



MCB-ARIF HABIB
Savings and Investments Limited

QUARTERLY REPORT

SEPTEMBER
2020
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited



AM1
Assured by MCB



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Savings Assured, Life Assured

TABLE OF CONTENTS

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

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

COMPANY INFORMATION

Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member
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
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	

DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2020

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present Report on the affairs of MCBAH for the quarter ended September 30, 2020.

PRINCIPAL BUSINESS

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

THE BUSINESS ENVIRONMENT

Economy and Money Market Review

The start to fiscal year 2021 (FY21) has been promising as economic activities have started to pick up as lockdowns have been lifted in general across the Country. 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. We now expect economic growth to be higher than general estimates. Government had initial expectations of lower industrial growth (targeting a growth of 0.1 per cent Year on Year (YoY)) due to Covid-19, which we now believe would be better than expectations as cyclical sectors have seen a reversal in their fortunes.

Cement sector saw an impressive growth in local dispatches as they witnessed a growth of 19 per cent YoY in the first quarter of FY21. Sales of two wheeler units rose at a more impressive rate of 22 per cent YoY reflecting on the vibrancy of middle class economic dynamics. Similarly, the demand of white petroleum products increased by 6 per cent YoY during the quarter implying a broad based recovery in economy. While Large Scale Manufacturing (LSM) number of only one month have been released for this fiscal year (up 5 per cent YoY), we expect it to grow at high single digit in the first quarter.

Current account deficit posted a surplus of USD 805 million in the first two months of fiscal year compared to a deficit of USD 1,214 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 31 per cent in the first two months and at a similar rate in the first quarter. Foreign exchange reserves of Central Bank saw a nominal increase of USD 100 million during the quarter 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 Consumer Price Index (CPI) averaged 8.8 per cent YoY during the quarter, with food inflation averaging 15.1 per cent YoY 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 (NFNE) was still controlled and averaged 6.6 per cent for the period. The Monetary Policy Committee (MPC) conducted one monetary policy during the quarter and 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 per cent during the quarter, returning to the positive zone after a span of 4 months. FBR collected record 1,004 billion in taxes, surpassing the target by approximately PKR 40 billion during the quarter.

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

DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2020

it to fall in the upward range of 7-9 per cent compared to earlier expectations of inflation falling in the lower range. Three Years (3Y), Five Years (5Y) and Ten Years (10Y) bonds saw a rise of 76 basis points (bps), 102 bps and 106 bps respectively during the period.

Equity Market Review

The benchmark KSE-100 index started off the fiscal year 2021 with flying colors as it closed the first quarter as the best performing equity index in the world exhibiting a massive surge of approximately 17.9 per cent. With record low interest rates, stock market remained exuberant as flows from local investors kept the index roaring. Foreigners continued to offload as they sold stocks worth of near USD 106 million, while on the local front Individuals and Mutual Funds added about USD 108/26 million respectively to their positions. During the quarter, average trading volumes saw a massive rise to 500 million shares compared to about 205 million shares during the preceding quarter. Similarly, average trading value during the quarter saw an exorbitant uptick of 133 per cent Quarter on Quarter (QoQ) to near PKR 17.5 billion.

Cement, Chemical and Automobile were the major outperformers as they posted returns of 35 per cent /26 per cent /25 per cent respectively. Record cement dispatches along with rising cement prices continued to provide traction to cement stocks. The announcements related to the Naya Pakistan Housing Project also acted as stimuli to the positive sentiments in the cement sector. Similarly, chemical sector also remained in limelight owing to rising construction activities, along with a recovery in textile sector. Moreover, Autos garnered attention as renewed demand of passenger cars and two wheelers brought life in the sector.

Economy & Market - Future Outlook

Gross Domestic Product (GDP) growth for FY21 is projected at 2.1 per cent by Government and various institutions. Pakistan has essentially survived the first wave of pandemic, as number of daily cases (within 1000) have reduced to one-sixth of the peak daily cases (about 6000) witnessed during early June. Generally, economy appears to now operating close to pre-covid levels as cyclical sectors have 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 expect economic growth to recover well above 2.1 per cent.

Balance of Payment worries are over for now as Current Account Deficit (CAD) has adjusted to reasonable level since the policy actions taken by the Central Government. Global economy has started to recover and the news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact 31 per cent YoY growth in the first quarter has surprised everyone. Even accounting for a 5 per cent decline in remittances from here onwards, the overall situation will remain in comfortable zone. We expect CAD to settle near 1.2 per cent of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. Swift continuation of International Monetary Fund (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 USD 2 billion during the next year, 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 9.1 per cent for FY21, slightly higher than the expected range (7.0-9.0) of Central Bank. However, the inflation trajectory would remain close to 8 per cent over the next few months and would move near double digits by the end of the fiscal year due to the low base effect. Thus, Central Bank may consider to adjust the interest rates in the second half of the fiscal year. However, the quantum of adjustment will depend on the balance of payment and economic situation at that time.

DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2020

From capital market perspective, particularly equities, we are getting a much clearer picture now. As covid curve continues to flatten out, the valuations are catching up with historical norms. Barring a second wave of the virus, we think equities have a lot to offer to the investors. Market cap to GDP ratio is at 17.5 per cent, still at a discount of 33 per cent from its historical average. Similarly, risk premiums are close to 3.4 per cent, compared to historical average of 0.9 per cent signifying decent upside for long term investors. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, Government bonds have 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 14.3 per cent to PKR 848 billion at the end of 1QFY21 compared to end of 4QFY20. Money market funds and Fixed Income funds experienced an influx of investment as the status quo of interest rates was maintained by the Central Bank throughout the quarter. Total money market funds grew by about 41 per cent since June 2020. Within the money market sphere, the conventional funds dominated as they grew by about 13 per cent to PKR 233 billion. In addition, the total fixed Income funds increased by about 18 per cent since June 2020, as the shariah compliant funds grew by 15 per cent to near PKR 126 billion. The appetite for risk assets ignited in the post lockdown scenario as the aggregate demand boosted. Equity and related funds surged rapidly by 20 per cent from PKR 224 billion to PKR 268 billion over the quarter. Most of the rise in AUMs can be attributed to a positive uptick in the market that was up 26 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 41 per cent, followed by Equity and Equity related funds with a share of 32 per cent and Income funds having a share of 26 per cent as at the end of 1QFY21.

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

In the month of October 2020, the Company achieved highest Asset Manager Rating of **AM1**. The rating reflects the Company's positioning as one of the leading players in the Asset Management Companies; supported by strong control environment, structured Investment processes, good governance framework and qualified management team.

In continuation with strong closing of FY 2019-2020, the first quarter of 2020-2021 also started with success. In comparison to the corresponding period, the Company witnessed significant growth and AUMs of the Company increased by Rs. 11 billion and the AUMs closed at Rs. 120 billion compared to AUMs of Rs. 109 billion. The increased AUMs resulted positively and the Company earned Rs. 174 million compared to Rs. 154 million in the corresponding period.

DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Moreover, during the first quarter due to active fund management, the Company was able to earn Rs. 74 million on investment income compared to Rs. 3.8 million in the corresponding period.

An increase in management fee coupled with active fund management and expense rationalization resulted in Company earning profit after tax of Rs. 114 million compared to Rs. 12.8 million in the corresponding period. The earnings per share of first quarter of FY 2020-2021 is Rs. 1.58 as compared to Re. 0.18 per share in the previous corresponding period.

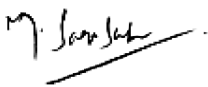
In its pursuit to rationalize operating costs, during the first quarter, the Company shifted one of its branches and relocated another which would further improve the profits of the Company. Moreover, the management is hopeful that with the Company achieving highest Asset Manager Rating, the Company would be able to further increase the AUMs contributing to the revenue growth and profitability.

During the quarter, the Company also launched its first shariah compliant money market fund under the brand of Alhamra. To facilitate the increasing requirements of the investors interested in investing in the shariah compliant money market fund, the Company decided to convert MCB Pakistan Frequent Payout Fund and named it Alhamra Islamic Money Market Fund.

ACKNOWLEDGEMENT

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

For and on behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: October 23, 2020



Nasim Beg
Director/Vice Chairman

اظہار تشکر

ڈائریکٹرز ہمارے حصص یافتگان کو خراج تحسین پیش کرتے ہیں کہ انہوں نے کمپنی میں مسلسل اعتماد کا اظہار کیا ہے۔ علاوہ ازیں، ہم کمپنی کے ہر ایک فرد کے عزم و اخلاص اور جدت پسندانہ سوچ کو بھی بے حد سراہتے ہیں اور ہمیں یقین ہے کہ وہ مستقبل میں بھی اسی طرح سرگرم عمل رہیں گے۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

23 اکتوبر 2020ء



نسیم بیگ

ڈائریکٹر / وائس چیئرمین

ڈائریکٹر رپورٹ برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء

مربوط طریقہ، نظم و ضبط کی عمدہ ساخت اور قابل انتظامیہ ٹیم موجود ہے۔ مالی سال 2019-2020ء کے مستحکم اختتام کے تاثر میں مالی سال 2020-2021ء کی پہلی سہ ماہی کا آغاز بھی کامیابی کے ساتھ ہوا۔ مماثل مدت کے مقابلہ میں کمپنی نے قابل ذکر ترقی کی اور اس کے AUMs 109 بلین روپے کے مقابلہ میں 11 بلین روپے بڑھ کر 120 بلین روپے بلین روپے ہو گئے۔ اس کے مثبت نتیجے کے طور پر کمپنی کو 174 بلین روپے آمدنی ہوئی جو مماثل مدت میں 154 بلین روپے تھی۔

علاوہ ازیں، فنڈ کے متحرک انتظام کی بدولت پہلی سہ ماہی کے دوران کمپنی نے سرمایہ کاری کی آمدنی کی مد میں 74 بلین روپے حاصل کیے جو مماثل مدت میں 3.8 بلین روپے تھی۔ بینجٹ فیس میں اضافے کے ساتھ ساتھ فنڈ کے متحرک انتظام اور اخراجات کی نگرانی کے نتیجے میں کمپنی کی آمدنی بعد از ٹیکس 114 بلین روپے ہوئی جو مماثل مدت میں 12.8 بلین روپے تھی۔ مالی سال 2020-2021ء کی پہلی سہ ماہی کی آمدنی فی شیئر 1.58 روپے ہے جو سابقہ مماثل مدت میں 0.18 روپے تھی۔

آپریٹنگ لاگتوں کو مؤثر بنانے کی جستجو میں پہلی سہ ماہی کے دوران کمپنی نے اپنی ایک برانچ کو منتقل کیا اور ایک اور برانچ کو دوسرے مقام پر قائم کیا جس کے نتیجے میں کمپنی کے منافع جات میں مزید اضافہ ہوگا۔ علاوہ ازیں، انتظامیہ پُر امید ہے کہ اثاثہ جاتی انتظام کی بلند ترین درجہ بندی کے حصول کی بدولت کمپنی AUMs میں مزید اضافہ کر سکے گی جس سے مجموعی آمدنی اور منافع کی اہلیت میں افزودگی ہوگی۔

دوران سہ ماہی کمپنی نے الحماء برانڈ کے تحت اپنا پہلا شریعہ کمپلائنٹ منی مارکیٹ فنڈ بھی متعارف کرایا۔ شریعت سے ہم آہنگ منی مارکیٹ فنڈ میں سرمایہ کاری میں بڑھتی ہوئی دلچسپی کے تناظر میں سرمایہ کاروں کی ضروریات کے پیش نظر کمپنی نے فیصلہ کیا کہ 'ایم سی بی پاکستان فریکوینٹ پے آؤٹ فنڈ' کو منتقل کر کے اسے 'الحماء اسلامک منی مارکیٹ فنڈ' کا نام دے دیا جائے۔

ڈائریکٹر رپورٹ برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء

اختتام پر تقریباً 848 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فُل سڈ اکنم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ مرکزی بینک نے سال بھر انٹریسٹ کی شرحوں کی سطح کو برقرار رکھا۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2020ء کے مقابلے میں 41 فیصد اضافہ ہوا۔ زیر جائزہ مدت کے دوران منی مارکیٹ کے دائرے میں روایتی فنڈز حاوی رہے کیونکہ وہ تقریباً 13 فیصد بڑھ کر 233 بلین روپے ہو گئے۔ علاوہ ازیں، مجموعی فُل سڈ اکنم فنڈز میں جون 2020ء سے تقریباً 18 فیصد اضافہ ہوا کیونکہ شریعت کی تعمیل والے فنڈز 15 فیصد بڑھ کر تقریباً 126 بلین روپے ہو گئے۔ لاک ڈاؤن ختم ہونے کے بعد مجموعی طلب میں اضافے کے باعث خطرات کے حامل اثاثہ جات کی مانگ میں اضافہ ہوا۔ ایکویٹی اور متعلقہ فنڈز دوران سہ ماہی 20 فیصد بڑھ کر 224 بلین روپے سے 268 بلین روپے ہو گئے۔ AUMs میں اضافے کا بڑا سبب مارکیٹ میں 26 فیصد سال در سال ترقی کو قرار دیا جاسکتا ہے جو سرمایہ کاروں کے پُر جوش رجحان کی بدولت ہوئی۔

مالی سال 2021ء کی پہلی سہ ماہی کے اختتام پر شعبہ جاتی سرمایہ کاری کے اعتبار سے منی مارکیٹ فنڈز تقریباً 41 فیصد کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 32 فیصد، اور اکنم فنڈز تقریباً 26 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کا مستقبل کا منظر

انٹریسٹ کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت میں بہتری متوقع ہے۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز پلار کاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

کمپنی کی کارکردگی کا جائزہ

اکتوبر 2020ء میں کمپنی نے اثاثہ جاتی انتظام کی بلند ترین درجہ بندی AM1 حاصل کی۔ اس درجہ بندی سے ظاہر ہوتا کہ کمپنی کا شمار اثاثہ جاتی انتظام کے صفِ اوّل کے اداروں میں ہوتا ہے جس میں قواعد و ضوابط کا مضبوط نظام، سرمایہ کاری کے

لیے مالیات کی فراہمی بآسانی غیر ملکی سرمایہ کاروں اور قرض کے ذریعے ہو 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 میں اگلے سال مزید 2 بلین 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 بڑھ گئی ہے کیونکہ اشیائے خورد و نوش کی قیمتیں آسمان کو چھو رہی ہیں۔ ہمارے نزدیک مالی سال 2021ء کے لیے سی پی آئی کا اوسط 9.9، 1 فیصد ہوگا جو مرکزی بینک کی متوقع حد (7.0 سے 9.0) سے تھوڑا زیادہ ہے۔ تاہم اگلے چند ماہ کے دوران افراط زر کی رفتار تقریباً 8 فیصد رہے گی اور مالی سال کے اختتام تک دو عدد تک پہنچے گی جس کی وجہ پست base کی اثر پذیری ہے۔ چنانچہ مرکزی بینک مالی سال کے نصف آخر میں انٹریسٹ کی شرحوں میں ترمیم کرنے کے بارے میں سوچ سکتا ہے۔

کیپٹل مارکیٹ، خصوصاً ایکویٹیز، کے نظریے سے ہمیں اب کافی واضح صورتحال نظر آرہی ہے۔ جہاں کووڈ کے خم کے ہموار ہونے کا سلسلہ جاری ہے وہاں valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ وائرس کی دوسری لہر کا سد باب کرتے ہوئے ہم سمجھتے ہیں کہ ایکویٹیز میں سرمایہ کاروں کے لیے بہت فوائد مضمر ہیں۔ مارکیٹ کیپٹل انٹرنیشنل کاجی ڈی پی کے ساتھ تناسب 17.5 فیصد ہے، جواب بھی اپنے پرانے اوسط سے 33 فیصد کم ہے۔ اسی طرح رسک پریئم 3.4 فیصد کے قریب ہیں جو اپنے پرانے اوسط 0.9 فیصد کے مقابلے میں طویل المیعاد سرمایہ کاروں کے لیے قابل قبول بہتری ہے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خورد و تصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر پالیسی شرحوں کی عکاسی بلا کاوٹ جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر 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 تقریباً 14.3 فیصد بڑھ کر مالی سال 2021ء کی پہلی سہ ماہی کے

ڈائریکٹر رپورٹ برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء

اُتارنے کا سلسلہ جاری رکھا اور تقریباً 106 ملین ڈالر مالیت کے اسٹاکس فروخت کیے، جبکہ مقامی سطح پر افراد اور میوچل فنڈز نے اپنی بساط میں بالترتیب تقریباً 108 ملین اور 26 ملین ڈالر کا اضافہ کیا۔ دورانِ سہ ماہی اوسط تجارتی حجم میں بڑا اضافہ ہوا اور یہ 500 ملین ڈالر ہو گئے جبکہ گزشتہ سہ ماہی میں 205 ملین ڈالر تھے۔ اوسط تجارتی قدر میں بھی 133 فیصد سہ ماہی در سہ ماہی (QoQ) خطیر اضافہ ہوا اور یہ تقریباً 17.5 ملین روپے تک پہنچ گئی۔

سیمنٹ، کیمیکل اور گاڑیوں کے شعبوں نے بہترین کارکردگی کا مظاہرہ کرتے ہوئے بالترتیب 35، 26 اور 25 فیصد منافع حاصل کیا۔ سیمنٹ کی ریکارڈ ترسیلاتِ بمع بڑھتی ہوئی قیمتوں نے سیمنٹ کے اسٹاکس کو محرک فراہم کرنے کا سلسلہ جاری رکھا۔ 'نیا پاکستان ہاؤسنگ پراجیکٹ' سے متعلق اعلانات بھی سیمنٹ کے شعبے کے لیے خوش آئند ثابت ہوئے۔ اسی طرح کیمیکلز کے شعبے نے بھی بڑھتی ہوئی تعمیراتی سرگرمیوں اور ٹیکسٹائل کے شعبے میں بحالی کی بدولت بھرپور ترقی کی۔ علاوہ ازیں، گاڑیوں کا شعبہ توجہ کا مرکز بنا کیونکہ مسافر گاڑیوں اور موٹر سائیکلوں کی مانگ میں اضافے نے اس شعبے میں نئی روح پھونک دی۔

معیشت اور بازار - مستقبل کے امکانات

حکومت اور متعدد اداروں کے مطابق مالی سال 2021ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد ترقی متوقع ہے۔ پاکستان کو وڈ ۱۹ کی پہلی لہر سے نبرد آزما ہونے میں کامیابی حاصل کی ہے کیونکہ متاثرہ افراد کی یومیہ تعداد (1000 سے کم) ماہِ جون کے آغاز میں منظرِ عام پر آنے والے تعداد کی بلند ترین سطح (تقریباً 6000) کا چھٹا حصہ رہ گئے ہیں۔ معیشت اب عمومی طور پر قبل از کووڈ سطحوں پر سرگرم عمل ہے کیونکہ گردشِ شعبوں نے ریکارڈ مالیاتی تسہیل کے بعد رفتار پکڑ لی ہے۔ ہم سمجھتے ہیں کہ عمومی توقعات سے بہتر ترقی ہوگی کیونکہ صنعتی ترقی ہماری اُمید سے جلد بحال ہو گئی ہے۔ ہمارے نزدیک معاشی ترقی 2.1 سے کافی بلند سطح پر بحال ہوگی۔

ادائیگیوں کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی جانب سے پالیسی اقدامات کے بعد کرنٹ اکاؤنٹ خسارہ معقول سطح پر آ گیا ہے۔ عالمی معیشت میں بحالی کے عمل کا آغاز ہو گیا ہے اور برآمدات میں بتدریج بہتری کی خبریں گردش میں ہیں۔ ترسیلاتِ زر بھی توقعات سے بہت بلند ہوئی ہیں اور پہلی سہ ماہی میں 31 فیصد سال در سال ترقی نے سب کو حیران کر دیا ہے۔ اگر ترسیلاتِ زر میں یہاں سے 5 فیصد کمی بھی مان لی جائے تب بھی مجموعی صورتحال قابو میں رہے گی۔ ہم سمجھتے ہیں کہ مالی سال 2021ء میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 1.2 فیصد پر ٹھہرے گا، اور اس کے

ڈائریکٹر رپورٹ برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء

خسارہ 1,214 ملین ڈالر تھا۔ اس بہتری کی بنیادی وجہ ترسیلاتِ زر میں پہلے دو ماہ کے دوران اور پہلی سہ ماہی میں بھی 31 فیصد زبردست اضافہ ہے۔ مرکزی بینک کے غیر ملکی زرمبادلہ کے ذخائر میں دورانِ سہ ماہی 100 ملین ڈالر کا معمولی اضافہ ہوا جس کی وجہ ادائیگیوں کے توازن کی صورتحال میں بہتری ہے۔

افراطِ زر حکومت کا کمزور پہلو رہا کیونکہ اشیائے خورد و نوش کی قیمتوں میں اضافہ پالیسی ساز افراد کے لیے چیلنج پیش کرتا رہا۔ دورانِ سہ ماہی ہیڈ لائن افراطِ زر، جس کی نمائندگی صارفی قیمت کی انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط 8.8 فیصد سال در سال تھا، جبکہ اشیائے خورد و نوش کے افراطِ زر کا اوسط 15.1 فیصد سال در سال تھا۔ جلد خراب ہو جانے والی اشیائے خورد و نوش بشمول گندم کی قیمت میں اضافہ جاری رہا جس کی وجہ رسد کی جہت میں ہونے والی خرابیاں اور بدانتظامی ہے۔ بہر حال اصل افراطِ زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے شعبوں کے علاوہ کے ذریعے ہوتی ہے، قابو میں تھی اور اس کا اوسط 6.6 فیصد تھا۔ ایم پی سی کمیٹی نے دورانِ سہ ماہی ایک مانیٹری پالیسی اجلاس منعقد کیا اور گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ انٹریسٹ کی اصل شرحیں منفی رہیں، مرکزی بینک کو وڈ ۱۹ کے باعث طلب کی جہت پر پڑنے والے دباؤ کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے ساتھ ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دورانِ سہ ماہی 5 فیصد اضافہ ہوا، اور اس طرح چار ماہ بعد یہ عدد منفی سے مثبت ہوا۔ ایف بی آر نے ریکارڈ 1,004 ملین روپے ٹیکس جمع کیا جو مقررہ ہدف سے تقریباً 40 بلین روپے زیادہ ہے۔

افراطِ زر نے سرمایہ کاروں کو مایوس کرنے کا سلسلہ جاری رہا اور پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ مرکزی بینک نے بھی افراطِ زر سے متعلق اپنی توقع کو بڑھایا جیسا کہ مانیٹری پالیسی کمیٹی (ایم پی سی) کے مٹس میں مذکور ہے۔ اب مرکزی بینک کو توقع ہے کہ افراطِ زر 7 سے 9 فیصد کی اوپری سطح میں پہنچ جائے گا، جبکہ پہلے اس کا نچلی سطح میں آنا متوقع تھا۔ دورانِ مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 76، 102 اور 106 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

بمقام KSE-100 انڈیکس نے مالی سال 2021ء کا بہترین آغاز کیا کیونکہ یہ پہلی سہ ماہی کے اختتام پر تقریباً 17.9 فیصد ترقی کر کے دُنیا بھر میں بہترین کارکردگی کا مظاہرہ کرنے والا انڈیکس تھا۔ انٹریسٹ کی کم ترین شرحوں کی بدولت اسٹاک مارکیٹ میں خوشحالی رہی کیونکہ سرمایہ کاروں کی طرف سے آمدات سے انڈیکس بڑھتا رہا۔ غرملکیوں نے بوجھ

ڈائریکٹر رپورٹ برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء

ایم سی بی عارف حبیب سیونگنز اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹرز کی طرف سے ایم سی بی اے ایچ کے معاملات برائے سہ ماہی مُختتمہ 30 ستمبر 2020ء کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

ادارہ ایک غیر بینکاری مالیاتی کمپنی ہے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قانونی دائرہ کار کے تحت اثاثہ جاتی منتظم، سرمایہ کاری مشیر اور پینشن فنڈ منتظم کے طور پر لائسنس شدہ ہے۔

کاروبار کا ماحول

معیشت اور بازار زر کا جائزہ

مالی سال 2021ء کا آغاز اُمید افزا رہا کیونکہ ملک بھر میں عمومی طور پر لاک ڈاؤن ختم کیے جانے کے نتیجے میں معاشی سرگرمیوں کی رفتار میں اضافہ ہوا ہے۔ معاشی بحالی توقعات سے بہتر رہی کیونکہ مالیاتی تسہیل کی سست رفتار اثر پذیر ی، مُقید طلب اور ترسیلات زر میں اضافے کی بدولت معاشی ترقی کو محرک فراہم ہوا۔ ہمیں اُمید ہے کہ اب معاشی ترقی عمومی تخمینوں سے بلند تر ہوگی۔ حکومت کو ابتدائی طور پر پست تر صنعتی ترقی کی توقع تھی (کووڈ ۱۹ کے باعث 0.1 فیصد سال در سال YoY) کا ہدف، لیکن ہم سمجھتے ہیں کہ اب یہ توقعات سے بہتر ہوگی کیونکہ گزشتہ شعبوں کے حالات کی کاپی لٹ گئی ہے۔ مالی سال 2021ء کی پہلی سہ ماہی میں سینٹ کے شعبے نے مقامی ترسیلات میں 19 فیصد سال در سال کی متاثر کن ترقی کی۔ موٹر سائیکلوں کی فروخت میں 22 فیصد قابل ذکر اضافہ ہوا جس سے متوسط طبقے کی معاشی صورتحال میں بہتری کی عکاسی ہوتی ہے۔ اسی طرح سفید پٹرولیم کی مصنوعات کی مانگ میں دوران سہ ماہی 6 فیصد سال در سال اضافہ ہوا جس سے معیشت میں وسیع بنیاد پر بحالی کی طرف اشارہ ہوتا ہے۔ بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کا اس مالی سال کے لیے صرف ایک عدد ظاہر کیا گیا ہے (5 فیصد سال در سال تک) لیکن ہم سمجھتے ہیں کہ پہلی سہ ماہی کے دوران اس میں بلند یک عددی ترقی ہوگی۔

کرنٹ اکاؤنٹ خسارے میں مالی سال کے پہلے دو ماہ میں 805 ملین ڈالر کی ہوئی جبکہ سال گزشتہ کی مماثل مدت میں

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

		(Unaudited)	(Audited)
	Note	30 September 2020	30 June 2020
		(Rupees)	
ASSETS			
Non-current assets			
Fixed assets	4	380,828,103	401,747,361
Long-term investments	5	583,016,772	533,563,426
Long-term loans and prepayments		13,408,547	7,062,588
Long-term deposits		4,604,903	5,289,229
		981,858,325	947,662,604
Current assets			
Receivable from related parties	7	563,439,558	537,446,025
Loans and advances		16,295,194	4,201,445
Deposits, prepayments and other receivables		39,893,566	30,508,123
Accrued mark-up		23,458	24,966
Short-term investments	6	709,097,791	661,620,881
Advance tax - net of provisions	8	50,803,184	64,293,766
Cash and bank balances	9	26,509,722	19,814,591
		1,406,062,473	1,317,909,797
Total assets		2,387,920,798	2,265,572,401
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
72,000,000 (2019: 72,000,000) ordinary shares of Rs. 10 each		720,000,000	720,000,000
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		944,776,270	830,695,426
Total equity		1,664,776,270	1,550,695,426
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net		63,268,563	55,968,562
Lease liability against right-of-use assets	10	29,166,058	33,454,709
Current liabilities			
Unclaimed dividend		4,586,000	4,586,000
Current Portion of lease liability against right-of-use assets		24,255,494	27,191,338
Trade and other payables	11	601,868,413	593,676,366
Total liabilities		723,144,528	714,876,975
Total equity and liabilities		2,387,920,798	2,265,572,401
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
		(Rupees)	
Revenue			
Management fee / Investment advisory fee	12	174,230,705	153,742,952
Processing and other related income		4,855,824	6,373,643
Profit on bank deposits		378,523	954,482
Dividend income		5,900,300	1,670,212
Realized gain on sale of investments - net		7,352,465	10,589,434
Unrealized gain / (loss) on re-measurement of investments classified as ' FVTPL ' - net		60,781,298	(8,412,334)
		253,499,115	164,918,389
Expenses			
Administrative expenses	13	(91,161,812)	(104,953,760)
Selling and distribution expenses	14	(15,980,557)	(32,049,258)
Financial charges		(1,502,738)	(1,026,801)
Workers' welfare fund		(3,000,000)	(700,000)
		(111,645,107)	(138,729,819)
		141,854,008	26,188,570
Other income		727,945	298,221
Other expenses		-	-
Profit for the quarter before taxation		142,581,953	26,486,791
Taxation	15	(28,501,109)	(13,610,824)
Profit for the quarter after taxation		114,080,844	12,875,967
Earning per share - basic and diluted		1.58	0.18

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

		Quarter ended	
		September 30,	September 30,
	Note	2020	2019
		(Rupees)	
Profit for the quarter after taxation		114,080,844	12,875,967
Other Comprehensive income for the quarter		-	-
Total comprehensive (loss) / profit for the quarter		114,080,844	12,875,967

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	142,581,953	26,486,791
Adjustments for non cash and other items:		
Depreciation	6,359,338	8,431,405
Financial Charges	1,502,738	903,137
Depreciation on right-of-use assets	8,228,190	3,269,553
Amortisation	3,162,546	2,180,551
Capital (loss) / gain on sale of investments - net	(7,352,465)	(10,589,434)
Loss / (Gain) on fixed assets	(33,113)	-
Unrealised appreciation on re-measurement of investments classified as 'FVTPL'	(60,781,298)	8,412,334
	(48,914,065)	12,607,546
	93,667,888	39,094,337
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Receivable from related parties	(25,993,533)	(14,879,839)
Loan and advances	(12,093,749)	(1,325,350)
Deposits, prepayments and other receivables	(9,385,443)	(7,705,725)
Accrued mark-up	1,508	-
	(47,471,217)	(23,910,914)
(Decrease) / increase in current liabilities		
Trade and other payables	16,592,047	93,982,228
NET CASH USED IN WORKING CAPITAL CHANGES	(30,879,170)	70,071,314
CASH GENERATED FROM OPERATIONS	62,788,718	109,165,651
Payment for the period for Income tax, rent & others	-	(25,850,602)
Income tax paid	(16,682,385)	-
NET CASH GENERATED / USED IN FROM OPERATING ACTIVITIES	46,106,333	83,315,049
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,608,360)	(724,572)
Additions in capital work in progress	-	-
Proceeds from sale of property and equipments	5,336,100	-
Investment made - net	(28,796,487)	(26,250,502)
Long term loans and receivables	(5,661,633)	(1,624,660)
NET CASH USED IN / GENERATED FROM INVESTING ACTIVITIES	(31,730,380)	(28,599,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Financial Charges paid	(88,638)	-
Payment of lease liability against right-of-use assets	(7,592,183)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	(7,680,822)	-
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS	6,695,131	54,715,314
Cash and cash equivalents at the beginning of the period	19,814,591	23,165,617
Cash and cash equivalents at the end of the period	26,509,722	77,880,932

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Reserves				Total
	Issued, subscribed and paid- up share capital	Share premium	Capital Deficit arising on amalgamation	Revenue Unappropriated profit	
Balance as at June 30, 2019 (Audited)	720,000,000	395,000,000	(60,000,000)	406,226,313	1,462,226,313
Profit after taxation for the quarter ended September 30, 2019				12,875,967	12,875,967
Balance as at September 30, 2019 (Un-audited)	720,000,000	395,000,000	(60,000,000)	419,102,280	1,475,102,280
Transactions with owners					
Final dividend for the year ended June 30, 2020 at Rs. 1.35 per share				(97,200,000)	(97,200,000)
Interim dividend for the year ended June 30, 2020 at Rs. 1.00 per share				(72,000,000)	(72,000,000)
Profit after taxation for the year ended June 30, 2020				(169,200,000)	(169,200,000)
Balance as at June 30, 2020 (Audited)	720,000,000	395,000,000	(60,000,000)	244,793,146	244,793,146
Profit after taxation for the quarter ended September 30, 2020				494,695,426	1,550,695,426
Balance as at September 30, 2020 (Un-audited)	720,000,000	395,000,000	(60,000,000)	114,080,844	114,080,844
	720,000,000	395,000,000	(60,000,000)	608,776,270	1,664,776,270

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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 a few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On 19 January 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on 21 May 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being 27 June 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended 30 June 2011 which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB - Arif Habib Savings and Investments Limited, effective from 23 May 2013.
- 1.2 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3 The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Sindh, Pakistan.
- 1.4 The Company was assigned an Asset Manager rating of AM1 (September 2019: AM2++) by Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on October 06, 2020. Currently, the Company is managing the following funds under its management:

		Net assets value as at	
		September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
Open-end Collective Investment Schemes (CISs)	Note	----- Rupees in million -----	
Pakistan Income Fund		2,196	2,076
MCB Pakistan Stock Market Fund		11,492	8,804
MCB Pakistan Sovereign Fund	1.4.1	1,519	1,816
Pakistan Capital Market Fund		471	415
Pakistan Cash Management Fund		1,739	3,693
Pakistan Income Enhancement Fund		784	707
MCB Pakistan Asset Allocation Fund		1,408	1,299
MCB DCF Income Fund		3,807	4,033
MCB Cash Management Optimizer		29,901	28,106
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)		1,531	152
Alhamra Islamic Asset Allocation Fund		2,388	1,964
Alhamra Islamic Stock Fund		3,338	2,656
Alhamra Islamic Income Fund		7,258	4,442
Alhamra Islamic Active Asset Allocation Fund Plan - I		307	341
Alhamra Islamic Active Asset Allocation Fund Plan - II		163	177
Alhamra Daily Dividend Fund		2,474	3,237
Pension Funds			
Pakistan Pension Fund		1,821	642
Alhamra Islamic Pension Fund		1,178	540

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

- 1.4.1 MCB Pakistan Frequent Payout Fund (An Open-ended Asset Allocation Scheme) has been renamed as Alhamra Islamic Money Market Fund (An Open ended Shariah Compliant Money Market Scheme) with effect from August 21, 2020 (Date of Conversion).

Discretionary portfolio	48,893	42,550
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The Company is also managing investments under discretionary portfolio management agreements, the details of which are given below:

	30 September 2020 (Unaudited)	30 June 2020 (Audited)
Number of clients	57	36
Total portfolio at cost (Rs. in millions)	40,807	36,853
Total portfolio at market value (Rs. in millions)	41,472	35,426

	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Fee earned (Rs. in millions)	4	8

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

1.6 Summary of significant events during the quarter

COVID-19 and its impact has already been disclosed in annual financial statements June 30, 2020.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- a) These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan 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.

- b) The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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.

- c) The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 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 are extracted from the unaudited condensed interim financial statements for the period ended 30 September 2019.
- d) These condensed interim financial statements are unaudited.
- e) The company has made investments in mutual funds established under trust structure. As per SECP notification SRO 56(1)/ 2016 dated January 28, 2016, the requirements of consolidation under section 237 of the repealed Companies Ordinance, 1984 (section 228 of the Companies Act, 2017) and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the mutual funds are not being consolidated by the Company.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Company for the year ended June 30, 2020, except for the adoption of new standards effective as of 1 July 2020 as referred to in note 3.3 to these condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards

There were certain amendments to approved accounting standards that have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2020 are consistent with those disclosed in the yearly published audited financial statements of the Company for the year ended June 30, 2020.

3.3 Standards, amendments and interpretations to existing standards not yet effective and not applicable/ relevant to the Company

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

3.4 Critical accounting 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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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 estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2020.

3.5 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 June 30, 2020.

		30 September 2020	30 June 2020
4	FIXED ASSETS	Note	----- (Rupees) -----
	Property and equipment	4.1	36,956,198
	Intangible assets	4.2	292,336,132
	Right-of-use assets	4.3	51,535,773
			<u>380,828,103</u>
			<u>401,747,361</u>

4.1 Property and equipment

30 September 2020

	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	----- (Rupees) -----					
As at 1 July 2020						
Cost	55,234,935	28,793,272	17,221,864	45,978,793	4,237,270	151,466,134
Accumulated depreciation	(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)	(92,894,810)
Accumulated Impairment losses	-	(561,390)	(3,248,387)	(9,397,744)	-	(13,207,521)
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>	<u>45,363,804</u>

Quarter ended 30 September 2020

Opening net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	45,363,804
Additions during the year	2,261,380	346,980	-	-	-	2,608,360
Disposals during the year						

Cost	-	(5,147,989)	(4,190,108)	(13,002,140)	-	(22,340,237)
Accumulated depreciation	-	3,893,789	2,389,670	7,130,213	-	13,413,672
Accumulated impairment losses	-	561,390	870,267	2,838,280	-	4,269,937
	-	(692,810)	(930,171)	(3,033,647)	-	(4,656,628)

Impairment during the year	-	-	-	-	-	-
Depreciation for the year	(2,253,471)	(863,856)	(648,795)	(2,328,386)	(264,829)	(6,359,338)

Closing net book value	<u>19,317,776</u>	<u>5,061,532</u>	<u>2,852,426</u>	<u>7,080,085</u>	<u>2,644,380</u>	<u>36,956,198</u>
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As at 30 September 2020

Cost	57,496,315	23,992,263	13,031,756	32,976,653	4,237,270	131,734,257
Accumulated depreciation	(38,178,540)	(18,930,731)	(7,801,211)	(19,337,105)	(1,592,890)	(85,840,475)
Accumulated impairment losses	-	(0)	(2,378,120)	(6,559,464)	-	(8,937,584)
Net book value	<u>19,317,776</u>	<u>5,061,532</u>	<u>2,852,426</u>	<u>7,080,085</u>	<u>2,644,380</u>	<u>36,956,198</u>

Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	30 June 2020					
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
	(Rupees)					
As at 1 July 2019						
Cost	50,316,668	28,800,538	18,742,110	77,725,699	1,794,000	177,379,015
Accumulated depreciation	(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)	(70,459,033)
Accumulated impairment losses	-	-	(3,008,277)	(27,237,796)	-	(30,246,073)
Net book value	21,753,260	10,907,582	10,469,887	32,272,429	1,270,750	76,673,909
Year ended 30 June 2020						
Opening net book value	21,753,260	10,907,582	10,469,887	32,272,429	1,270,750	76,673,909
Additions during the year	5,996,985	13,000	-	532,868	2,443,270	8,986,123
Disposals during the year						
Cost	(1,078,718)	(20,266)	(1,520,246)	(32,279,774)	-	(34,899,004)
Accumulated depreciation	1,061,888	20,266	406,097	10,301,442	-	11,789,693
Accumulated impairment losses	-	-	630,158	20,678,332	-	21,308,490
	(16,830)	-	(483,991)	(1,300,000)	-	(1,800,821)
Impairment during the year	-	(561,390)	(870,267)	(2,838,280)	-	(4,269,937)
Depreciation for the year	(8,423,548)	(4,087,974)	(4,684,238)	(16,224,900)	(804,810)	(34,225,470)
Closing net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	45,363,804
As at 30 June 2020						
Cost	55,234,935	28,793,272	17,221,864	45,978,793	4,237,270	151,466,134
Accumulated depreciation	(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)	(92,894,810)
Accumulated impairment losses	-	(561,390)	(3,248,387)	(9,397,744)	-	(13,207,521)
Net book value	19,309,867	6,832,608	4,431,392	12,442,117	2,909,210	45,363,804
Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%	

4.2 Intangible assets

	30 September 2020			
	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 amortization	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Quarter ended 30 September 2020				
Opening net book value	21,371,745	82,126,933	192,000,000	295,498,678
Additions during the year	-	-	-	-
Amortization for the year	(3,162,546)	-	-	(3,162,546)
Closing net book value	18,209,199	82,126,933	192,000,000	292,336,132
As at 30 September 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortization	(64,263,875)	-	-	(64,263,875)
Net book value	18,209,199	82,126,933	192,000,000	292,336,132
Amortization rates (% per annum)	25%			

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	30 June 2019			
	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 amortization	(47,937,250)	-	-	(47,937,250)
Net book value	<u>34,157,795</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>308,284,728</u>
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
Amortization for the year	(13,164,079)	-	-	(13,164,079)
Closing net book value	<u>21,371,745</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>295,498,678</u>
As at 30 June 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortization	(61,101,329)	-	-	(61,101,329)
Net book value	<u>21,371,745</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>295,498,678</u>
Amortization rates (% per annum)	<u>25%</u>			

	30 September 2020	30 June 2020
	----- (Rupees) -----	
Opening Balance	60,884,879	30,513,482
Additions / (Deletions) during the year	(1,120,916)	57,445,375
Amortization cost charged to profit and loss account	(8,228,190)	(27,073,978)
Closing balance	<u>51,535,773</u>	<u>60,884,879</u>

4.4 Depreciation and amortisation is allocated as follows:

	September 30, 2020		September 30, 2019	
	Depreciation	Amortisation	Depreciation	Amortisation
	----- (Rupees) -----			
Charged to profit and loss	6,286,865	3,112,559	11,584,799	2,150,580
Charged to Collective investment schemes under management	72,473	49,987	133,545	34,538
	<u>6,359,338</u>	<u>3,162,546</u>	<u>11,718,344</u>	<u>2,185,118</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

(Un-audited) (Audited)
September 30 June 30
2020 2020
----- (Rupees) -----
Note

5 LONG TERM INVESTMENTS

Investments in units of pension schemes - related parties

Financial assets at fair value through profit or loss

5.1	583,016,772	533,563,426
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Financial assets at fair value through profit or loss

Name of the Investee Fund	Note	As at July 01, 2020				As at September 30, 2020			As at June 30, 2020		
		Purchases / dividend reinvested	Redemptions	As at September 30, 2020		Carrying amount (before revaluation)	Market value	Unrealized gain	Carrying amount (before revaluation)	Market value	Unrealized gain
------(Units)-----											
Pakistan Pension Fund	5.1.1	805,305	-	-	805,305	266,239,774	287,934,928	21,695,154	245,136,795	286,239,774	21,102,979
Alhamra Islamic Pension Fund	5.1.1	876,129	-	-	876,129	267,323,652	295,081,844	27,758,192	241,679,389	267,323,652	25,644,263

						533,563,426	583,016,772	49,453,346	486,816,184	533,563,426	46,747,242

6 SHORT-TERM INVESTMENTS - related parties

Investments in units of collective schemes - related parties

At fair value through profit or loss

6.1	709,097,791	661,620,881
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Financial assets at fair value through profit or loss

6.1

Name of the Investee Fund	Note	----- (Units) -----												----- (Rupees) -----											
		As at July 01, 2020		Purchases / dividend reinvested	Redemptions	As at September 30, 2020	As at September 30, 2020			As at June 30, 2020															
							Carrying amount (before revaluation)	Market value	Unrealized gain	Carrying amount (before revaluation)	Market value	Unrealized gain													
MCB DCF Income Fund		-	9,344		(9,344)	-	-	-	-	-	-	-	-	-	-	-	-								
MCB Pakistan Asset Allocation Fund		-	-		-	-	-	-	-	-	-	-	-	-	-	-	-								
MCB Cash Management Optimizer		5,469,445	22,151,628		(23,208,371)	4,412,703	445,485,757	445,770,401	284,644	550,457,588	551,483,644	1,026,076													
Ahamma Islamic Income Fund		-	-		-	-	-	-	-	-	-	-	-	-	-	-	-								
MCB Pakistan Stock Market Fund		1,422,539	1,864,418		(391,021)	2,895,935	252,284,082	263,327,390	11,043,308	108,237,657	110,137,237	1,899,580													
Pakistan Income Fund		-	5,746		(5,746)	-	-	-	-	-	-	-	-	-	-	-	-								
MCB Pakistan Sovereign Fund		-	10,966		(10,966)	-	-	-	-	-	-	-	-	-	-	-	-								
Pakistan Cash Management Fund		-	2		(2)	-	-	-	-	-	-	-	-	-	-	-	-								
Ahamma Islamic Money Market Fund	14.1	-	4,509,640		(4,509,640)	-	-	-	-	-	-	-	-	-	-	-	-								
Formerly: MCB Pakistan Frequent Payout Fund)		-	3,502,354		(3,502,354)	-	-	-	-	-	-	-	-	-	-	-	-								
Ahamma Daily Dividend Fund		-	3,502,354		(3,502,354)	-	-	-	-	-	-	-	-	-	-	-	-								
						697,769,839	709,097,791	11,327,952		658,695,225	661,620,881	2,925,656													

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		Quarter Ended	
		September 30	September 30
7	RECEIVABLE FROM RELATED PARTIES	2020	2019
	Note	----- (Rupees) -----	
	Unsecured - considered good		
	Pakistan Income Fund	14,340,430	12,485,626
	MCB Pakistan Stock Market Fund	117,750,087	103,862,961
	MCB Pakistan Sovereign Fund	35,066,803	35,992,189
	Pakistan Capital Market Fund	8,808,028	8,529,951
	Pakistan Pension Fund	8,606,005	8,593,459
	Alhamra Islamic Pension Fund	4,881,193	4,634,002
	Pakistan Cash Management Fund	12,158,904	12,610,282
	Pakistan Income Enhancement Fund	23,574,569	22,110,177
	Pakistan Sarmaya Mehfooz Fund	4,267,360	4,267,360
	MCB Pakistan Asset allocation Fund	42,801,231	41,939,488
	MCB Cash Management Optimizer	66,445,674	71,598,618
	MCB DCF Income Fund	136,524,627	138,483,978
	Alhamra Islamic Money Market Fund		
	(Formerly: MCB Pakistan Frequent Payout Fund)	4,598,469	5,003,898
	Alhamra Islamic Stock Fund	23,855,627	19,117,825
	Alhamra Islamic Asset Allocation Fund	21,506,032	17,380,198
	Alhamra Islamic Income Fund	18,426,787	16,092,180
	Alhamra Islamic Active Asset Allocation Fund - Plan I	31,332	39,275
	Alhamra Islamic Active Asset Allocation Fund - Plan II	18,888	19,979
	Alhamra Daily Dividend Fund	3,544,122	3,280,594
	Other proposed fund	1,000,000	1,000,000
		548,206,168	527,042,040
	Advisory fee on account of discretionary portfolio management		
	Adamjee Life Assurance Company Limited	7.1	15,233,390
			10,403,985
		563,439,558	537,446,025
7.1	The above amounts represents receivable on account of management fee, federal excise duty, sales tax on management fee, sales load, conversion cost, reimbursement of expenses, selling and marketing expenses and other expenses paid on behalf of the related parties. This includes Federal Excise Duty (FED) amounting to Rs. 412.88 million (2019: Rs. 412.88 million) which are receivable from the funds / portfolios under its management.		
8	ADVANCE TAX - NET OF PROVISIONS		
	Advance tax	21,280,349	87,375,718
	Income tax refundable	8.1	50,723,944
		72,004,293	138,099,662
	Provision for taxation for the year	(21,201,109)	(73,805,896)
		50,803,184	64,293,766

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

- 8.1 Represents Income tax refundable as per the returns filed by the Company, except for the tax years 2010, 2011, 2017 and 2018, amounting to Rs. 27.9 million which is based on the assessment orders.

9 RUNNING FINANCE

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% (2019: 1M KIBOR+0.5%) per annum. The facility was secured against pledge the of Government Securities i.e. PIBs and T-Bills and MCBAH Cash Management Optimizer Fund. It had expired on 31 August 2020 and subsequently renewed on 01 September 2020. However, the facility was unutilized as at 30 September 2020.

10 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

Finance lease liabilities are payable as follows.

	30 September 2020 (unaudited)		
	Minimum Lease Payments	Future Finance Cost	Present value of Minimum
Not later than one year	29,930,583	5,675,090	24,255,494
Later than one year and not later than five years	31,354,008	2,187,950	29,166,058
Later than five years	-	-	-
	61,284,592	7,863,040	53,421,552
Less: Current portion			(24,255,494)
			29,166,058

- 10.1 Above balances have been discounted at 8.47% to 14.95% per annum.

		(Unaudited) 30 September 2020	(Audited) 30 June 2020
11	TRADE AND OTHER PAYABLES	Note	
	Accrued expenses	90,042,888	106,891,203
	Workers' welfare fund	41,769,050	38,769,050
	Withholding tax payable	477,298	1,573,528
	Indirect taxes and duties payable	426,216,758	422,580,282
	Payable to facilitators / distributors	43,362,419	23,862,303
		601,868,413	593,676,366

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

			Quarter Ended	
			September 30 2020	September 30 2019
12	MANAGEMENT FEE / INVESTMENT ADVISORY FEE	Note	----- (Rupees) -----	
From Collective Investment Schemes - related parties				
	MCB Cash Management Optimizer		29,331,702	20,458,189
	MCB Pakistan Asset Allocation Fund		7,918,165	9,731,355
	MCB DCF Income Fund		18,026,805	17,493,096
	Alhamra Islamic Income Fund		6,534,329	6,941,791
	MCB Pakistan Sovereign Fund		4,247,935	7,392,804
	Pakistan Capital Market Fund		2,647,781	2,625,645
	Pakistan Cash Management Fund		744,998	635,517
	Pakistan Income Enhancement Fund		1,550,361	3,044,768
	Pakistan Income Fund		6,702,322	6,905,614
	Alhamra Islamic Asset Allocation Fund		12,968,941	14,928,758
	MCB Pakistan Stock Market Fund		61,081,826	46,618,503
	Alhamra Islamic Stock Fund		18,518,775	14,522,627
	Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	1.4.1	133,705	1,011,573
	Alhamra Islamic Active Asset Allocation Fund Plan - I		20,960	45,379
	Alhamra Islamic Active Asset Allocation Fund Plan - II		16,785	37,621
	Alhamra Daily Dividend Fund		2,083,168	2,493,844
			172,528,559	154,887,083
Pension schemes - related parties				
	Alhamra Islamic Pension Fund		4,933,569	3,420,418
	Pakistan Pension Fund		7,762,849	6,539,729
			12,696,418	9,960,148
			185,224,977	164,847,231
	Investment advisory fee from discretionary and non discretionary portfolio management		11,655,719	8,882,305
			196,880,696	173,729,536
	Less: Sindh sales tax		(22,649,992)	(19,986,584)
			174,230,705	153,742,952

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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

The Company is managing investments under discretionary portfolio management agreements. 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. Details of this portfolio are given in note 1.4 of these financial statements.

		Note	Quarter Ended	
			September 30	September 30
13	ADMINISTRATIVE AND OPERATING EXPENSES		2020	2019
			----- (Rupees) -----	
	Salaries, allowances and other benefits		53,987,912	53,742,956
	Legal, professional & related charges		2,516,970	1,270,091
	Traveling and conveyance charges		210,279	486,435
	Rent, utilities, repairs and maintenance		11,339,132	21,955,187
	Office supplies		685,924	234,549
	Auditors' remuneration		1,153,192	625,000
	Directors' meeting fee		2,925,000	1,725,000
	Insurance		552,781	560,988
	Depreciation		6,022,753	11,584,799
	Amortisation		2,939,161	2,150,580
	Stamp duty and taxes		6,750	-
	Printing and stationery		1,445,335	701,286
	Telephone expenses		1,338,592	1,488,135
	Entertainment expenses		472,694	651,162
	Books, periodicals, subscription and training		5,439,989	7,556,599
	Registrar fee		125,347	220,994
			91,161,812	104,953,760

- 13.1** 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. 16.80 million (2019: Rs. 10.3 million) have been charged by the Company to the respective Collective Investment Schemes (CISs) under its management during the year.

14 SELLING AND DISTRIBUTION EXPENSES

SECP vide its 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. 71.9 million (2019: 33.9 million) have been charged by the Company to funds under its management during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30 2020	September 30 2019
	----- (Rupees) -----	
15 TAXATION		
Current	21,201,109	73,458,995
Prior	-	346,901
	21,201,109	73,805,896
Deferred	7,300,000	13,625,880
	28,501,109	87,431,776

16 CONTINGENCIES AND COMMITMENTS

16.1 The Punjab Revenue Authority issued a show cause notice no. PRA/AM.70/14/18 dated 20 June 2014 requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from 22 May 2013 on management fee earned in Punjab. 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, by filing a petition on 08 July 2014 in the Sindh High Court (SHC) challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated 10 July 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax is already made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.

16.2 On 30 January 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the profit or loss account and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB Asset Management Company (MCB AMC) into the Company etc. The Company filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of CIR-A has been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

16.3 The case of the Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated 09 November 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show-Cause Notice [SCN] dated 10 February 2017 was issued thereafter. Based on a (then) recent judgment of a superior court, the SCN was challenged on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated 24 March 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the statement of profit or loss account and created a demand of Rs. 93.398 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company etc. An appeal before the CIR-A was filed by the Company which has been adjudged in favor of the Company in respect of major disallowances made in the Order of the DCIR. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

16.4 On 29 March 2017, the ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the statement of profit or loss account and created a demand of Rs. 82.841 million. The

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of the CIR-A has been filed before the ATIR by the Commissioner Inland Revenue. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

- 16.5** On 29 April 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the ACIR to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB AMC. On 03 July 2017 an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. A demand of Rs. 4.85 million has been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company has filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. During the year ended 30 June 2018, order of the CIR-A was received by the Company whereby the demand on major issues was deleted. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 16.6** On 29 February 2016, the DCIR passed an order under section 122(1) of the Income Tax Ordinance, 2001 relating to the tax year 2010 of MCB AMC making certain additions / disallowances in the return. The Company filed an appeal before the CIR-A against the said order. The CIR-A vide order dated December 11, 2017 deleted the disallowances made by the DCIR. Subsequently, the ACIR relating to tax year 2010 of MCB AMC treated tax deduction under section 153(1)(b) on service as minimum tax creating demand of Rs 0.980 million on 04 May 2016. The Company filed an appeal before CIR-A. The CIR-A vide order dated 22 January 2018 has confirmed the treatment of ACIR. The Company has filed an appeal before the ATIR against the order of CIR-A. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 16.7** On 24 November 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the ACIR and DCIR raising demands of Rs. 119.350 million and Rs. 142.008 million respectively. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the CIR-A against the impugned orders and notices of demand issued there against. During the year ended 30 June 2018, orders of CIR-A were received against the said appeals. For issues decided against the Company, appeals before the ATIR have been filed by the Company. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 16.8** On 05 June 2017, the Company received an order passed by the Assistant Commissioner - Sindh Revenue Board [AC,SRB] wherein a demand of Sindh Sales Tax of Rs.10.62 million along with penalty of Rs. 6.33 million and default surcharges (to be calculated at the time of payment) was established for short levy and payment of Sindh Sales Tax on its services and for claiming inadmissible input tax during tax periods from July 2011 to June 2015. An appeal against the aforesaid order was filed before the Commissioner Appeals-SRB who upheld the order of the Assistant Commissioner, SRB in its appellate order. An appeal had filed before the Appellate Tribunal, SRB against aforesaid order of the Commissioner Appeals, SRB. The Appellate Tribunal, SRB has remanded back the case to the Commissioner Appeals - SRB to pass fresh speaking order after verifying the records on merit. On the basis of factual and legal grounds, the Company in consultation with its tax consultant anticipates a favorable outcome of the aforesaid appeal.
- 16.9** During the year ended 30 June 2019, the Sindh Revenue Board has issued two orders dated 03 October 2018 and 10 October 2018 raising a demand of Sindh Sales Tax Rs. 3.8 million and 1.2

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

million along with penalty of Rs. 4.04 million and Rs. 1.4 million respectively wherein input tax claimed by the Company against various transactions has been disallowed by the assessing Officer on the ground that the output tax against the same has not been offered by the respective vendors.

Appeals against the aforesaid both orders have been filed before the Commissioner Appeals, SRB which is still pending. On the basis of factual and legal grounds, the Company in consultation with its tax consultant anticipates a favorable outcome of the aforesaid appeal.

- 16.10** The DCIR vide notice dated 6 March 2020 issued under section 182 of the Income Tax Ordinance, 2001 initiated proceedings for levy of penalty of Rs. 2.97 million for alleged failure to furnish the return under section 114 by due date. The Company have submitted its reply in consultation with its tax consultant and anticipates a favorable outcome of the aforesaid reply.
- 16.11** The DCIR vide notice dated 13 September 2018 issued under section 214D of the Income Tax Ordinance, 2001 requested for audit and furnishing of detail, evidences and information. The Company have submitted its reply in consultation with its tax consultant for drop of proceeding initiated under section 214D as the selection of audit was made after the provision of section 214D were omitted by the Finance Act 2018. The Company anticipates a favourable outcome of the aforesaid reply.
- 16.12** The DCIR vide notice dated 17 January 2020 issued under section 161(1A) of the Income Tax Ordinance, 2001 initiated proceedings regarding monitoring of withholding taxes. The Partial compliance have been made and the remaining information have been arranged.

17 TRANSACTIONS WITH RELATED PARTIES

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

17.1 Transactions with related parties during the period

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Quarter ended	
			30 September 2020	30 September 2019
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% Holding	Commission and other expenses	5,072,085	8,396,834
		Profit on bank deposits	312,015	846,066
		Branch sharing expenses	729,510	5,149,817
		Dividend paid	-	-
		Financial charges	45,480	47,464
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank charges	-	3,333
		Profit on bank deposits	3,538	-
Nishat Real Estate Development Company (Pvt) Limited	Group Company of Parent Company	Quarterly Rent as per rental agreement	765,554	1,043,938
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	6,271,692	5,147,793
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	7,615,717	1,008,828
		Dividend paid	-	-
		Quarterly Rent as per rental agreement	4,785,000	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Quarter ended	
			30 September 2020	30 September 2019
			----- (Rupees) -----	
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	-	-
MCB Cash Management Optimizer	Funds under management	Management fee	25,957,258	20,458,189
		Investment in units	2,234,572,867	18,055,537
		Redemption of units	2,343,044,435	1,831,676
		Dividend Income	5,623,337	-
		Reimbursement of expenses	7,380,503	3,394,984
		Selling and marketing	-	-
MCB DCF Income Fund	Funds under management	Management fee	15,952,925	17,493,096
		Share of sales load	25,864	60,697
		Back end load	-	-
		Reimbursement of expenses	1,063,528	1,032,041
		Selling and marketing	4,147,761	-
		Investment in units	1,014,790	-
		Redemption of units	1,015,540	-
Alhamra Islamic Income Fund	Funds under management	Management fee	5,782,592	691,791
		Share of sales load	355,491	112,046
		Back end load	-	-
		Sharia fee paid on behalf of the fund	210,000	225,000
		Reimbursement of expenses	1,564,709	607,557
		Selling and marketing	3,129,417	-
		Investment in units	1	-
		Redemption of units	1	-
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	7,007,226	9,731,355
		Share of sales load	140,096	182
		Reimbursement of expenses	350,361	596,363
		Selling and marketing	4,554,697	2,849,593
		Back end load	-	829,328
		Investment in units	-	-
		Redemption of units	-	-
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Management fee	118,323	1,011,573
		Reimbursement of expenses	12,803	52,670
		Selling and marketing	102,427	197,874
		Share of sales load	1,147	88
		Investment in units	446,403,826	-
		Redemption of units	446,555,350	-
		Other Expenses	322,353	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Quarter ended	
			30 September 2020	30 September 2019
			(Rupees)	
Alhamra Islamic Stock Fund	Funds under management	Management fee	16,388,296	14,522,627
		Share of sales load	214,414	23,605
		Reimbursement of expenses	819,415	642,593
		Selling and marketing	10,652,392	3,078,341
		Sharia fee paid on behalf of the fund	204,193	225,000
		Back end load	-	-
		Others	-	-
MCB Pakistan Sovereign Fund	Funds under management	Management fee	3,759,235	7,392,804
		Share of sales load	-	267,943
		Reimbursement of expenses	416,828	262,994
		Selling and marketing	583,560	365,776
		Investment in units	590,222	8,227,804
		Redemption of units	590,660	6,411,231
MCB Pakistan Stock Market Fun	Funds under management	Management fee	54,054,713	46,618,503
		Share of sales load	2,033,868	198,981
		Reimbursement of expenses	2,702,736	2,062,765
		Selling and marketing	35,135,564	12,773,942
		Investment in units	172,420,886	-
		Redemption of units	35,000,000	-
		Back end load	-	-
Pakistan Capital Market Fund	Funds under management	Others	-	-
		Management fee	2,343,169	2,625,645
		Share of sales load	13,691	9,795
		Reimbursement of expenses	117,158	116,179
		Selling and marketing	1,581,639	717,222
		Others	-	-
Pakistan Cash Management Fun	Funds under management	Redemption of units	-	-
		Management fee	659,290	635,517
		Reimbursement of expenses	277,504	40,029
		Share of sales load	-	-
		Investment in units	84	-
Pakistan Income Enhancement Fund	Funds under management	Redemption of units	84	-
		Management fee	1,372,001	3,044,768
		Share of sales load	18,580	64,346
		Reimbursement of expenses	175,253	178,089
		Investment in units	-	-
		Redemption of units	-	-
		Selling and marketing	1,314,398	815,857
		Back end load	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of the related	Relationship and percentage of shareholding	Nature of transaction	30 September 2020	30 September 2019
			----- (Rupees) -----	
Pakistan Income Fund	Funds under management	Management fee	5,931,258	6,905,614
		Share of sales load	122,233	13,050
		Reimbursement of expenses	487,105	372,680
		Others	-	-
		Selling and marketing	633,242	483,161
		Back end load	29,494	-
		Investment in units	317,614	-
		Redemption of units	317,732	-
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	11,476,939	14,928,758
		Share of sales load	189,891	134,895
		Back end load	1,531,982	4,608,224
		Reimbursement of expenses	573,847	660,564
		Selling and marketing	7,460,011	4,102,383
		Sharia fee paid on behalf of the fund	204,193	225,000
Alhamra Islamic Pension Fund	Funds under management	Management fee	4,365,990	3,420,418
		Share of sales load	115,259	27,966
		Contribution to fund on behalf of the employees	4,572,862	4,475,606
Pakistan Pension Fund	Funds under management	Management fee	6,869,778	6,539,729
		Share of sales load	38,615	22,497
		Contribution to fund on behalf of the employees	1,564,828	1,416,604
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	18,549	45,379
		Reimbursement of expenses	80,202	132,474
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	14,854	37,621
		Reimbursement of expenses	43,160	149,025
Alhamra Daily Dividend Fund	Funds under management	Management fee	1,843,512	2,493,844
		Dividend income	276,963	-
		Investment in units	350,235,419	-
		Redemption of units	350,235,419	-
		Selling and marketing	2,587,207	1,027,367
		Reimbursement of expenses	737,405	136,527
		Bank Charges	194,413	408,748
		Share of sales load	9,048	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

17.2 Amount outstanding as at period end

Name of the related	Relationship and percentage of shareholding	Nature of transaction	30 September 2020	30 June 2020
			(Rupees)	
MCB Bank Limited	Parent company with 51.33% Holding	Bank balance	16,897,133	10,067,104
		Other payable	4,380,075	4,380,075
		Commission payable	3,957,044	3,671,827
		Mark-up receivable	-	-
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	330,468	327,330
		Mark-up receivable	1,200	1,353
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Advisory fee receivable	15,233,390	2,860,457
		Receivable against sale of intangible	-	-
Nishat Real Estate Development Company (Pvt.) Ltd.	Group Company of Parent Company	Rent Deposit	784,326	784,326
MCB DCF Income Fund	Funds under management	Remuneration receivable	5,734,940	6,340,288
		Sales load receivable	78,238	54,969
		Receivable against reimbursement of expenses	338,345	374,058
		Receivable against selling & marketing expenses	4,147,761	4,721,237
		Back end load receivable	-	-
		Closing balance of investment in units	-	-
		Federal excise duty on remuneration	99,060,437	99,060,437
		Federal excise duty on sales load	27,932,990	27,932,990
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	2,702,434	2,355,138
		Sales load receivable	224,219	246,077
		Back end load receivable	-	-
		Receivable against reimbursement of expenses	119,577	104,210
		Receivable against selling & marketing expenses	4,554,697	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
MCB Cash Management Optimiz Funds	under management	Remuneration receivable	9,650,699	10,470,848
		Sales Load Receivable	-	-
		Receivable against reimbursement of expenses	2,509,375	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
		Closing balance of investment in units	445,770,401	551,483,642
Alhamra Islamic Income Fund	Funds under	Remuneration receivable	1,911,167	1,887,943

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of the related	Relationship and percentage of shareholding	Nature of transaction	30 September	30 June
			2020	2020
			----- (Rupees) -----	
	management	Sales load receivable	1,132,005	408,972
		Back end load receivable	32,059	-
		Receivable against reimbursement of expenses	511,987	357,973
		Receivable against Shariah Fee	42,582	75,000
		Receivable against selling & marketing expenses	3,129,417	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
MCB Pakistan Stock Market Fun Funds under management		Remuneration receivable	21,998,298	15,904,439
		Sales load receivable	936,231	183,846
		Other receivable	-	-
		Closing balance of investment in units	263,327,391	109,436,502
		Receivable against reimbursement of expenses	973,376	703,736
		Receivable against selling & marketing expenses	35,135,564	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
Pakistan Income Fund	Funds under management	Remuneration receivable	3,024,787	1,709,855
		Sales load receivable	934,625	403,694
		Receivable against reimbursement of expenses	165,771	175,851
		Receivable against selling & marketing expenses	633,242	614,121
		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
MCB Pakistan Sovereign Fund	Funds under management	Remuneration receivable	1,157,727	1,381,532
		Sales load receivable	-	355,019
		Receivable against reimbursement of expenses	127,702	146,506
		Receivable against selling & marketing expenses	583,560	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
Pakistan Capital Market Fund	Funds under management	Remuneration receivable	905,845	790,450
		Sales load receivable	15,470	-
		Receivable against reimbursement of expenses	40,082	34,976
		Receivable against selling & marketing expenses	1,581,639	1,439,534
		Federal excise duty on remuneration	5,872,250	5,872,250
		Federal excise duty on sales load	392,742	392,742
Alhamra Islamic Stock Fund Fund (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Remuneration receivable	6,699,899	4,815,010
		Sales load receivable	332,726	53,369
		Receivable against reimbursement of expenses	296,456	213,054
		Receivable against selling & marketing expenses	10,652,392	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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of the related	Relationship and percentage of shareholding	Nature of transaction	30 September 2020	30 June 2020
			----- (Rupees) -----	
Pakistan Pension Fund	Funds under management	Remuneration receivable	2,567,838	2,358,801
		Sales load receivable	61,702	258,193
		Closing balance of investment in units	287,934,931	266,239,774
		Federal excise duty on remuneration	5,976,465	5,976,465
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	4,520,277	3,633,832
		Sales load receivable	488,555	201,813
		Back end load receivable	1,731,032	82,245
		Receivable against reimbursement of expenses	200,012	160,789
		Receivable against selling & marketing expenses	7,460,011	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
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	1,673,139	1,414,549
		Sales load receivable	177,722	189,121
		Closing balance of investment in units	295,081,847	266,955,633
		Federal excise duty on remuneration	3,030,332	3,030,332
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
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	155,219	512,154
		Receivable against reimbursement of expenses	70,802	165,245
		Sales load receivable	-	-
		Federal excise duty on remuneration	11,932,884	11,932,884
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	666,731	202,575
		Sales load receivable	50,831	28,731
		Back end load receivable	18,243	-
		Other receivable	132,561	132,561
		Receivable against reimbursement of expenses	55,774	17,675
		Receivable against selling & marketing expenses	1,314,398	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
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Remuneration receivable	-	221,657
		Sales load receivable	17,879	14,639
		Receivable against reimbursement of expenses	12,803	11,794
		Receivable against selling & marketing expenses	102,427	290,448
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,624,619	3,624,619
		Payable against Other Expenses	322,353	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Name of the related	Relationship and percentage of shareholding	Nature of transaction	30 September 2020	30 June 2020
			----- (Rupees) -----	
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Remuneration receivable	6,102	10,692
		Receivable against reimbursement of expenses	25,231	28,583
Al-Hamra Islamic Active Asset Allocation Fund Plan-ii	Funds under management	Remuneration receivable	4,927	5,132
		Receivable against reimbursement of expenses	13,961	14,847
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	645,741	776,026
		Payable against bank charges	65,184	88,126
		Receivable against reimbursement of expenses	228,581	274,700
		Receivable against selling & marketing expenses	2,587,207	2,141,742
		Closing balance of investment in units	-	-
		Sales load receivable	17,409	-

18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 23, 2020 by the Board of Directors of the Company.

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The members in Annual General Meeting held on October 19, 2020 has approved final cash dividend of Rs. 2.25 per share (2019: Rs. 1.35 per share approved on October 24, 2019). These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements of the Company for the period ending December 31, 2020.

20 CORRESPONDING FIGURES

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

21 GENERAL

Amounts have been rounded off to the nearest Rupee unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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