



MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

MCB-Arif Habib Savings and Investments Limited

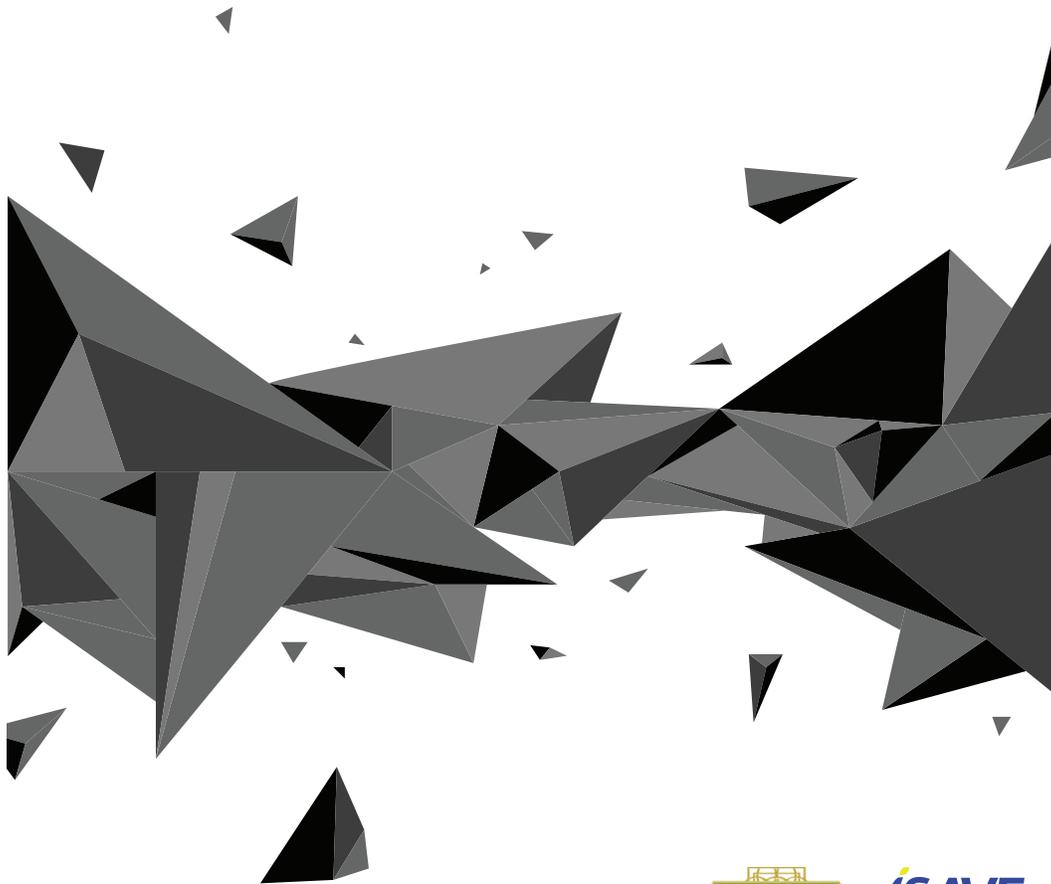


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Vision

To become synonymous with Savings

Mission

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

Core Values

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

COMPANY INFORMATION

Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Share Registrar	CDC Share Registrar Services Limited CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcsrsl.com	
Bankers	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Summit Bank Limited	
Auditors	A.F. Ferguson & Co. Chartered Accountants Stare Life Building No. 1-C, I.I. Chundrigar Road, Karachi.	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2021

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present report on the affairs of the Company for the half year ended December 31, 2021.

PRINCIPAL BUSINESS

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

THE BUSINESS ENVIRONMENT

ECONOMY AND MONEY MARKET REVIEW

The fiscal year started on strong note with government's renewed focus on reviving growth, as new finance minister announced several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing (6.25% drop since start of covid lockdowns), low inflation and incentives on capital investment at lower rates (TERF), which further supported to growth premise. However, the sharp recovery in domestic demand, coupled with rising international commodity prices, led to a strong pick-up in imports and a commensurate increase in the current account deficit. Widening deficit also reflected on the exchange rate as the rupee depreciated by 10.4% against USD during first half of fiscal year ending June 2022 (1HFY22).

The country posted a current account deficit of USD 9.1bn in 1HFY22 compared to a surplus of USD 1.3bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 8.7bn in first half of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 56.9% in 1HFY22 compared to export growth of 29.0%. Trade Deficit increased by 86.0% to USD 21.2bn compared to USD 11.4bn in same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports. As per our estimates, prices contributed more than two-third of the increase in import bill.

Foreign exchange reserves of central bank saw an increase of USD 0.4bn as Pakistan received USD 2.75 billion from the IMF under its new SDR allocation and USD 3bn from Saudi Arabia for reserve support. The inflows helped in stabilizing forex reserves despite the huge current account deficit and due repayments.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 9.8% in 1HFY22 compared to 8.6% in 1HFY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which keeps the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upward trend as it increased to 8.5% in December 2021 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 275bps to 9.75% in this half to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 32.5% in 1HFY22 to PKR 2,920bn compared to PKR 2,204bn during same period last year. This exceeded the target of PKR 2,633bn by PKR 287bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in the half as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices will add pressure to

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2021

inflation and we expect average FY22 inflation to clock at 11.7% above the range of 9-11% forecasted by SBP. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 1.7%, 1.5% and 1.2%, respectively during the period.

EQUITY MARKET REVIEW

The KSE-100 Index posted a negative return of 5.8% (2,760 points drop) in 1HFY22 compared to a positive return of 27.1% in same period last year. Challenging macros (rising in interest rate, depreciating PKR and widening twin deficit), increasing commodity prices, and MSCI's decision to downgrade Pakistan from Emerging Market to Frontier Market all weighted heavily on the index.

Cements, Refinery, Oil & Gas Marketing companies remained the major index dampeners, contributing 1,096 points, 370 points and 339 points to the index fall, respectively. In the cement sector, unprecedented surge in international coal prices (USD 250/ton compared to an average of USD 64.5/ton last year) created a weak near-term earnings outlook for the sector leading to selling pressure. Moreover, decline in refineries and OMCs were largely on the account of delay in approval of refinery policy and continuous accumulation of circular debt, respectively.

Foreign institutional investors continued their selling spree, adding another USD 250 million during the half year, majority of which was countered by Individuals and Insurance companies. During the half year, average trading volumes saw a decline to 340 million shares compared to about 447million shares during the preceding half. Similarly, average trading value during the half saw a drop of 39% over last half to near USD 42 million.

ECONOMY & MARKET – FUTURE OUTLOOK

The policy makers have moved their focus from growth to macroeconomic consolidation in view of elevated current account deficit and higher inflation trajectory. The SBP took a number of measures to curtail aggregate demand and imports including monetary tightening, raising cash reserve requirement and discouraging auto financing by banning financing of imported vehicle while capping financing requirement to PKR 3mn for locally assembled cars. These steps have started yielding results with imports receding from their historic high and currency depicting relative stability.

We expect GDP to grow by 4.6% this year slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services Sector to grow by 5.0%, 4.1% and 4.6% respectively. Industrial Sector growth is likely to remain robust but below government target due to some demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to expected bumper wheat and cotton crop. The Covid Vaccination roll out has been quite successful which is anticipated to unleash Services growth as this segment was the most affected by the pandemic.

The persistently elevated international commodities prices especially petroleum, palm oil, coal, fertilizers and steel, has led to a strong pick-up in imports and a rise in the current account deficit, which we expect to close the year around USD 16 billion (4.3% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2 billion (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 183 against a dollar.

Successful continuation of the IMF program will be a key prerequisite to keep the financial account in positive zone. The SBP is expected to continue to discourage unnecessary imports and use flexible market determined exchange rate and appropriate monetary policy setting to ensure sustainable external account

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2021

position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

The expected rise in energy tariffs, currency depreciation and higher international commodities prices will lead to increase in inflation in this year. We expect inflation to remain in double digits for rest of the fiscal year to average around 11.7% for year. SBP has increased policy rate by a cumulative 275bps to 9.75% to counter inflationary pressures and ensure that growth remains sustainable. It has indicated that its goal to achieve mildly positive interest rate on a forward-looking basis was now close to being achieved. However, the recent surge in international oil prices poses upside risk to the equation. We expect interest rates to rise around 10%-10.5% by the end of fiscal year.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in expected interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 14.4%, a discount of 57% from its historical average. Similarly, risk premiums are close to 5.9%, compared to historical average of 1.9% signifying abnormal returns for long term investors. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 5.5x, while offering a dividend yield of 8.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given expected increase in interest rates. 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 7.0% during the half to PKR 1,090bn at the end of 1HFY22. Total money market funds grew by about 19.9% since June 2021. Within the money market sphere, the conventional funds dominated as they grew by about 33.9% to PKR 382bn while Islamic funds declined by 2.3% to PKR 178bn. In addition, the total fixed Income funds increased by about 0.9% since June 2021, as the conventional income funds declined by 3.7% to PKR 121bn. Equity and related funds declined by 8.1% as market witnessed a decline in the half eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 51.4%, followed by Equity and Equity related funds with a share of 25.2% and Income funds having a share of 22.7% as at the end of 1HFY22.

MUTUAL FUND INDUSTRY OUTLOOK

The recent increase in interest rates along with prospect of further monetary tightening would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

COMPANY'S PERFORMANCE REVIEW

During the six months ended December 31, 2021, the asset under management reached Rs.170.8 Billion (June 30, 2021: 154.8 Billion) reflecting a healthy growth 10.4% in first half. Management and Advisory

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Fees also reflected a healthy growth of 28% to reach Rs.445 million compared to Rs. 348 million in the same period last year.

During the first six months, contribution from Investment Income remained muted; a significant portion of the Company's portfolio is invested in equity based funds, and the KSE-100 index registered a dip of 5.8%, versus a gain of 17% in the corresponding period last year, resulting in a valuation loss on the equity based investments during the period under review. The overall investment income therefore remained Rs. 2.6 million in the half year compared to Rs. 134.9 million in the same period last year.

Company recorded a strong growth of Rs. 97 million in core management fee income however, subdued returns on investment led to a year on year decline in profit before taxation which was recorded at Rs. 195.6 million (June 30, 2021: Rs. 264.9 million) and profit after taxation of Rs. 138 million (June 30, 2021: Rs. 210 million).

Board of Directors decided to declare an interim dividend of 20% (Rs. 2.0 per share).

Better positioning in Corporate and Individual Investors and improving customer reach remained our key focus. We are excited on the opportunities digital platforms provide to expand retail segment. While initial results continue to be encouraging, we expect the platforms would require higher investments in the initial years, to improve our reach and customer experience. We remain confident that current investments would bear fruits in future leading to higher returns in coming years.

ACKNOWLEDGEMENT

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

For and on Behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
February 08, 2022



Nasim Beg
Director/Vice Chairman
February 08, 2022

ڈائریکٹرز رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2021ء

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 کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

کمپنی کی کارکردگی کا جائزہ

31 دسمبر 2021ء کو ختم ہونے والے چھ ماہ کے دوران زیر انتظام اثاثے 10.4 فیصد بڑھ کر 170.8 بلین روپے تک پہنچ گئے جب کہ 30 جون 2021ء کو اثاثے 154.8 بلین روپے تھے۔ زیر نظر چھ ماہ کی مدت کے دوران مینجمنٹ اور ایڈوائزرز فیڈ بیک سے حاصل ہونے والی آمدنی میں 28 فیصد اضافہ ہوا اور کمپنی نے 445 بلین روپے کی مینجمنٹ فیڈ بیک حاصل کی جبکہ گزشتہ سال اسی مدت میں یہ 348 بلین روپے تھی۔

ابتدائی 6 ماہ میں سرمایہ کاری کی آمدنی میں ٹھراؤ رہا۔ کمپنی کے پورٹ فولیو کا قدرے حصہ ایکویٹی بیسڈ فنڈز میں لگا یا گیا اور کے ایس ای 100 انڈیکس نے 5.8 فیصد منفی منافع حاصل کیا جب کہ پچھلے سال کی اسی مدت کے دوران 17 فیصد منافع تھا جس کی وجہ سے کمپنی کی سرمایہ کاری کی آمدنی میں نقصان ہوا۔ کمپنی نے سرمایہ کاری سے مجموعی طور پر 2.6 بلین روپے کمائے جب کہ پچھلے سال کی اسی مدت کے دوران 134.9 بلین روپے کمائے گئے تھے۔

کمپنی کی مینجمنٹ فیڈ بیک سے ہونے والی آمدنی میں 97 بلین روپے کا زبردست اضافہ ہوا۔ جب کہ سرمایہ کاری کی آمدنی میں گراؤ کی وجہ سے منافع قبل از ٹیکس 195.6 بلین روپے ہو گیا جو 30 جون 2021ء کو 264.9 بلین روپے تھا جبکہ منافع بعد از ٹیکس 138 بلین روپے رہا جو 30 جون 2021ء کو 210 بلین روپے تھا

بورڈ آف ڈائریکٹرز نے 20 فیصد (نی حصص 2.0 روپے) کے عبوری ڈیویڈنڈ کا اعلان کیا ہے۔

کارپوریٹ اور انفرادی سرمایہ کاروں میں بہتر پوزیشننگ اور گاہکوں کی رسائی کو بہتر بنانا ہماری کلیدی توجہ رہی۔ ہم ڈیجیٹل پلیٹ فارمز کو مدد دینے کے مواقع پر جوش ہیں۔ اگرچہ ابتدائی نتائج حوصلہ افزا ہیں لیکن ہم توقع کرتے ہیں کہ ابتدائی سالوں میں پلیٹ فارمز کو ہماری رسائی اور گاہکوں کے تجربے کو بہتر بنانے کے لئے زیادہ سرمایہ کاری کی ضرورت ہوگی۔ ہمیں یقین ہے کہ موجودہ سرمایہ کاری مستقبل میں پھل دے گی جس سے آنے والے سالوں میں زیادہ منافع ملے گا۔

اظہار تشکر

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کیوریٹیو ایڈوائزرز اور پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کا ان کی مسلسل حمایت اور تعاون پر شکر گزار ہیں۔ ڈائریکٹرز کمپنی کے ملازمین کی جانب سے کمپنی پر اعتماد کے لئے ان کے عزم اور لگن اور ٹیمز ہولڈرز کی کوششوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز



نیم بیگ
ڈائریکٹر اوپن چیئر مین
08 فروری 2022ء



محمد قاسم سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2022ء

ڈائریکٹرز رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2021ء

کپیشل مارکیٹ، خصوصاً ایکویٹیز، کے تناظر میں اسٹاک کی قیمتوں میں حالیہ تصحیح سے تعین قدر کھل گئی ہے۔ مارکیٹ نے شرح سود میں متوقع اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 14.4 فیصد رہ گیا جو اس کے historical اور وسط سے 57 فیصد کم ہے۔ اسی طرح، رسک پریمیم 5.9 فیصد کے قریب ہیں جبکہ اس کے بالمقابل اس کا تاریخی اوسط 1.9 فیصد تھا، جس کا مطلب ہے طویل المیعاد سرمایہ کاروں کے لیے غیر معمولی منافع جات ہوں گے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کا خورد منظر زیادہ اہم رہے گا اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ میں فی الوقت 5.5x قیمت کے آمدنی کے ساتھ تناسب (PER) پر تجارت ہو رہی ہے جبکہ 8.2 فیصد ڈیویڈنڈ دستیاب ہے۔

قرض حالتیں کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری شرح میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے نصف اول کے دوران تقریباً 7.0 فیصد بڑھ کر اختتام مدت پر 1,090 بلین روپے ہو گئے۔ مئی مارکیٹ کی مجموعی فنڈ میں جون 2021ء سے اب تک تقریباً 19.9 فیصد کا اضافہ ہوا ہے۔ مئی مارکیٹ کے دائرہ کار میں روایتی فنڈ حاوی رہے کیونکہ تقریباً 33.9 فیصد بڑھ کر 382 بلین روپے ہو گئے، جبکہ اسلامک فنڈ 2.3 فیصد کم ہو کر 178 بلین روپے ہو گئے۔ مزید برآں، مجموعی کسٹڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 0.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈ 3.7 فیصد کم ہو کر 121 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 8.1 فیصد کم ہو گئے کیونکہ زیر جائزہ ششماہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الانظامیہ کم ہو گئے کیونکہ وسیع معاشی اور جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے نصف اول کے اختتام پر مئی مارکیٹ فنڈ تقریباً 51.4 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر ایکویٹی اور متعلقہ فنڈز تھے جن کا 25.2 فیصد حصہ تھا، اور تیسرے نمبر پر انکم فنڈز تھے جن کا 22.7 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں حالیہ اضافے اور مزید مالیاتی سختی کے امکان سے مئی مارکیٹ فنڈز میں آمدورفت میں اضافہ ہوگا۔ مئی مارکیٹ فنڈ اپنی مختصر مدت کے سبب ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر میعاد میں کام کرنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر رکھول دی ہیں اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری

ڈائریکٹر رپورٹ برائے ششماہی محنتیہ 31 دسمبر 2021ء

افراد اور بیمہ کمپنیوں نے کیا۔ زیر جائزہ نصف سال کے دوران اوسط تجارتی حجم کم ہو کر 340 ملین حصص ہو گئے جبکہ اس کے بالمقابل گزشتہ نصف سال کے دوران تقریباً 447 ملین حصص تھے۔ اسی طرح، اوسط تجارتی قدر زیر جائزہ نصف سال کے دوران گزشتہ نصف سال کے مقابلے میں 39 فیصد کم ہو کر تقریباً 42 ملین ڈالر ہو گئی۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

کرنٹ اکاؤنٹ خسارے اور افراط زر میں اضافے کے پیش نظر پالیسی سازوں نے اپنی توجہ کا مرکز ترقی سے بنا کر وسیع معاشی ہم آہنگی کو بنالیا ہے۔ ایس بی پی نے مجموعی طلب اور درآمدات کو کم کرنے کے لیے متعدد اقدامات کیے مثلاً مالیاتی سختی، نقد ذخائر کی مطلوبہ سطح میں اضافہ، اور آٹو فنانسنگ یعنی بینک وغیرہ سے قرض لے کر گاڑی کے حصول کی حوصلہ شکنی بذریعہ درآمد شدہ گاڑیوں کی فنانسنگ پر پابندی اور مقامی تیار کردہ گاڑیوں کی فنانسنگ کے لیے 3 ملین روپے کی مطلوبہ سطح کا تعین۔ ان اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ درآمدات اپنی تاریخی بلند ترین سطح سے نیچے آ رہی ہیں اور روپیہ نسبتاً مستحکم ہو رہا ہے۔

ہمیں مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.6 فیصد کی ترقی کی امید ہے جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ ہماری توقع کے مطابق زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 5.0 فیصد، 4.1 فیصد اور 4.6 فیصد ترقی ہوگی۔ صنعتی شعبے کی ترقی ممکنہ طور پر بھرپور لیکن حکومتی ہدف سے کم ہوگی کیونکہ مالیاتی سختی کے باعث طلب کچھ حد تک سکل جائے گی۔ دوسری جانب زرعی شعبے کی ترقی متوقع طور پر حکومتی تخمینوں سے سبقت لے جائے گی کیونکہ گندم اور کپاس کی فصل کا بڑا حجم متوقع ہے۔ کووڈ ویکسین کی مہم کافی حد تک کامیاب رہی جس کی بدولت خدمات کے شعبے میں ترقی متوقع ہے کیونکہ وہاں سب سے زیادہ متاثر یہی شعبہ تھا۔ اشیاء، خصوصاً پٹرولیم، پام تیل، کونلہ، کھاد اور اسٹیل، کی مسلسل بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات تیزی سے اوپر گئیں اور کرنٹ اکاؤنٹ خسارے (سی اے ڈی) میں اضافہ ہوا جو ہماری توقع کے مطابق اختتام سال پر تقریباً 16 بلین ڈالر (جی ڈی پی کا 3.4 فیصد) ہوگا۔ یہ مالی سال 2018ء میں 19.2 بلین ڈالر (جی ڈی پی کا 6.1 فیصد) کے بعد سے اب تک کا سب سے زیادہ سی اے ڈی ہوگا۔ ہم سمجھتے ہیں کہ بلند سی اے ڈی کے رد عمل کے طور پر روپے کی قدر میں مزید کمی ہوگی اور اختتام مالی سال پر یہ 183 روپے فی ڈالر ہو جائے گا۔

’آئی ایم ایف‘ پروگرام کا کامیاب تسلسل مالی گوشوارے کو مثبت حد میں رکھنے کی اہم ترین شرط ثابت ہوگا۔ امید ہے کہ ایس بی پی غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ کا تعین کردہ چیکڈارز ریمبالہ کی شرح اور مالیاتی پالیسی کی موزوں ترتیب استعمال کر کے خارجی گوشوارے کی قابل بقاء صورتحال کو یقینی بنائے گا۔ ترسیلات زر کے ساتھ ساتھ دو طرفہ اور کثیرالجہتی آمدورفت بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم ثابت ہوں گی۔

بجلی کی قیمتوں میں متوقع اضافے، روپے کی قدر میں کمی اور اشیاء کی بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں اس سال افراط زر میں اضافہ ہوگا۔ ہماری توقع کے مطابق افراط زر بقیہ مالی سال میں دو ہندسوں پر مشتمل رہے گی اور یوں اس کا اوسط برائے سال تقریباً 11.7 فیصد بنے گا۔ ایس بی پی نے پالیسی شرح میں مجموعی طور پر 275bps کا اضافہ کر کے اسے 9.75 فیصد کر دیا ہے تاکہ افراط زر کے دباؤ سے نمٹا جاسکے اور یہ یقینی بنایا جاسکے کہ ترقی قابل بقاء رہے۔ ایس بی پی نے اس طرف اشارہ کیا ہے کہ اس کا فارورڈ لیکنگ بنیاد پر ہلکا پھلکا مثبت شرح سود حاصل کرنے کا مقصد پورا ہونے کے قریب تھا، تاہم تیل کی بین الاقوامی قیمتوں میں اضافہ رکاوٹ بن رہا ہے۔ ہم سمجھتے ہیں کہ مالی سال کے اختتام تک سود کی شرحوں میں تقریباً 10 سے 10.5 فیصد تک کا اضافہ ہوگا۔

ڈائریکٹرز رپورٹ برائے ششماہی مختتمہ 31 دسمبر 2021ء

افراط زر کا مسئلہ برقرار رہا کیونکہ بڑھتی ہوئی اشیاء نے پالیسی سازوں کے لیے مشکلات پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن افراط زر، جس کی ترجمانی کنزیومر پرائس انڈیکس (سی پی آئی) یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2022ء کے نصف اول میں 9.8 فیصد تھا جبکہ اس کے بالمقابل مالی سال 2021ء کے نصف اول میں 8.6 فیصد تھا۔ اس اضافے کے بنیادی اسباب اشیاء خورد و نوش کی بلند قیمتیں، توانائی (بجلی اور ایندھن) کی بڑھی ہوئی لاگتیں، اور پاکستانی روپے کی قدر میں کمی کا دوسرا دور ہیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔ بنیادی افراط زر، جس کی پیمائش اشیاء خورد و نوش اور توانائی کے علاوہ کے ذریعے کی جاتی ہے، میں بھی اضافے کا رجحان پایا گیا۔ دسمبر 2021ء میں 8.5 فیصد جبکہ اس کے بالمقابل جون 2021ء میں 6.9 فیصد۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں مجموعی طور پر 275bps اضافہ کر کے اسے اس ششماہی میں 9.75 فیصد کر دیا تاکہ افراط زر کے دباؤ اور سست رفتار مجموعی طلب کا مقابلہ کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے نصف اول میں 32.5 فیصد بڑھ کر 2,920 بلین روپے ہو گئی جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت کے دوران 2,204 بلین روپے تھی۔ یہ 2,633 بلین روپے کے ہدف سے 287 بلین روپے زیادہ ہے۔ ٹیکس وصولی میں اضافے کا بنیادی سبب درآمدات میں اضافے کی بدولت زیادہ کسٹ ڈیوٹی اور ییلٹیکس کی وصولی ہے۔

ثانوی مارکیٹس کے منافع جات میں اس ششماہی میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کا دورہ شروع کر دیا ہے۔ روپے کی قدر میں حالیہ کمی صحیح اشیاء کی بلند قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور ہمیں توقع ہے کہ مالی سال 2022ء کی اوسط افراط زر ایس بی پی کی پیش گوئی کردہ 9 سے 11 فیصد کی حد سے زیادہ یعنی 11.7 فیصد ہوگی۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 1.7 فیصد، 1.5 فیصد اور 1.2 فیصد اضافہ ہوا۔

ایکوٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (کے ایس ای) 100 انڈیکس نے مالی سال 2022ء کے نصف اول میں 5.8 فیصد منفی منافع (2,760 پوائنٹس کمی) پوسٹ کیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 27.1 فیصد مثبت منافع ہوا تھا۔ وسیع عناصر میں مشکلات (شرح سود میں اضافہ، روپے کی قدر میں کمی اور پھلتے ہوئے جڑواں خسارے)، بڑھتی ہوئی اشیاء کی قیمتیں، اور MSCI کا پاکستان کی درجہ بندی کو امر جنگ مارکیٹ سے کم کر کے فرنٹینٹو مارکیٹ کرنے کا فیصلہ، ان تمام عوامل نے انڈیکس پر دباؤ ڈالا۔

سیمنٹ، ریفرنسری، اور تیل اور گیس کی مارکیٹنگ کی کمپنیاں وہ اہم شعبہ جات تھے جنہوں نے انڈیکس کو بالترتیب 1,096 پوائنٹس، 370 پوائنٹس اور 339 پوائنٹس متاثر کیا۔ کونسلے کی بین الاقوامی قیمتوں میں بے نظیر اضافے (250 ڈالر فی ٹن) سے بڑھ کر گزشتہ سال اوسطاً 64.5 ڈالر فی ٹن) نے سیمنٹ کے شعبے کی قریب العباد آمدنیوں کی صورتحال کو کمزور کیا جس کے نتیجے میں فروخت کا دباؤ پیدا ہوا۔ علاوہ ازیں، ریفرنسریوں اور آئل مارکیٹنگ کمپنیوں میں انحطاط کی بڑی وجہ بالترتیب ریفرنسری کی پالیسیوں کی منظوری میں تاخیر اور گزشتہ قرض کا مسلسل جمع ہونا ہے۔ غیر ملکی ادارہ جاتی سرمایہ کاروں نے فروخت کا سلسلہ جاری رکھا اور نصف سال کے دوران مزید 250 ملین ڈالر کا اضافہ کیا، جس کے اکثر حصے کا مقابلہ

ڈائریکٹرز رپورٹ برائے ششماہی محنتہ 31 دسمبر 2021ء

ایم سی بی مارف حبیب سیونگس اینڈ انویسٹمنٹس لمیٹڈ نہایت خوشی کے ساتھ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹرز کو 31 دسمبر 2021 کو ختم ہونے والے نصف سال کے لئے ایم سی بی اے ایچ کے امور پر رپورٹ پیش کر رہے ہیں۔

پرنسپل کاروبار

کمپنی ایک نان بینکنگ فنانس کمپنی ہے جسے سیورٹیز اینڈ انویسٹمنٹس کمیشن آف پاکستان کے ریگولیٹری ریگیم کے تحت ایسٹ مینجمنٹ کمپنی، انویسٹمنٹ ایڈوائزر اور پنشن فنڈ مینجرجے کے طور پر لائسنس دیا گیا ہے۔

کاروباری ماحول

معیشت اور بازار کا جائزہ

ترقی کی بحالی پر حکومت کی تجدید شدہ توجہ کے باعث مالی سال کا خوش آئند آغاز ہوا جسکی وجہ سے وزیر خزانہ کا مالی سال 2022ء کے بجٹ میں متعدد ترقیاتی ترغیبات کا اعلان کرنا ہے۔ یہ پیش رفت مالیاتی تسہیل (کووڈ لاک ڈاؤن کے آغاز سے اب تک 6.25 فیصد کمی) کی سٹ اپڈیری، پست افراط زر، اور کم شرحوں پر کپیٹل کی سرمایہ کاری (TERF) پر متنازعہ ترقی کو مزید تحریک حاصل ہوئی۔ تاہم مقامی طلب میں ٹنڈ بحالی بح اشیاء کی بڑھتی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات میں بھرپور اضافہ اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ خسارے میں اضافے کا اثر شرح زرمبادلہ پر بھی ظاہر ہوا اور مالی سال محنتہ جون 2022ء کے نصف اول کے دوران روپیہ ڈالر کے مقابلے میں 10.4 فیصد گر گیا۔

مالی سال 2022ء کے نصف اول میں ملک کا کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 9.1 بلین ڈالر تھا جبکہ اس کے بالمقابل گزشتہ سال کی مماثل مدت میں 1.3 بلین ڈالر سرپلس تھا۔ یہ مالی سال 2018ء سے لے کر اب تک کا سب سے زیادہ سی اے ڈی تھا، یعنی مالی سال کے نصف اول میں 8.7 بلین ڈالر کا خسارہ۔ اس کا بنیادی سبب درآمدات میں اضافہ تھا جو مالی سال 2022ء کے نصف اول میں 56.9 فیصد تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 29.0 فیصد تھا۔ تجارتی خسارہ 86.0 فیصد بڑھ کر 21.2 بلین ڈالر ہو گیا جبکہ اس کے بالمقابل گزشتہ سال کی مماثل مدت میں 11.4 بلین ڈالر تھا۔ درآمدات میں بے نظیر اضافے کا سبب ہماری اشیاء کی basket کی historic بلند قیمتیں ہے جس میں خام تیل، palm تیل، کونڈ اور اس کے ساتھ ویکسین کی یکبار درآمدات شامل ہیں۔ ہمارے تخمینوں کے مطابق درآمداتی بل میں اضافے کا دو تہائی سے زیادہ حصہ قیمتوں پر مشتمل ہے۔

مرکزی بینک کے زرمبادلہ کے ذخائر میں 0.4 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے نئے 'ایس ڈی آر' اختصاص کے تحت 2.75 بلین ڈالر اور سعودی عرب کے طرف سے 3 بلین ڈالر برائے reserve معاوضت موصول ہوئے۔ یہ وصولیاں کرنٹ اکاؤنٹ کے خطیر خسارے اور واجبات الاداء کے باوجود زرمبادلہ کے ذخائر میں استحکام لانے میں معاون ثابت ہوئیں۔

INDEPENDENT AUDITOR'S REVIEW REPORT



A.F.FERGUSON & Co.

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF MCB – ARIF HABIB SAVINGS AND INVESTMENTS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MCB – Arif Habib Savings and Investments Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

Other matter

The financial statements of the Company for the half year ended December 31, 2020 and for the year ended June 30, 2021 were reviewed and audited by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated February 19, 2021 and September 23, 2021, respectively.

The engagement partner on the review resulting in this independent auditor's review report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: February 23, 2022
UDIN: RR202110061ebvLK4TX3

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PuC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
(Rupees)			
ASSETS			
Non-current assets			
Fixed assets	4	356,128,379	358,789,899
Long-term investments	5	634,744,936	638,596,952
Long-term loans and prepayments	6	29,875,734	14,161,597
Long-term deposits		5,224,103	4,994,903
		1,025,973,152	1,016,543,351
Current assets			
Receivable from related parties	7	550,352,689	543,936,536
Loans and advances	8	8,483,380	2,377,576
Deposits, prepayments and other receivables	9	29,102,957	43,794,004
Accrued mark-up on bank balances		33,980	22,487
Short-term investments	10	607,886,103	685,758,449
Advance tax - net of provision	11	35,751,663	39,149,452
Cash and bank balances		44,579,891	43,929,106
		1,276,190,663	1,358,967,610
TOTAL ASSETS		2,302,463,815	2,375,510,961
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		720,000,000	720,000,000
72,000,000 (June 30, 2021: 72,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital		720,000,000	720,000,000
Reserves		823,206,107	883,129,589
Total equity		1,543,206,107	1,603,129,589
Liabilities			
Non-current liabilities			
Deferred taxation - net	12	65,734,342	67,176,622
Lease liability against right-of-use assets	13	23,225,896	18,001,467
Current liabilities			
Current portion of lease liability against right-of-use assets	13	28,974,288	32,347,100
Trade and other payables	14	639,772,691	650,183,189
Unclaimed dividend		5,000,491	4,672,994
Total liabilities		758,957,708	772,381,372
TOTAL EQUITY AND LIABILITIES		2,302,463,815	2,375,510,961
CONTINGENCIES AND COMMITMENTS	19		

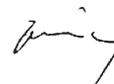
The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021

Note	Half year ended		Quarter ended		
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	
	(Rupees)		(Rupees)		
Revenue					
Management and investment advisory fee	15	445,723,608	348,058,343	208,190,276	173,827,638
Processing and other related income		23,200,194	21,617,876	12,704,387	16,762,052
Profit on bank balances under effective interest method		829,174	681,361	358,577	302,838
Dividend income on short term investments classified as 'financial assets at fair value through profit or loss'		2,314,586	12,077,817	1,993,978	6,177,517
Gain on sale of short term investments classified as 'financial assets at fair value through profit or loss' - net		6,540,643	11,719,861	978,042	4,367,396
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(7,012,914)	110,493,313	17,791,463	49,712,015
		471,595,291	504,648,571	242,016,723	251,149,456
Expenses					
Administrative expenses	16	(225,739,218)	(200,531,036)	(110,020,623)	(109,369,224)
Selling and distribution expenses	17	(45,601,008)	(31,794,466)	(32,876,621)	(15,813,909)
Financial charges		(2,821,313)	(3,794,688)	(1,373,007)	(2,291,950)
Sindh Workers' Welfare Fund	14.1	(4,000,000)	(5,400,000)	(1,500,000)	(2,400,000)
		(278,161,539)	(241,520,190)	(145,770,251)	(129,875,083)
		193,433,752	263,128,381	96,246,473	121,274,373
Other income	18	2,257,695	1,788,348	2,026,614	1,060,403
Profit for the period before taxation		195,691,447	264,916,729	98,273,087	122,334,776
Taxation					
- Current tax		(58,132,141)	(43,801,109)	(22,132,141)	(22,600,000)
- Prior tax		(925,070)	-	(925,070)	-
- Deferred tax		1,442,282	(10,700,000)	(2,157,718)	(3,400,000)
		(57,614,929)	(54,501,109)	(25,214,929)	(26,000,000)
Profit for the period after taxation		138,076,518	210,415,620	73,058,158	96,334,776
Earnings per share - basic and diluted		1.92	2.92	1.01	1.34

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For The Half Year and Quarter Ended 31 December 2021

	Half year ended December 31		Quarter ended December 31	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Profit for the period after taxation	138,076,518	210,415,620	73,058,158	96,334,776
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>138,076,518</u>	<u>210,415,620</u>	<u>73,058,158</u>	<u>96,334,776</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For The Half Year Ended 31 December 2021

	Reserves				Total	
	Capital			Revenue		
	Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit		
	(Rupees)					
Balance as at July 1, 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	494,695,426	1,550,695,426
Profit after taxation for the half year ended December 31, 2020	-	-	-	-	210,415,620	210,415,620
Other comprehensive income for the half year ended December 31, 2020	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	210,415,620	210,415,620
Final dividend for the year ended June 30, 2020 at Rs 2.25 per share declared subsequent to year ended June 30, 2020 on October 19, 2020	-	-	-	-	(162,000,000)	(162,000,000)
Balance as at December 31, 2020 (Un-audited)	<u>720,000,000</u>	<u>396,000,000</u>	<u>(60,000,000)</u>	<u>336,000,000</u>	<u>543,111,046</u>	<u>1,599,111,046</u>
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	166,018,543	166,018,543
Other comprehensive income for the half year ended June 30, 2021	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	166,018,543	166,018,543
Interim dividend for the year ended June 30, 2021 at Rs. 2.25 per share declared on February 8, 2021	-	-	-	-	(162,000,000)	(162,000,000)
Balance as at June 30, 2021 (Audited)	<u>720,000,000</u>	<u>396,000,000</u>	<u>(60,000,000)</u>	<u>336,000,000</u>	<u>547,129,589</u>	<u>1,603,129,589</u>
Profit after taxation for the half year ended December 31, 2021	-	-	-	-	138,076,518	138,076,518
Other comprehensive income for the half year ended December 31, 2021	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	138,076,518	138,076,518
Final dividend for the year ended June 30, 2021 at Rs 2.75 per share declared subsequent to year ended June 30, 2021 on October 26, 2021	-	-	-	-	(198,000,000)	(198,000,000)
Balance as at December 31, 2021 (Un-audited)	<u><u>720,000,000</u></u>	<u><u>396,000,000</u></u>	<u><u>(60,000,000)</u></u>	<u><u>336,000,000</u></u>	<u><u>487,206,107</u></u>	<u><u>1,543,206,107</u></u>

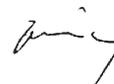
The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
For The Half Year Ended 31 December 2021

	Note	Half year ended	
		December 31, 2021	December 31, 2020
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		195,691,447	264,916,729
Adjustments for non-cash and other items:			
Depreciation	4.1	7,559,254	11,983,986
Amortisation	4.2	5,023,764	6,139,676
Depreciation on right of use asset		15,857,363	15,681,059
Financial charges		2,821,313	3,794,688
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		7,012,914	(110,493,313)
Gain on sale of investments - net		(6,540,643)	(11,719,861)
Gain on disposal of fixed assets		-	(1,510,283)
		<u>31,733,965</u>	<u>(86,124,048)</u>
Operating cash flows before working capital changes		223,675,412	178,792,681
Movement in working capital			
Decrease / (Increase) in current assets			
Loans and advances		(6,105,804)	(1,058,957)
Deposits, prepayments and other receivables		14,691,047	167,047
Accrued mark-up		(11,493)	1,059
Receivable from related parties		(6,416,153)	(20,103,850)
		<u>2,157,597</u>	<u>(20,994,701)</u>
(Decrease) / Increase in current liabilities			
Unclaimed dividend		327,497	(119,808)
Trade and other payables		(14,160,498)	13,752,233
		<u>(13,833,001)</u>	<u>13,632,425</u>
Net cash generated from operations		215,750,008	171,430,405
Income taxes paid		(55,659,420)	(29,510,721)
Financial charges paid		-	(3,794,688)
		<u>(55,659,420)</u>	<u>(33,305,409)</u>
Net cash generated from operating activities		160,090,588	138,124,996
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,836,181)	(5,285,843)
Sale proceeds from disposal		-	7,086,150
Long-term loans and receivables		(15,943,337)	(6,900,388)
Net proceeds against redemption of investments		81,252,091	47,952,624
Net cash generated from investing activities		56,472,573	42,852,543
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(17,912,376)	(12,938,873)
Dividend paid		(198,000,000)	(162,000,000)
Net cash used in financing activities		(215,912,376)	(174,938,873)
Net increase in cash and cash equivalents		650,785	6,038,666
Cash and cash equivalents at the beginning of the period		43,929,106	19,814,591
Cash and cash equivalents at the end of the period		44,579,891	25,853,257

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB - Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (now integrated into the Pakistan Stock Exchange Limited) by way of offer for sale of shares by few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On January 19, 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for the transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on May 21, 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being June 27, 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended June 30, 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 May 23, 2013.
- 1.2 The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.4 The Company has been assigned an Asset Manager rating of AM1 by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on October 6, 2021. Currently, the Company is managing the following funds under its management:

	Net assets value as at	
	December 31, 2021	June 30, 2021
	----- (Rupees in million) -----	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	4,725	9,595
MCB Pakistan Stock Market Fund	11,304	12,397
MCB Pakistan Sovereign Fund	708	738
Pakistan Capital Market Fund	457	467
Pakistan Cash Management Fund	14,525	3,119
Pakistan Income Enhancement Fund	1,212	630
MCB Pakistan Asset Allocation Fund	1,179	912
MCB DCF Income Fund	4,313	3,646
MCB Cash Management Optimizer	38,261	34,030
Alhamra Money Market Fund	13,610	15,258
Alhamra Islamic Asset Allocation Fund	2,255	2,335
Alhamra Islamic Stock Fund	3,137	3,410
Alhamra Islamic Income Fund	7,738	5,575
Alhamra Daily Dividend Fund	3,153	2,279
Alhamra Smart Portfolio	171	123
Pakistan Pension Fund	2,064	1,933
Alhamra Islamic Pension Fund	1,363	1,354
	<u>110,174</u>	<u>97,801</u>
Discretionary portfolio	<u>60,714</u>	<u>57,014</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

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

	Net assets value as at	
	December 31, 2021	June 30, 2021
	----- (Rupees in million) -----	
Number of clients	36	37
Total portfolio at cost (Rs. in millions)	52,092	46,869
Total portfolio at market value (Rs. in millions)	51,172	47,074
Fee earned (Rs. in millions)	39	47

- 1.5 In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient insurance coverage from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance Company has been assigned a credit rating of AM1 by the Pakistan Credit Rating Agency Limited. (PACRA). The rating was determined by PACRA on October 6, 2021.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A 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 VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

- 2.2 The disclosures made in these condensed interim financial statements are based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2021.
- 2.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended June 30, 2021, whereas, the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements for the period ended December 31, 2020.
- 2.4 The Company has made investments in mutual funds established under trust structure. As per SECP notification SRO 56(1)/ 2016 dated January 28, 2016, the requirements of consolidation under section 237 of the repealed Companies Ordinance, 1984 (section 228 of the Companies Act, 2017) and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the mutual funds are not being consolidated by the Company.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

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

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2021.

3.2 Amendments to accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.3 Amendments to accounting and reporting standards that are not yet effective

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

3.4 Critical management estimates and judgments

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2021.

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, 2021.

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees) -----			
4 FIXED ASSETS			
Tangible			
Property and equipment	4.1	26,937,580	25,660,653
Right of use assets	4.3	49,934,240	47,018,584
Capital work in progress		-	1,830,339
		<u>76,871,820</u>	<u>74,509,576</u>
Intangible assets			
Computer software	4.2	5,129,626	10,153,390
Goodwill	4.2	82,126,933	82,126,933
Management rights	4.2	192,000,000	192,000,000
		<u>279,256,559</u>	<u>284,280,323</u>
		<u>356,128,379</u>	<u>358,789,899</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

4.1 Property and equipment

Following is a statement of property and equipment:

December 31, 2021 (Unaudited)						
Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total	
(Rupees)						
As at July 1, 2021						
Cost	61,402,064	19,252,265	8,182,368	13,388,935	4,237,270	106,462,902
Accumulated depreciation	(44,367,298)	(15,674,244)	(5,291,723)	(5,798,064)	(2,385,539)	(73,516,868)
Accumulated impairment losses	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	25,660,653
Half year ended December 31, 2021						
Opening net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	25,660,653
Additions during the period	4,879,218	1,357,620	391,380	2,207,963	-	8,836,181
Disposals during the period:						
- Cost	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-
- Accumulated impairment losses	-	-	-	-	-	-
Depreciation for the period	(4,557,803)	(993,001)	(825,703)	(653,091)	(529,656)	(7,559,254)
Closing net book value	17,356,181	3,942,640	1,730,405	2,586,279	1,322,075	26,937,580
As at December 31, 2021						
Cost	66,281,282	20,609,885	8,573,748	15,596,898	4,237,270	115,299,083
Accumulated depreciation	(48,925,101)	(16,667,245)	(6,117,426)	(6,451,155)	(2,915,195)	(81,076,122)
Accumulated impairment loss	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	17,356,181	3,942,640	1,730,405	2,586,279	1,322,075	26,937,580
Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%	
June 30, 2021 (Audited)						
Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total	
(Rupees)						
As at July 1, 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)	(92,894,809)
Accumulated impairment losses	-	(561,390)	(3,248,387)	(9,397,744)	-	(13,207,521)
Net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	45,363,804
Year ended June 30, 2021						
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	7,118,523	1,637,661	1,675,844	893,694	-	11,325,722
Disposals during the year:						
- Cost	(951,394)	(11,178,668)	(10,715,340)	(13,002,140)	-	(35,847,542)
- Accumulated depreciation	948,407	8,741,313	5,964,183	7,130,213	-	22,784,116
- Accumulated impairment losses	-	561,390	2,522,470	2,838,280	-	5,922,140
	(2,987)	(1,875,965)	(2,228,687)	(3,033,647)	-	(7,141,286)
Write offs during the year:						
Cost	-	-	-	(20,481,412)	-	(20,481,412)
Accumulated depreciation	-	-	-	15,713,175	-	15,713,175
	-	-	-	(4,768,237)	-	(4,768,237)
Depreciation for the year	(9,390,637)	(2,454,893)	(1,713,821)	(4,502,520)	(1,057,479)	(19,119,350)
Closing net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	25,660,653
As at June 30, 2021						
Cost	61,402,064	19,252,265	8,182,368	13,388,935	4,237,270	106,462,902
Accumulated depreciation	(44,367,298)	(15,674,244)	(5,291,723)	(5,798,064)	(2,385,539)	(73,516,868)
Accumulated impairment loss	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	25,660,653
Depreciation rates (% per annum)	25%	20% - 50%	10%	10%	25%	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

4.1.1 There were no disposals of fixed assets during the period.

4.1.2 Included in the cost of property and equipment are fully depreciated items which are still in use, aggregating to Rs. 96.23 million (June 30, 2021: Rs. 91.7 million).

4.2 Intangible assets

Following is a statement of intangible assets:

	December 31, 2021 (Unaudited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2020				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortisation	(72,880,427)	-	-	(72,880,427)
Net book value	<u>10,153,390</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>284,280,323</u>
Half year ended December 31, 2021				
Opening net book value	10,153,390	82,126,933	192,000,000	284,280,323
Additions during the period	-	-	-	-
Disposals / transfers during the period				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the period	(5,023,764)	-	-	(5,023,764)
Closing net book value	<u>5,129,626</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>279,256,559</u>
As at December 31, 2021				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortisation	(77,904,191)	-	-	(77,904,191)
Net book value	<u>5,129,626</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>279,256,559</u>
Amortisation rates (% per annum)	<u>25% - 33 %</u>			
	June 30, 2021 (Audited)			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at July 1, 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortisation	(61,101,329)	-	-	(61,101,329)
Net book value	<u>21,371,745</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>295,498,678</u>
Year ended June 30, 2021				
Opening net book value	21,371,745	82,126,933	192,000,000	295,498,678
Additions during the year	560,743	-	-	560,743
Amortisation for the year	(11,779,098)	-	-	(11,779,098)
Closing net book value	<u>10,153,390</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>284,280,323</u>
As at June 30, 2021				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortisation	(72,880,427)	-	-	(72,880,427)
Net book value	<u>10,153,390</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>284,280,323</u>
Amortisation rates (% per annum)	<u>25% - 33 %</u>			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
4.3 Right of use assets			
Opening written down value		47,018,584	60,884,879
Additions during the period		18,773,019	22,768,921
Effect of Modification		-	(5,697,763)
Depreciation for the period		(15,857,363)	(30,937,453)
Closing written down value		<u>49,934,240</u>	<u>47,018,584</u>

5 LONG-TERM INVESTMENTS

Investments in pension schemes - related parties

Investments at fair value through profit or loss	5.1	<u>634,744,936</u>	<u>638,596,952</u>
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5.1 Investments at fair value through profit or loss

Name of the Investee Fund	As at July 1, 2021	Purchased during the period	Redeemed / sold during the period	As at December 31, 2021	As at December 31, 2021 (Unaudited)		
					Carrying value	Market value	Unre alised Appreciation / Diminution
					----- (Rupees) -----		
Alhambra Islamic Pension Fund	876,129	-	-	876,129	326,724,663	320,526,130	(6,198,533)
Pakistan Pension Fund	805,305	-	-	805,305	311,872,289	314,218,806	2,346,518
					<u>638,596,952</u>	<u>634,744,936</u>	<u>(3,852,015)</u>

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
6 LONG-TERM LOANS AND PREPAYMENTS			
Secured - considered good			
- to executives	6.1	18,572,315	4,306,289
Unsecured - considered good			
- to other employees	6.2	6,063,049	5,875,024
Less: Current portion of loans	6.3	(5,955,509)	(1,869,422)
		<u>18,679,855</u>	<u>8,311,891</u>
Prepayments:			
Prepaid commission against bachat units		28,635,228	16,847,454
Less: Current portion	9	(17,439,349)	(10,997,748)
		<u>11,195,879</u>	<u>5,849,706</u>
		<u>29,875,734</u>	<u>14,161,597</u>

6.1 This represents interest based housing finance loan given to executives at the rate ranging from 4.5% to 7.01% per annum for a period of upto 20 years secured against house mortgage.

6.2 This represents interest-free loans for a period of 5 years given to executives as per the terms of employment for the purchase of motor vehicles.

6.3 Based on month end balances, the maximum aggregate balance of loans to an executive outstanding at any time during the year was Rs. 14.7 million (June 30, 2021: Rs. 10.55 million).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
7 RECEIVABLE FROM RELATED PARTIES			
Unsecured - considered good			
Pakistan Income Fund		15,264,976	18,431,896
MCB Pakistan Stock Market Fund		118,948,207	122,311,547
MCB Pakistan Sovereign Fund		34,482,665	34,215,894
Pakistan Capital Market Fund		7,764,770	7,643,048
Pakistan Pension Fund		8,991,500	8,524,272
Alhamra Islamic Pension Fund		4,955,266	5,176,771
Pakistan Cash Management Fund		14,361,569	12,243,674
Pakistan Income Enhancement Fund		22,987,749	22,733,982
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
MCB Pakistan Asset allocation Fund		38,993,643	37,456,312
MCB Cash Management Optimizer		64,354,295	64,482,664
MCB DCF Income Fund		138,887,042	137,055,740
Alhamra Islamic Money Market Fund		5,317,192	4,532,405
Alhamra Islamic Stock Fund		22,567,225	23,772,572
Alhamra Islamic Asset Allocation Fund		14,316,334	15,909,125
Alhamra Islamic Income Fund		16,713,292	14,454,260
Alhamra Daily Dividend Fund		803,588	435,889
Al-Hamra Smart Portfolio		20,968	9,888
		<u>533,997,640</u>	<u>533,657,299</u>
Advisory fee on account of discretionary portfolio management	7.1		
Adamjee Life Assurance Company Limited		16,355,049	10,279,237
		<u>550,352,689</u>	<u>543,936,536</u>
7.1	The above amounts includes Federal Excise Duty amounting to Rs. 412.88 million (June 30, 2021: Rs. 412.88 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 14.2 to the condensed interim financial statements.		
		(Unaudited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
8 LOANS AND ADVANCES			
Secured - Considered good			
Current portion of loans to employees	6	5,955,509	1,869,422
Advances - Considered good			
Advances to employees, suppliers and contractors		2,527,871	508,154
		<u>8,483,380</u>	<u>2,377,576</u>
9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		-	75,000
Prepayments			
Current portion of prepaid commission against bachat unit		17,439,349	10,997,748
Insurance		2,443,329	11,101,389
Maintenance		1,217,133	533,132
Service level agreement		1,047,372	5,180,110
Software license		294,396	179,374
Registration fee		1,872,282	534,556
Others		613,730	174,000
		<u>24,927,591</u>	<u>28,700,309</u>
Other receivables			
Advisory fee on account of discretionary portfolio management		16,097,966	23,005,861
Commission receivable		342,637	4,217,311
Others		136,880	197,640
		<u>16,577,484</u>	<u>27,420,812</u>
Provision against advisory fee	9.1	(12,402,117)	(12,402,117)
		<u>29,102,957</u>	<u>43,794,004</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees) -----			
9.1 Movement in provision			
Opening balance		12,402,117	12,402,117
Provision made during the period		-	-
Closing balance		<u>12,402,117</u>	<u>12,402,117</u>

10 SHORT-TERM INVESTMENTS

Investments at fair value through profit or loss	10.1	<u>607,886,103</u>	<u>685,758,449</u>
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10.1 Investments at fair value through profit or loss

Name of the Investee Fund	As at July 1, 2021	Purchased during the period	Redeemed / sold during the period	As at December 31, 2021	As at December 31, 2021 (Unaudited)		
					Carrying value	Market value	Unrealised appreciation/ (diminution)
----- (Number of units) -----					----- (Rupees) -----		
MCB Cash Management Optimizer	64,767	22,319,274	21,164,042	1,219,999	123,195,531	123,275,807	80,275
MCB Pakistan Stock Market Fund	1,415,390	496,770	1,415,391	496,770	50,000,000	49,207,353	(792,647)
Alhamra Islamic Stock Fund	2,164,502	-	-	2,164,502	24,437,229	22,813,853	(1,623,377)
Pakistan Income Fund	7,152,428	8,753,800	15,906,228	-	-	-	-
Alhamra Smart Portfolio	1,200,000	-	-	1,200,000	119,852,520	121,088,280	1,235,759
MCB Pakistan Asset Allocation Fund	-	1,572,494	-	1,572,494	135,000,000	132,939,090	(2,060,910)
MCB Pakistan Sovereignfund	-	1,802,776	1,802,776	-	-	-	-
Pakistan Cash Management Fund	-	5,876,256	2,734,417	3,141,839	158,561,720	158,561,720	-
					<u>611,047,002</u>	<u>607,886,103</u>	<u>(3,160,899)</u>

11 ADVANCE TAX - NET OF PROVISION

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010, 2011. The income tax returns upto the tax year 2021 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees) -----		
12 DEFERRED TAX LIABILITY - NET		

Deferred tax liability on taxable temporary differences

- Intangible assets	74,458,334	75,190,106
- Right of use asset	14,480,930	13,635,390
- Investments at fair value through profit or loss	-	1,768,869
	<u>88,939,264</u>	<u>90,594,365</u>

Deferred tax asset on deductible temporary differences

- Property and equipment (other than right of use assets)	(4,625,907)	(4,328,055)
- Investments at fair value through profit or loss	(362,211)	-
- Provision against advisory fee	(3,596,614)	(3,596,614)
- Finance cost on interest free loans	(882,137)	(891,989)
- Liability against right-of-use asset	(15,138,053)	(14,601,085)
	<u>(24,604,922)</u>	<u>(23,417,743)</u>

<u>64,334,342</u>	<u>67,176,622</u>
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

13 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

Finance lease liabilities are payable as follows.

December 31, 2021 (Unaudited)		
Minimum lease payments	Future finance cost	Present value of minimum lease payments
(Rupees)		
Not later than one year	32,912,479	3,938,191
Later than one year and not later than five years	27,204,211	3,978,315
	60,116,690	7,916,506
Less: Current portion		52,200,184
		(28,974,288)
		<u>23,225,896</u>

June 30, 2021 (Audited)		
Minimum lease payments	Future finance cost	Present value of minimum lease payments
(Rupees)		
Not later than one year	36,357,777	4,010,677
Later than one year and not later than five years	18,814,995	813,528
	55,172,772	4,824,205
Less: Current portion		50,348,567
		(32,347,100)
		<u>18,001,467</u>

- 13.1 Lease liabilities have been discounted at the rates ranging between 8.08% to 14.95% (June 30, 2021: 8.01% to 14.95%) per annum.

Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
(Rupees)		
14 TRADE AND OTHER PAYABLES		
Accrued expenses and other payables	86,724,528	123,429,377
Sindh Workers' Welfare Fund	14.1 52,669,050	48,669,050
Withholding tax payable	971,516	2,958,091
Indirect taxes and duties payable	14.2 452,063,438	419,057,465
Payable to facilitators / distributors	47,344,159	56,069,206
	<u>639,772,691</u>	<u>650,183,189</u>

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

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

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers' Welfare Fund Ordinance, 1971, and accordingly an amount of Rs. 14.442 million was reversed on January 12, 2017. Further, as a consequence of passage of the 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (SWWF) which was effective from July 1, 2014. The Company believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF with effect from July 1, 2014 and has maintained a provision of Rs. 52.7 million as at December 31, 2021.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

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

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on September 4, 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said SHC order in the Honorable Supreme Court of Pakistan and thus the Company is carrying liability for Federal Excise Duty (FED) amounting to Rs. 412.88 (June 30, 2021: Rs. 399.6) million as a matter of abundant caution. This amount has also been classified as a balance receivable from related parties (in Note 7) and would be payable only after final verdict as explained above and when received from the funds.

15 MANAGEMENT AND INVESTMENT ADVISORY FEE

Note	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Unaudited) ----- ----- (Rupees) -----			
Management fee from Collective Investment Schemes - related parties				
MCB Cash Management Optimizer	51,476,295	55,445,444	23,869,316	26,113,743
MCB Pakistan Asset Allocation Fund	20,445,137	16,082,786	11,206,460	8,164,621
MCB DCF Income Fund	35,603,791	35,374,243	18,071,438	17,347,438
Alhamra Islamic Income Fund	16,344,458	12,542,009	9,116,649	6,007,680
MCB Pakistan Sovereign Fund	4,118,270	7,639,244	1,981,868	3,391,309
Pakistan Capital Market Fund	8,806,309	5,312,946	4,391,000	2,665,165
Pakistan Cash Management Fund	6,467,612	1,417,214	4,704,236	672,216
Pakistan Income Enhancement Fund	5,858,438	2,840,652	3,605,969	1,290,290
Pakistan Income Fund	45,942,515	13,442,443	18,591,969	6,740,121
Alhamra Islamic Asset Allocation Fund	43,524,201	27,358,119	21,420,836	14,389,178
MCB Pakistan Stock Market Fund	136,926,364	125,785,514	65,968,181	64,703,688
Alhamra Islamic Stock Fund	39,946,820	38,075,590	18,314,824	19,556,815
Alhamra Islamic Money Market Fund	11,321,361	303,930	4,321,500	170,225
Alhamra Islamic Active Allocation Fund Plan I	-	38,678	-	17,718
Alhamra Islamic Active Allocation Fund Plan II	-	30,728	-	13,943
Alhamra Daily Dividend Fund	3,849,948	3,867,188	2,138,310	1,784,019
Al-Hamra Smart Portfolio	30,690	-	16,043	-
	<u>430,662,209</u>	<u>345,556,728</u>	<u>207,718,600</u>	<u>173,028,169</u>
Management fee from Pension Schemes - related parties				
Pakistan Pension Fund	11,636,766	15,605,837	3,046,837	7,842,987
Alhamra Islamic Pension Fund	17,280,545	10,039,173	11,400,283	5,105,604
	<u>28,917,311</u>	<u>25,645,010</u>	<u>14,447,120</u>	<u>12,948,591</u>
15.1 Investment advisory fee from discretionary portfolio management	459,579,520	371,201,738	222,165,719	185,976,760
15.2	<u>44,088,157</u>	<u>22,104,189</u>	<u>13,089,293</u>	<u>10,448,470</u>
	<u>503,667,677</u>	<u>393,305,927</u>	<u>235,255,012</u>	<u>196,425,230</u>
Less: Sindh Sales Tax	<u>(57,944,069)</u>	<u>(45,247,584)</u>	<u>(27,064,736)</u>	<u>(22,597,592)</u>
	<u>445,723,608</u>	<u>348,058,343</u>	<u>208,190,276</u>	<u>173,827,637</u>

- 15.1 Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged to Collective Investment Schemes shall be within allowed expense ratio limit and shall not exceed the maximum rate of management fee disclosed in the Offering Document.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

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

16 ADMINISTRATIVE EXPENSES

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Unaudited)					
(Rupees)					
Salaries, allowances and other benefits		154,912,931	149,289,636	81,660,238	81,024,300
Legal and professional charges		4,904,529	5,806,577	2,183,490	2,210,543
Travelling and conveyance charges		594,373	493,147	354,373	282,868
Rent, utilities, repairs and maintenance		48,824,006	31,755,755	18,561,577	19,112,154
Office supplies		824,669	1,007,495	402,973	321,571
Auditors' remuneration		1,475,402	2,031,692	800,258	878,500
Directors' meeting fee		4,350,000	5,625,000	2,325,000	2,700,000
Insurance		976,266	1,037,874	530,132	485,093
Depreciation on property and equipment	4.3	7,559,254	3,092,097	3,834,100	1,052,811
Depreciation on right of use assets		8,891,886	8,891,886	4,445,943	4,445,943
Amortisation	4.3	5,023,764	6,139,675	2,511,882	2,963,575
Stamp duty and taxes		-	6,750	-	-
Registrar fee		799,196	326,850	463,277	201,503
Printing and stationery		2,083,849	2,622,832	1,007,414	1,117,732
Telephone expenses		2,834,036	2,461,190	1,488,373	1,122,598
Entertainment expenses		1,820,516	1,581,585	1,000,008	738,046
Books, periodicals and subscription		10,622,575	12,954,492	5,947,647	7,514,503
		<u>256,497,252</u>	<u>235,124,533</u>	<u>127,516,684</u>	<u>126,171,740</u>
Charged to the Collective Investment Schemes (CISs)	16	(32,008,034)	(34,593,497)	(18,746,061)	(16,802,516)
		<u>224,489,218</u>	<u>200,531,036</u>	<u>108,770,623</u>	<u>109,369,224</u>

16.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 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. The management company, based on its discretion has charged 0.1% of average annual net assets.

17 SELLING AND DISTRIBUTION EXPENSES

SECP vide its Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from January 1, 2017 till December 31, 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. The said condition was amended through Circular No. 11 of 2019 dated June 5, 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. 153.62 million (December 31, 2020: Rs. 145.28 million) have been charged by the Company to the aforesaid funds under its management.

18 OTHER INCOME

This includes interest income on loan to employees amounting to Rs. 0.647 million (December 31, 2020: Rs. 0.27 million).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

19 CONTINGENCIES AND COMMITMENTS

19.1 The contingencies and commitments of the Company disclosed in the annual audited financial statements as at June 30, 2021 have remained unchanged during the period, except for the following:

During the year ended June 30, 2021, the Sindh Revenue Board issued a Show Cause Notice on April 15, 2021 on account of short payment of Sindh Sales Tax amounting to Rs. 9.97 million pertaining to Tax Periods July 2015 till June 2016. The Company in consultation with its tax consultant, anticipates a favourable outcome of the case.

During the period under review, Assistant Commissioner SRB passed an Order-in-Original (against Show Cause Notice issued on April 15, 2021), whereby demand of Rs.10.4 Million was raised. The Company, being aggrieved, filed Appeal with Commissioner Appeals SRB. The Company has also filed stay application in front of Hon'able High Court of Sindh (SHC). Stay Order was duly granted by SHC on January 17, 2022.

Subsequent to December 31, 2021, the Commissioner Appeals vide its decision dated February 2, 2022 has decided the case against the Company. The Company has filled appeal before Appellate Tribunal SRB and is also in the process of applying stay against the demand raised by Commissioner Appeal.

20 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:

20.1 Transactions with related parties during the period

Transactions with related parties during the period

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Half Year ended	
			(Unaudited)	(Unaudited)
			December 31, 2021	December 31, 2020
----- (Rupees) -----				
MCB Bank Limited	Parent company with 51.33% Holding	Commission and other expenses	26,410,444	9,657,763
		Profit on bank deposits	682,816	548,202
		Branch sharing expenses	1,604,922	1,459,020
		Rent as per rental agreement	2,520,000	1,200,000
		Dividend paid	101,631,112	83,152,728
		Sale proceeds on disposal of fixed assets	-	1,550,050
		Financial charges	85,733	374,659
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank charges	-	-
		Profit on bank deposits	7,029	7,178
Nishat Real Estate Development Company (Pvt) Limited	Group Company of Parent Company	Rent as per rental agreement	-	1,078,736
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	15,620,093	11,929,797
		Amount paid against insurance	-	-
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	19,838,108	2,586,157
		Dividend paid	15,020,500	12,289,500
		Rent as per rental agreement	12,396,141	9,769,375
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	59,576,459	48,744,376
MCB Cash Management Optimizer	Funds under management	Management fee	45,554,243	49,066,765
		Investment in units	2,255,136,194	3,228,831,242
		Redemption of units	2,143,637,180	3,774,338,729
		Dividend Income	540,896	10,806,747
		Reimbursement of expenses	10,141,020	15,676,577
		Selling and marketing	26,835,866	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited)	(Unaudited)
			Half Year ended	
			December 31, 2021	December 31, 2020
----- (Rupees) -----				
MCB DCF Income Fund	Funds under management	Management fee	31,507,780	31,304,639
		Share of sales load	1,480,831	34,669
		Back end load	560,069	-
		Reimbursement of expenses	2,100,519	2,086,976
		Selling and marketing	8,917,428	8,139,206
		Investment in units	-	1,014,790
		Redemption of units	-	1,015,540
Alhamra Islamic Income Fund	Funds under management	Management fee	14,464,122	11,099,122
		Share of sales load	4,052,657	776,779
		Sharia fee paid on behalf of the fund	180,000	369,193
		Reimbursement of expenses	3,765,337	3,357,086
		Selling and marketing	6,457,756	6,714,171
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	18,093,042	14,232,555
		Share of sales load	62,009	214,854
		Reimbursement of expenses	548,518	711,628
		Selling and marketing	-	9,251,161
		Back end load	18,090	8,769
		Investment in units	135,000,000	-
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Management fee	10,018,904	268,965
		Reimbursement of expenses	141,248	20,640
		Selling and marketing	3,554,199	164,905
		Share of sales load	3,911	1,171
		Sharia fee paid on behalf of the fund	180,000	-
		Investment in units	-	1,640,543,112
		Redemption of units	-	1,305,407,828
		Dividend Income	-	994,108
		Other Expenses	468,821	768,883
Alhamra Islamic Stock Fund	Funds under management	Management fee	35,351,168	33,695,212
		Share of sales load	1,096,409	382,674
		Reimbursement of expenses	1,767,558	1,684,761
		Selling and marketing	22,978,259	21,901,888
		Sharia fee paid on behalf of the fund	180,000	369,193
MCB Pakistan Sovereign Fund	Funds under management	Management fee	3,644,486	6,760,392
		Share of sales load	32,007	354
		Reimbursement of expenses	373,096	783,332
		Selling and marketing	1,470,130	1,096,665
		Investment in units	100,000,000	590,222
		Redemption of units	100,054,083	590,660
MCB Pakistan Stock Market Fund	Funds under management	Management fee	121,173,773	111,314,614
		Share of sales load	2,481,196	2,394,661
		Reimbursement of expenses	6,058,689	5,565,731
		Selling and marketing	78,762,953	72,354,499
		Investment in units	50,000,000	272,420,886
Pakistan Capital Market Fund	Funds under management	Redemption of units	140,830,439	110,000,000
		Management fee	7,793,194	4,701,722
		Share of sales load	213	13,691
		Reimbursement of expenses	232,633	235,086
		Selling and marketing	-	3,173,663
Pakistan Cash Management Fund	Funds under management	Management fee	5,723,550	1,238,886
		Reimbursement of expenses	21,468	541,281
		Share of sales load	85,039	-
		Investment in units	296,561,721	84
		Redemption of units	138,000,000	84

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited)	(Unaudited)
			Half Year ended	
			December 31, 2021	December 31, 2020
----- (Rupees) -----				
Pakistan Income Enhancement Fund	Funds under management	Management fee	5,184,459	2,513,852
		Share of sales load	205,500	82,280
		Reimbursement of expenses	540,247	355,182
		Selling and marketing	165,353	2,663,862
Pakistan Income Fund	Funds under management	Management fee	40,657,093	11,895,966
		Share of sales load	2,491,637	394,812
		Reimbursement of expenses	4,575,549	1,148,069
		Selling and marketing	2,328,550	1,492,496
		Back end load	-	29,494
		Investment in units	486,000,000	-
		Redemption of units	881,428,303	-
Alhamra Islamic Asset Allocation Fund	Funds under management	Management fee	38,516,992	24,210,725
		Share of sales load	609,240	306,722
		Back end load	2,357,967	4,456,245
		Reimbursement of expenses	1,167,182	1,210,536
		Selling and marketing	-	15,736,971
		Sharia fee paid on behalf of the fund	180,000	369,194
Alhamra Islamic Pension Fund	Funds under management	Management fee	10,298,023	8,884,223
		Share of sales load	414,349	223,361
		Contribution to fund on behalf of the employees	12,258,802	10,132,362
Pakistan Pension Fund	Funds under management	Management fee	15,292,518	13,810,473
		Share of sales load	1,032,847	71,130
		Contribution to fund on behalf of the employees	3,748,756	3,519,683
Al-Hamra Islamic Active Asset Allocation Fund Plan-I	Funds under management	Management fee	-	34,228
		Reimbursement of expenses	-	148,370
Al-Hamra Islamic Active Asset Allocation Fund Plan-II	Funds under management	Management fee	-	27,193
		Reimbursement of expenses	-	82,477
Al-Hamra Smart Portfolio	Funds under management	Management fee	27,159	-
		Reimbursement of expenses	89,741	-
		Share of sales load	790,672	-
Alhamra Daily Dividend Fund	Funds under management	Management fee	3,407,034	3,422,288
		Dividend income	-	276,963
		Investment in units	-	350,235,419
		Redemption of units	-	350,235,419
		Selling and marketing	-	2,587,207
		Reimbursement of expenses	485,230	985,766
		Bank Charges	349,302	415,863
		Share of sales load	97,194	11,203

20.2 Amount outstanding as at period end

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited)	(Audited)
			December 31, 2021	30 June 2021
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% Holding	Bank balance	12,631,044	11,755,764
		Other payable	-	4,380,075
		Commission payable	6,085,952	4,492,704
		Mark-up receivable	2,181	-
MCB Islamic Bank Limited	Subsidiary of Parent Company	Bank balance	345,712	519,878
		Mark-up receivable	1,242	1,212

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited)	(Audited)
			December 31, 2021	30 June 2021
			----- (Rupees) -----	
Adamjee Life Assurance	Group Company	Advisory fee receivable	3,096,666	2,736,923
MCB DCF Income Fund	Funds under management	Remuneration receivable	6,136,740	5,605,112
		Sales load receivable	1,150,057	36,252
		Receivable against reimbursement of expenses	362,050	330,685
		Receivable against selling & marketing expenses	4,158,030	3,918,724
		Back end load receivable	86,739	171,540
		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	3,694,111	2,158,536
		Sales load receivable	163	16,558
		Receivable against reimbursement of expenses	99,064	80,913
		Closing balance of investment in units	132,939,090	-
		Federal excise duty on remuneration	19,027,350	19,027,350
		Federal excise duty on sales load	16,172,955	16,172,955
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	7,537,436	9,201,283
		Sales load receivable	-	995,781
		Receivable against reimbursement of expenses	2,531,259	-
		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	123,275,807	6,538,775
Alhambra Islamic Income Fund	Funds under management	Remuneration receivable	3,728,521	1,793,235
		Sales load receivable	581,964	325,267
		Receivable against reimbursement of expenses	675,237	608,189
		Receivable against Shariah Fee	60,000	60,000
		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 Fund	Funds under management	Remuneration receivable	21,331,372	23,299,687
		Sales load receivable	75,631	836,859
		Closing balance of investment in units	49,207,353	146,676,096
		Receivable against reimbursement of expenses	943,866	1,030,960
		Receivable against selling & marketing expenses	37,890,721	38,437,423
		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	5,004,856	7,651,531
		Sales load receivable	281,710	345,554
		Receivable against reimbursement of expenses	477,941	852,806
		Closing balance of investment in units	-	388,253,829
		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	713,153	663,926
		Sales load receivable	9	8
		Receivable against reimbursement of expenses	60,386	63,516
		Receivable against selling & marketing expenses	511,303	290,630
		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	1,461,178	1,338,866
		Receivable against reimbursement of expenses	38,599	39,190
		Federal excise duty on remuneration	5,872,250	5,872,250
		Federal excise duty on sales load	392,742	392,742

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	(Unaudited)	(Audited)
			December 31, 2021	30 June 2021
----- (Rupees) -----				
Alhamra Islamic Stock Fund	Funds under management	Remuneration receivable	5,850,746	6,456,723
		Sales load receivable	48,366	81,700
		Receivable against reimbursement of expenses	258,883	285,696
		Receivable against selling & marketing expenses	10,535,076	11,074,298
		Receivable against Shariah Fee	60,000	60,000
		Closing balance of investment in units	22,813,853	24,437,229
		Federal excise duty on remuneration	5,689,242	5,689,242
		Federal excise duty on sales load	124,913	124,913
Pakistan Pension Fund	Funds under management	Remuneration receivable	2,913,674	2,547,807
		Sales load receivable	101,361	-
		Closing balance of investment in units	314,218,806	311,872,289
		Federal excise duty on remuneration	5,976,465	5,976,465
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	7,002,685	7,384,899
		Sales load receivable	19,714	404,315
		Back end load receivable	-	815,726
		Receivable against reimbursement of expenses	187,790	198,040
		Receivable against Shariah Fee	60,000	60,000
		Federal excise duty on remuneration	5,910,300	5,910,300
		Federal excise duty on sales load	1,135,845	1,135,845
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	1,919,940	1,874,842
		Sales load receivable	4,995	271,597
		Closing balance of investment in units	320,526,130	326,724,663
		Federal excise duty on remuneration	3,030,332	3,030,332
Pakistan Sarmaya Mahfooz Fund (Matured)	Funds under management	Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	2,428,685	217,783
		Receivable against reimbursement of expenses	-	62,402
		Sales load receivable	-	30,605
		Federal excise duty on remuneration	11,932,884	11,932,884
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	1,294,614	1,188,734
		Sales load receivable	99,453	20,666
		Other receivable	132,561	132,561
		Receivable against reimbursement of expenses	125,092	55,991
		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)	Funds under management	Remuneration receivable	791,826	-
		Sales load receivable	6	7,045
		Receivable against Shariah Fee	60,000	60,000
		Others Payable	-	(1,844,136)
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,624,619	3,624,619
Al-Hamra Smart Portfolio	Funds under management	Remuneration receivable	6,482	3,298
		Receivable against reimbursement of expenses	14,487	6,590
		Closing balance of investment in units	121,088,280	119,852,520
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	576,401	433,744
		Payable against bank charges	80,371	(32,653)
		Receivable against reimbursement of expenses	39,392	-
		Sales load receivable	107,424	2,145

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

Fair value hierarchy

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

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

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

On-balance sheet financial instruments		December 31, 2021 (Unaudited)							
		Carrying amount				Fair value			
		Note	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees)									
Financial assets measured at fair value									
		634,744,936	-	-	634,744,936	-	634,744,936	-	634,744,936
		607,886,103	-	-	607,886,103	-	607,886,103	-	607,886,103
		1,242,631,039	-	-	1,242,631,039	-	1,242,631,039	-	1,242,631,039
Financial assets not measured at fair value									
	21.1	-	18,679,855	-	18,679,855				
		-	5,224,103	-	5,224,103				
		-	550,352,689	-	550,352,689				
		-	5,955,509	-	5,955,509				
		-	4,175,367	-	4,175,367				
		-	33,980	-	33,980				
		-	44,579,891	-	44,579,891				
		-	629,001,393	-	629,001,393				
Financial liabilities not measured at fair value									
	21.1	-	-	134,068,687	134,068,687				
		-	-	5,000,491	5,000,491				
		-	-	139,069,178	139,069,178				

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Half Year and Quarter Ended 31 December 2021**

		June 30, 2021 (Audited)							
		Carrying amount				Fair value			
Note	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	638,596,952	-	-	638,596,952	-	638,596,952	-	638,596,952	
	685,758,449	-	-	685,758,449	-	685,758,449	-	685,758,449	
	<u>1,324,355,401</u>	<u>-</u>	<u>-</u>	<u>1,324,355,401</u>	<u>-</u>	<u>1,324,355,401</u>	<u>-</u>	<u>1,324,355,401</u>	
Financial assets not measured at fair value									
21.1									
	-	10,181,313	-	10,181,313					
	-	4,994,903	-	4,994,903					
	-	543,936,536	-	543,936,536					
	-	15,093,695	-	15,093,695					
	-	22,487	-	22,487					
	-	43,929,106	-	43,929,106					
	-	<u>618,158,040</u>	-	<u>618,158,040</u>					
Financial liabilities not measured at fair value									
21.1									
	-	-	179,498,583	179,498,583					
	-	-	4,672,994	4,672,994					
	-	-	<u>184,171,577</u>	<u>184,171,577</u>					

During the period ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

22 GENERAL

22.1 Corresponding figures

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

22.2 Non adjusting events after the reporting period

The Board of Directors in their meeting held on February 08, 2022 have for the half year ended December 31, 2021, declared interim cash dividend of Rs. 2 per share (December 31, 2020: Rs. 2.25 per share) amounting to Rs. 144 million (December 31, 2020: 162 million). This condensed interim financial statements for the half year ended December 31, 2021 do not include the effect of the declared interim cash dividend which will be recognized in the financial statements for the year ended June 30, 2022.

22.3 Date of authorisation for issue

This condensed interim financial statements was authorised for issue on February 08, 2022 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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