112
		Share of sales load	354	453,270
		Reimbursement of expenses	783,332	930,602
		Selling and marketing	1,096,665	1,300,428
			8,640,743	18,897,413
MCB Pakistan Stock Market Fund	Funds under management	Investment in units	590,222	449,334,028
		Redemption of units	590,660	432,007,784
		Management fee	111,314,614	86,119,792
		Share of sales load	2,394,661	603,005
		Reimbursement of expenses	5,565,731	4,305,989
		Selling and marketing	72,354,499	40,829,926
		Back end load	-	7,621
Pakistan Capital Market Fund	Funds under management	Investment in units	191,629,505	131,866,334
		Redemption of units	272,420,886	50,000,000
		Management fee	4,701,722	4,779,078
		Share of sales load	13,691	12,728
		Reimbursement of expenses	235,086	238,954
		Selling and marketing	3,173,663	2,305,302
			8,124,162	7,336,062
Pakistan Cash Management Fund	Funds under management	Management fee	1,238,886	1,036,159
		Reimbursement of expenses	541,281	609,646
		Share of sales load	-	494
			1,780,167	1,646,299
		Investment in units	84	250,556,356
		Redemption of units	84	250,733,824
Pakistan Income Enhancement Fund	Funds under management	Management fee	2,513,852	4,744,463
		Share of sales load	82,280	294,362
		Reimbursement of expenses	355,182	369,681
		Selling and marketing	2,663,862	2,252,803
		Back end load	-	-
			5,615,176	7,661,310
Pakistan Income Fund	Funds under management	Management fee	11,895,966	12,003,810
		Share of sales load	394,812	68,186
		Reimbursement of expenses	1,148,069	776,997
		Other Expenses	-	-
		Selling and marketing	1,492,496	1,007,336
		Back end load	29,494	-
			14,960,837	13,856,329
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	24,210,725	26,222,248
		Share of sales load	306,722	337,067
		Back end load	4,456,245	6,782,652
		Reimbursement of expenses	1,210,536	1,311,112
		Selling and marketing	15,736,971	12,217,208
		Sharia fee paid on behalf of the fund	369,194	450,000
			46,290,394	47,320,287
Alhamra Islamic Pension Fund	Funds under management	Management fee	8,884,223	6,452,956
		Share of sales load	223,361	127,889
		Contribution to fund on behalf of the employees	10,132,362	4,658,205
			19,239,946	11,239,050
Pakistan Pension Fund	Funds under management	Management fee	13,810,473	12,153,512
		Share of sales load	71,130	68,622
		Contribution to fund on behalf of the employees	3,519,683	1,549,786
			17,401,286	13,771,920
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	34,228	102,945
		Reimbursement of expenses	148,370	247,854
			182,598	350,799
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	27,193	68,401
		Reimbursement of expenses	82,477	226,924
			109,670	295,325

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half Year ended	
			31 December	30 June
			2020	2020
			----- (Rupees) -----	
Alhamra Daily Dividend Fund	Funds under management	Management fee	3,422,288	3,324,652
		Dividend income	276,963	564,402
		Selling and marketing	2,587,207	2,591,087
		Reimbursement of expenses	985,766	409,829
		Bank Charges	415,863	-
		Share of sales load	11,203	-
			7,699,290	6,889,570
		Investment in units	350,235,419	479,741
		Redemption of units	350,235,419	37,183,725
21.2 Amount outstanding as at period end				
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half Year ended	
			31 December	30 June
			2020	2020
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% Holding	Bank balance	16,657,949	10,067,104
		Other payable	4,380,075	4,380,075
		Commission payable	2,383,631	3,671,827
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	333,643	327,330
		Mark-up receivable	1,103	1,353
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Advisory fee receivable	9,912,614	2,860,457
		Other payable	1,624,999	-
Nishat Real Estate Development Company (Pvt.) Ltd.	Group Company of Parent Company	Rent Deposit	-	784,326
MCB DCF Income Fund	Funds under management	Remuneration receivable	5,961,478	6,340,288
		Sales load receivable	8	54,969
		Receivable against reimbursement of expenses	351,710	374,058
		Receivable against selling & marketing expenses	3,991,446	4,721,237
		Federal excise duty on remuneration	99,060,437	99,060,437
		Federal excise duty on sales load	27,932,990	27,932,990
			137,298,069	138,483,978
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	2,826,040	2,355,138
		Sales load receivable	164	246,077
		Back end load receivable	-	-
		Receivable against reimbursement of expenses	125,046	104,210
		Receivable against selling & marketing expenses	4,696,464	4,033,759
		Federal excise duty on remuneration	19,027,350	19,027,350
		Federal excise duty on sales load	16,172,955	16,172,955
			42,848,019	41,939,488
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	9,917,199	10,470,848
		Sales load receivable	-	-
		Receivable against reimbursement of expenses	2,930,210	2,187,907
		Receivable against selling & marketing expenses	-	4,654,264
		Federal excise duty on remuneration	54,266,812	54,266,812
		Federal excise duty on sales load	18,788	18,788
			67,133,009	71,598,618
		Closing balance of investment in units	10,043,543	551,483,644
Alhamra Islamic Income Fund	Funds under management	Remuneration receivable	1,934,823	1,887,943
		Sales load receivable	242,640	408,972
		Back end load receivable	-	-
		Receivable against reimbursement of expenses	588,155	357,973
		Receivable against Shariah Fee	60,000	75,000
		Receivable against selling & marketing expenses	3,584,754	1,694,723
		Federal excise duty on remuneration	8,639,183	8,639,183
		Federal excise duty on sales load	3,028,386	3,028,386
			18,077,941	16,092,180
MCB Pakistan Stock Market Fund	Funds under management	Remuneration receivable	22,291,399	15,999,219
		Sales load receivable	656,565	183,846
		Receivable against reimbursement of expenses	986,345	703,736
		Receivable against selling & marketing expenses	37,218,935	28,269,543
		Federal excise duty on remuneration	54,773,935	54,773,935
		Federal excise duty on sales load	3,932,683	3,932,683
			119,859,862	103,862,961
		Closing balance of investment in units	313,148,649	110,137,237
Pakistan Income Fund	Funds under management	Remuneration receivable	2,628,774	1,709,855
		Sales load receivable	515,771	403,694
		Receivable against reimbursement of expenses	236,206	175,851
		Receivable against selling & marketing expenses	859,253	614,221
		Federal excise duty on remuneration	9,210,245	9,210,245
		Federal excise duty on sales load	239,199	239,199
		Other receivable	132,561	132,561
			13,822,009	12,485,626
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	1,040,124	1,381,532
		Sales load receivable	-	355,019
		Receivable against reimbursement of expenses	120,098	146,506
		Receivable against selling & marketing expenses	513,105	911,319
		Federal excise duty on remuneration	29,027,974	29,027,974
		Federal excise duty on sales load	4,169,840	4,169,840
			34,871,141	35,992,189

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half Year ended	
			31 December	30 June
			2020	2020
			----- (Rupees) -----	
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	908,890	790,450
		Sales load receivable	-	-
		Receivable against reimbursement of expenses	40,217	34,976
		Receivable against selling & marketing expenses	1,592,023	1,439,534
		Federal excise duty on remuneration	5,872,250	5,872,250
		Federal excise duty on sales load	392,742	392,742
			8,806,122	8,529,951
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	6,801,486	4,815,010
		Sales load receivable	192,206	53,369
		Receivable against reimbursement of expenses	300,951	213,054
		Receivable against selling & marketing expenses	11,249,495	8,147,238
		Receivable against Shariah Fee	60,000	75,000
		Federal excise duty on remuneration	5,689,242	5,689,242
		Federal excise duty on sales load	124,913	124,913
			24,418,293	19,117,825
Pakistan Pension Fund	Funds under management	Remuneration receivable	2,658,441	2,358,801
		Sales load receivable	18,367	258,193
		Federal excise duty on remuneration	5,976,465	5,976,465
			8,653,273	8,593,459
		Closing balance of investment in units	299,043,179	266,239,774
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	5,050,586	3,633,832
		Sales load receivable	180,337	201,813
		Back end load receivable	543,913	82,245
		Receivable against reimbursement of expenses	223,477	160,789
		Receivable against selling & marketing expenses	8,276,961	6,180,374
		Receivable against Shariah Fee	60,000	75,000
		Federal excise duty on remuneration	5,910,300	5,910,300
		Federal excise duty on sales load	1,135,845	1,135,845
			21,381,419	17,380,198
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	1,754,845	1,414,549
		Sales load receivable	17,918	189,121
		Federal excise duty on remuneration	3,030,332	3,030,332
			4,803,095	4,634,002
		Closing balance of investment in units	312,108,125	267,323,646
Pakistan Sarmaya Mahfooz Fund (Matured)	Funds under management	Remuneration receivable	-	-
		Sales load receivable	-	-
		Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
			4,267,360	4,267,360
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	291,746	512,154
		Receivable against reimbursement of expenses	100,835	165,245
		Sales load receivable	185,205	-
		Federal excise duty on remuneration	11,932,884	11,932,884
			12,510,670	12,610,282
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	447,282	202,675
		Sales load receivable	16,575	28,731
		Back end load receivable	-	-
		Other receivable	132,561	132,561
		Receivable against reimbursement of expenses	58,960	17,675
		Receivable against selling & marketing expenses	1,349,464	392,605
		Federal excise duty on remuneration	16,589,808	16,589,808
		Federal excise duty on sales load	4,746,222	4,746,222
			23,340,872	22,110,177
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Remuneration receivable	170,225	221,657
		Sales load receivable	-	14,639
		Receivable against reimbursement of expenses	20,640	11,794
		Receivable against selling & marketing expenses	62,478	290,448
		Dividend receivable	117,240	-
		Others receivable	59,676	-
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,624,619	3,624,619
			4,895,619	5,003,898
		Closing balance of investment in units	335,101,371	-
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Remuneration receivable	5,734	10,692
		Receivable against reimbursement of expenses	18,887	28,583
			24,621	39,275
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Remuneration receivable	5,696	5,132
		Receivable against reimbursement of expenses	12,307	14,847
			18,003	19,979
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	536,806	776,026
		Payable against bank charges	70,890	88,126
		Receivable against reimbursement of expenses	-	274,700
		Receivable against selling & marketing expenses	-	2,141,742
		Closing balance of investment in units	-	-
		Sales load receivable	168	-
			607,864	3,280,594

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Half Year and Quarter Ended 31 December 2020

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Fair value hierarchy

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

- Level 1

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

- Level 2

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

- 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 2020 (Unaudited)					
		Carrying amount			Fair value		
Note	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Total	
(Rupees)							
Financial assets measured at fair value							
Long-term investments	611,151,304	-	-	611,151,304	611,151,304	611,151,304	
Short-term investments	658,293,563	-	-	658,293,563	658,293,563	658,293,563	
	1,269,444,867	-	-	1,269,444,867	1,269,444,867	1,269,444,867	
Financial assets not measured at fair value							
Long-term loans	-	6,987,000	-	6,987,000			
Long-term deposits	-	4,404,903	-	4,404,903			
Receivable from related parties	-	557,549,875	-	557,549,875			
Loans and advances	-	1,640,768	-	1,640,768			
Deposits and other receivables	-	14,724,532	-	14,724,532			
Accrued mark-up	-	23,907	-	23,907			
Cash and Bank balances	-	25,853,257	-	25,853,257			
	-	611,184,242	-	611,184,242			
Financial liabilities not measured at fair value							
Trade & other payables	-	-	134,867,660	134,867,660			
Unclaimed dividend	-	-	4,466,192	4,466,192			
	-	-	139,333,852	139,333,852			
On-balance sheet financial instruments		30 June 2020 (Audited)					
		Carrying amount			Fair value		
Note	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Total	
(Rupees)							
Financial assets measured at fair value							
Long-term investments	533,563,426	-	-	533,563,426	533,563,426	533,563,426	
Short-term investments	661,620,881	-	-	661,620,881	661,620,881	661,620,881	
	1,195,184,307	-	-	1,195,184,307	1,195,184,307	1,195,184,307	
Financial assets not measured at fair value							
Long-term loans	-	5,765,038	-	5,765,038			
Long-term deposits	-	5,289,229	-	5,289,229			
Receivable from related parties	-	537,446,025	-	537,446,025			
Loans and advances	-	1,176,024	-	1,176,024			
Deposits and other receivables	-	13,500,828	-	13,500,828			
Accrued mark-up	-	24,966	-	24,966			
Cash and Bank balances	-	19,814,591	-	19,814,591			
	-	583,016,701	-	583,016,701			
Financial liabilities not measured at fair value							
Trade & other payables	-	-	130,753,506	130,753,506			
Unclaimed dividend	-	-	4,586,000	4,586,000			
	-	-	135,339,506	135,339,506			

During the period ended 31 December 2020, 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2020**

22.1 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 their fair value.

23 GENERAL

23.1 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.

23.2 Non adjusting events after the reporting period

The Board of Directors in their meeting held on February 8, 2021 have for the half year ended 31 December 2020 declared interim cash dividend of Rs. 2.25 (31 December 2019: Rs. 1) per share amounting to Rs. 162 (31 December 2019: 72) million. This condensed interim financial statements for the half year ended 31 December 2020 do not include the effect of the declared interim cash dividend which will be recognized in the financial statements for the year ended 30 June 2021.

23.3 Date of authorisation for issue

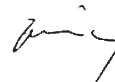
This condensed interim financial statements was authorised for issue on February 08, 2021 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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