MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		-------- (Rupees in '000) --------	
ASSETS			
Balances with banks	4	32,546,459	34,046,358
Investments	5	22,563,588	-
Advances, deposits, prepayments and other receivables		303,683	193,427
Total assets		55,413,730	34,239,785
LIABILITIES			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	6	10,071	10,199
Payable to Central Depository Company of Pakistan Limited - Trustee	7	1,885	2,015
Payable to the Securities and Exchange Commission of Pakistan	8	3,332	6,427
Payable against purchase of investments		17,060,629	-
Accrued and other liabilities	9	76,914	191,481
Total liabilities		17,152,831	210,122
NET ASSETS		38,260,899	34,029,663
Unit holders' fund (as per statement attached)		38,260,899	34,029,663
Contingencies and commitments	10		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		378,510,633	336,994,243
		(Rupees)	
NET ASSET VALUE PER UNIT		101.0828	100.9800

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)

Chief Executive Officer | **Chief Financial Officer** | **Director**

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021

		Six months period ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Note	-------------------------------(Rupees in '000)-------------------------------			
INCOME					
Capital gain / (loss) on sale of investments - net		66,520	(2,437)	40,892	7,825
Profit on term deposits		11,015	-	11,015	-
Profit on bank deposits		926,554	571,385	574,584	357,595
Income from government securities		414,657	570,452	162,875	252,385
Income from commercial papers		-	-	-	-
Income on letter of placement		-	1,985	-	-
		1,418,746	1,141,385	789,366	617,805
Unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'- net		2,960	-	2,960	-
Total income		1,421,706	1,141,385	792,326	617,805
EXPENSES					
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	6.1	45,554	49,071	21,123	23,114
Sindh Sales tax on remuneration of the Management Company	6.2	5,922	6,378	2,746	3,004
Allocated expenses	6.3	10,142	15,681	8,163	8,300
Remuneration of Central Depository Company of Pakistan Limited - Trustee		9,964	10,191	4,761	5,393
Sindh Sales tax on remuneration of Trustee		1,295	1,325	619	701
Selling and marketing expenses	6.4	26,838	-	-	-
Annual fee to the Securities and Exchange Commission of Pakistan	8	3,332	3,136	1,732	1,664
Legal and professional charges		469	69	35	35
Brokerage expenses		1,018	179	419	115
Auditor's remuneration		542	631	294	383
Other expenses		685	561	353	284
Total operating expenses		105,761	87,222	40,245	42,993
Net income from operating activities		1,315,945	1,054,163	752,081	574,812
Reversal / (Provision) for Sindh Workers' Welfare Fund (SWWF)	9.1	134,276	(21,083)	-	(11,496)
Net income for the period before taxation		1,450,221	1,033,080	752,081	563,316
Taxation	11	-	-	-	-
Net income for the period after taxation		1,450,221	1,033,080	752,081	563,316
Allocation of net income for the period:					
Net income for the period		1,450,221	1,033,080		
Income already paid on units redeemed		(141,967)	(75,394)		
		1,308,254	957,686		
Accounting income available for distribution					
- Relating to capital gains		56,973	-		
- Excluding capital gains		1,251,281	957,686		
		1,308,254	957,686		
Earnings per unit	13				

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021

	Six months period ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	-------------------------(Rupees in '000)---------------------------			
Net income for the period after taxation	1,450,221	1,033,080	752,081	563,316
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,450,221	981,680	752,081	555,085

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Note	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
		---------- (Rupees in '000) ----------					
Net assets at the beginning of the period		33,870,518	159,145	34,029,663	27,987,813	117,973	28,105,786
Issue of 474,663,831 units - including additional units (2020: 653,484,478 units)							
- Capital value (at net asset value per unit at the beginning of the period)		47,931,532	-	47,931,532	65,907,896	-	65,907,896
- Element of income		165,146	-	165,146	72,128	-	72,128
		48,096,678	-	48,096,678	65,980,024	-	65,980,024
Redemption of 433,147,441 units (2020: 583,795,932 units)							
- Capital value (at net asset value per unit at the beginning of the period)		43,739,216	-	43,739,216	58,879,381	-	58,879,381
- Element of loss - net		20,445	141,967	162,412	11,326	75,394	86,720
		43,759,661	141,967	43,901,628	58,890,707	75,394	58,966,101
Total comprehensive income for the period		-	1,450,221	1,450,221	-	1,033,080	1,033,080
Interim distribution during the period (including additional units)	17	(141,926)	(1,272,109)	(1,414,035)	(60,570)	(944,285)	(1,004,855)
		(141,926)	178,112	36,186	(60,570)	88,795	28,225
Net assets at the end of the period		38,065,609	195,290	38,260,899	35,016,560	131,374	35,147,934

	2021	2020
Undistributed income brought forward comprising of:		
- Realised	159,145	117,891
- Unrealised	-	82
	159,145	117,973
Accounting income available for distribution		
- Relating to capital gains	56,973	-
- Excluding capital gains	1,251,281	957,686
	1,308,254	957,686
Cash distribution during the period	1,272,109	944,285
Undistributed income carried forward	195,290	131,374
Undistributed income carried forward comprising of:		
- Realised	192,330	131,374
- Unrealised	2,960	-
	195,290	131,374
	(Rupees)	**(Rupees)**
Net asset value per unit at the beginning of the period	100.9800	100.8561
Net asset value per unit at the end of the period	101.0828	100.8953

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

		Six months period ended	
	Note	December 31, 2021	December 31, 2020
		-------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		1,450,221	1,033,080
Adjustments for:			
Reversal / (Provision) for Sindh Workers' Welfare Fund (SWWF)		(134,276)	21,083
		1,315,945	1,001,714
(Increase) / decrease in assets			
Investments - net		(2,853,186)	33,582
Advances, deposits, prepayments and other receivables		(110,256)	26,474
Receivable against sale of investments		-	3,360,717
		(2,963,442)	3,420,773
Increase / (decrease) in liabilities			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		(128)	(4,456)
Payable to Central Depository Company of Pakistan Limited - Trustee		(130)	547
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(3,095)	(738)
Payable against purchase of investments		17,060,629	(3,352,541)
Accrued and other liabilities		19,709	796
		17,076,985	(3,356,392)
Net cash generated from operating activities		15,429,488	1,118,544
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units (excluding additional units)		47,954,752	65,919,454
Payments on redemption of units		(43,901,628)	(58,966,101)
Cash distributions made during the period		(1,272,109)	(944,285)
Net cash generated from financing activities		2,781,015	6,009,068
Net increase in cash and cash equivalents		18,210,503	7,127,612
Cash and cash equivalents at the beginning of the period		34,046,358	28,023,622
Cash and cash equivalents at the end of the period	12	52,256,861	35,151,234

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 MCB Cash Management Optimizer (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).

1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.

1.3 The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on Pakistan Stock Exchange Limited (PSX).

1.4 The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.

1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2021 to the Management Company and a stability rating of 'AA+(f)' dated September 09, 2021 to the Fund.

1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

1.7 On August 12, 2021 the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely “Sindh Trusts Act, 2020” (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

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 applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do 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 Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

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

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund’s accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund’s financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

3.3 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.

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

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after 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.

4 BALANCES WITH BANKS	**Note**	**December 31, 2021 (Unaudited)**	**June 30, 2021 (Audited)**
		----------(Rupees in '000)----------	
In current accounts		14,333	4,223,994
In saving accounts	4.1	32,532,126	29,822,364
	4.2	32,546,459	34,046,358

4.1 These carry mark-up at rates ranging between 7.25% to 12.55% per annum (June 2021: 5.5% to 7.85% per annum).

4.2 These include balances of Rs. 65.148 million (June 2021: Rs 30.109 million) maintained with MCB Bank Limited (a related party).

5 INVESTMENTS	**Note**	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
		----------(Rupees in '000)----------	
5.1 Investments at fair value through profit or loss			
Term Deposit Receipts	5.1.1	5,500,000	-
Market Treasury Bills	5.1.2	17,063,588	-
		22,563,588	-

5.1.1 Term Deposit Receipts

Name of Investee Company	Issue Date	Face value				At December 31, 2021		Market value as a percentage of	
		At July 01, 2021	Purchased during the year	Matured during the year	At December 31, 2021	Carrying value	Market value	net assets	total investments
		(Rupees in '000)						%	
Faysal Bank Limited	October 6, 2021	-	550,000	550,000	-	-	-	-	-
Habib Bank Limited	December 28, 2021	-	3,500,000		3,500,000	3,500,000	3,500,000	9.15%	15.51%
Faysal Bank Limited	December 31, 2021	-	2,000,000		2,000,000	2,000,000	2,000,000	5.23%	8.86%
As at December 31, 2021						**5,500,000**	**5,500,000**		
As at June 30, 2021						-	-		

5.1.2 Market treasury bills - 'at fair value through profit or loss'

Name of Security	Issue Date	Face value				As at 31 December, 2021			Market value as a percentage of	
		As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised gain / (loss)	net assets	total invest-ments
		(Rupees in '000)							%	
Market treasury bills - 3 months										
Market treasury bills	May 6, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
Market treasury bills	May 20, 2021	-	6,000,000	6,000,000	-	-	-	-	-	-
Market treasury bills	June 3, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
Market treasury bills	June 17, 2021	-	4,000,000	4,000,000	-	-	-	-	-	-
Market treasury bills	July 2, 2021	-	4,500,000	4,500,000	-	-	-	-	-	-
Market treasury bills	July 15, 2021	-	7,700,000	7,700,000	-	-	-	-	-	-
Market treasury bills	July 29, 2021	-	6,500,000	6,500,000	-	-	-	-	-	-
Market treasury bills	August 12, 2021	-	12,000,000	12,000,000						
Market treasury bills	August 26, 2021	-	4,000,000	4,000,000						
Market treasury bills	September 9, 2021	-	500,000	500,000						
Market treasury bills	September 23, 2021	-	3,500,000	3,500,000						
Market treasury bills	October 7, 2021	-	5,825,000	5,825,000	-	-	-	-	-	-
Market treasury bills	October 21, 2021	-	5,000,000	5,000,000	-	-	-	-	-	-
Market treasury bills	December 2, 2021	-	41,500,000	41,500,000	-	-	-	-	-	-
Market treasury bills	December 16, 2021	-	13,000,000	6,000,000	7,000,000	6,874,208	6,874,217	9	0.00%	0.00%
Market treasury bills	December 30, 2021	-	9,500,000	2,000,000	7,500,000	7,334,486	7,336,185	1,699	0.00%	0.01%
Market treasury bills - 6 months										
Market treasury bills	February 25, 2021	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	March 11, 2021	-	950,000	950,000	-	-	-	-	-	-
Market treasury bills	March 25, 2021	-	2,000,000	2,000,000	-	-	-	-	-	-
Market treasury bills	April 22, 2021	-	13,100,000	13,100,000	-	-	-	-	-	-
Market treasury bills	May 6, 2021	-	2,424,390	2,424,390	-	-	-	-	-	-
Market treasury bills	May 20, 2021	-	7,000,000	7,000,000	-	-	-	-	-	-
Market treasury bills	June 3, 2021	-	24,285,000	24,285,000	-	-	-	-	-	-
Market treasury bills	June 17, 2021	-	26,000,000	26,000,000	-	-	-	-	-	-
Market treasury bills	July 2, 2021	-	4,500,000	4,500,000	-	-	-	-	-	-
Market treasury bills	July 15, 2021	-	20,273,000	20,273,000	-	-	-	-	-	-
Market treasury bills	July 29, 2021	-	13,966,500	13,966,500	-	-	-	-	-	-
Market treasury bills	August 12, 2021	-	5,500,000	5,500,000	-	-	-	-	-	-
Market treasury bills	August 26, 2021	-	8,500,000	8,500,000	-	-	-	-	-	-
Market treasury bills	September 9, 2021	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	December 2, 2021	-	2,000,000	1,000,000	1,000,000	956,652	956,870	218	0.00%	0.00%
Market treasury bills	December 16, 2021	-	1,000,000	1,000,000	-	-	-	-	-	-
Market treasury bills	December 30, 2021	-	2,000,000	-	2,000,000	1,895,282	1,896,316	1,034	0.00%	0.00%
Total as at December 31, 2021						**17,060,628**	**17,063,588**	**2,960**		
Total as at June 30, 2021						-	-	-		

6	PAYABLE TO MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
			---(Rupees in '000)---	
	Management remuneration payable	6.1	6,674	8,147
	Sindh sales tax payable on remuneration of the Management Company	6.2	866	1,057
	Allocated expenses payable	6.3	2,531	995
			10,071	10,199

6.1 The management company has charged management fee at the rate upto, 7.5% of the gross earnings of scheme, calculated on a daily basis.

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2021: 13%).

6.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which have also been approved by the Board of Directors of the Management Company.

6.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

During the current period, Management Company has not charged selling and marketing expenses to the Fund based on its discretion.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.065% (December 31, 2020: 0.065%) of average daily net assets of the Fund during the period.

8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (December 31, 2020: 0.02%) of average daily net assets of the Fund during the period.

9	ACCRUED AND OTHER LIABILITIES	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
			------ (Rupees in '000) ------	
	Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	-	134,276
	Provision for Federal Excise Duty payable on:			
	-Remuneration of the management fee	9.2	54,267	54,267
	-Sales load		19	19
	Brokerage payable		152	13
	Capital gain tax payable		21,016	1,689
	Auditor's remuneration payable		496	651
	Printing expense payable		30	40
	Other payable		934	526
			76,914	191,481

9.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers’ Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers’ Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

9.2 Federal Excise Duty on remuneration of the Management Company

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 54.267 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2021 would have been higher by Re 0.1434 (June 30, 2021: Re 0.161) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

11 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute atleast 90% of income earned by the Fund in cash during the year ending June 30, 2022 to the unit holders therefore, no provision for taxation has been made in these condensed interim financial statements.

		December 31, 2021	December 31, 2020
		------(Unaudited)-----	
12	**CASH AND CASH EQUIVALENTS**	------(Rupees in '000)------	
	Balances with banks	32,546,459	35,151,234
	Treasury bills maturing within 3 months	14,210,402	-
	Term deposit receipts	5,500,000	-
		52,256,861	35,151,234

13 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company, the determination of the same is not practicable.

14 EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 0.63% (December 31, 2020: 0.69%) which includes 0.05% (December 31, 2020: 0.20%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. The prescribed limit for the ratio is 2% (December 31, 2020: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

15.1 Details of transactions with the connected persons / related parties during the period are as follows:

	Six months period ended December 31, 2021	2020
	----------- (Unaudited) ---------	
	---------- (Rupees in '000) ---------	
MCB-Arif Habib Savings and Investments Limited		
Remuneration of the Management Company and related taxes	51,476	55,449
Allocated expenses	10,142	15,681
Selling and marketing expenses	26,838	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee and related taxes	11,259	11,516
MCB Bank Limited		
Profit on bank deposits	738	760
Bank Charges	93	122
Arif Habib Limited - Brokerage House		
Brokerage expense*	142	14

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
	---------- (Rupees in '000) ---------	

15.2 Balance outstanding as at the period / year end are as follows:

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
MCB-Arif Habib Savings and Investments Limited		
Remuneration payable	6,674	8,147
Sindh sales tax payable on remuneration of the Management Company	866	1,057
Allocated expenses payable	2,531	995
Selling and marketing expenses payable	2	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	1,668	1,783
Sindh sales tax payable on trustee fee	217	232
MCB Bank Limited		
Bank deposits	65,148	30,109
Profit receivable on bank deposits	450	419
Arif Habib Limited - Brokerage House		
Brokerage payable*	84	-

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

15.3 Transactions during the period with connected persons / related parties in units of the Fund:

	For half year ended December 31, 2021 (Unaudited)							
	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021	As at July 01, 2021	Issued for cash	Redeemed	As at December 31, 2021
	---------- Units ----------				---------- (Rupees in '000) ----------			
Associated Companies								
MCB - Arif Habib Savings and Investments Limited - Management Company	99,564	22,319,275	21,164,042	1,254,797	10,054	2,255,136	2,143,637	126,838
Sayyed Engineers Limited	5,813	221	-	6,034	587	22	-	610
Adamjee Insuance Company Limited	504,207	19,140	-	523,347	50,915	1,933	-	52,901
Nishat Power Limited Employees					-			
Provident Fund Trust	107,441	4,836	-	112,277	10,849	488	-	11,349
MCB Financial Sevices Limited	857,936	29,614	83,907	803,643	86,634	2,990	8,500	81,235
D.G. Khan Cement Company Limited	2	-	-	2	-	-	-	-
Security General Insurance Company Limited	610,874	122	10,399	600,597	61,686	12	1,051	60,710
Adamjee Insurance Company Limited. Employees Gratuity Fund	196,786	318,078	386,210	128,654	19,871	32,119	39,057	13,005
Adamjee Insurance Company Limited Employees Provident Fund	393,245	634,587	830,600	197,232	39,710	64,081	83,987	19,937
Asghari Beg Memorial Trust	562	2	-	564	57	-	-	57
Adamjee Life Assurance Co Ltd Isf II	-	23,238,571	20,269,620	2,968,951	-	2,346,826	2,052,739	300,110
Adamjee Life Assurance Co.Ltd.(ISF)		4,948,251	-	4,948,251	-	500,000	-	500,183
Directors and executives of the management company *	23,011,248	7,415,932	453,716	29,973,464	2,326,041	748,988	46,012	3,029,802
Mandate Under Discretionary Portfolio Services*	1,963,418	27,859,070	15,434,924	14,387,564	198,468	2,815,484	1,567,100	1,454,335
Unit holders holding 10% or more units	82,168,723	201,933,828	204,559,189	79,543,362	8,305,845	20,397,613	10,294,297	8,040,466

* This reflects the position of related party / connected person status as at December 31, 2021

	For half year ended December 31, 2020 (Unaudited)							
	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020	As at July 01, 2020	Issued for cash	Redeemed	As at December 31, 2020
	---------- Units ----------				---------- (Rupees in '000) ----------			
Associated Companies								
MCB - Arif Habib Savings and Investments Limited - Management Company	5,469,446	32,014,238	37,384,120	99,564	551,627	3,228,831	3,774,339	10,064
Sayyed Engineers Limited	5,654	159	-	5,813	570	16	-	587
Adamjee Insuance Company Limited	-	504,207	-	504,207	-	50,852	-	50,872
Nishat Power Limited Employees Provident Fund Trust	103,985	3,456	-	107,441	10,488	10,485	349	10,840
MCB Financial Sevices Limited	834,417	23,519	-	857,936	84,156	2,372	-	86,562
D.G. Khan Cement Company Limited	2	-	-	2	-	-	-	-
Security General Insurance Company Limited	4,517,331	56,222	3,962,679	610,874	455,601	5,670	400,000	61,634
Adamjee Insurance Company Limited. Employees Gratuity Fund	267,294	202,516	273,024	196,786	26,958	20,425	27,565	19,855
Adamjee Insurance Company Limited Employees Provident Fund	534,504	404,695	545,954	393,245	53,908	40,816	55,121	39,677
Hyundai Nishat Motor (Private) Limited Employees Provident Fund	22,187	737	-	22,924	2,238	74	-	2,313
ITminds Limited	-	129,113	129,113	-	-	13,021	13,040	-
Asghari Beg Memorial Trust	-	5,015	4,453	562	-	505	450	57
Directors and executives of the management company *	16,141,421	1,145,146	1,592,767	15,693,800	1,629,960	115,551	160,762	1,583,431
Mandate Under Discretionary Portfolio Services*	20,805,826	204,622,139	220,448,986	4,978,979	2,100,971	20,649,054	22,272,097	502,356
Unit holders holding 10% or more units	60,365,689	117,969,092	81,598,252	96,736,529	6,095,724	11,897,902	8,229,588	9,760,261

* This reflects the position of related party / connected person status as at December 31, 2020

16 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.

Underlying the definition of fair value is the presumption that the Fund 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.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

16.1 Fair value hierarchy

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

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

The Fund holds the following financial instruments measured at fair values:

	-----Unaudited-----			
	-----December 31, 2021-----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
Financial assets at fair value through profit or loss				
Market Treasury Bills	-	17,063,588	-	-
	-	**17,063,588**	**-**	**-**

	Audited			
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000')			
Financial assets at fair value through profit or loss				
Market Treasury Bills	-	-	-	-
	-	-	-	-

17 INTERIM DISTRIBUTION DURING THE PERIOD

	(Unaudited)				
	December 31, 2021				
	Rate per unit	Declaration date	Refund of capital	Distribution from income	Total distribution
			(Rupees in '000)		
For the period ended July 27, 2021	0.5378	July 28, 2021	3,437	173,670	177,107
For the period ended August 6, 2021	0.2347	August 9, 2021	603	75,805	76,408
For the period ended August 20, 2021	0.6364	August 23, 2021	833	203,422	204,255
For the period ended September 3, 2021	0.2684	September 6, 2021	4,660	70,661	75,321
For the period ended September 17, 2021	0.2955	September 20, 2021	4,695	85,301	89,996
For the period ended October 4, 2021	0.3346	October 5, 2021	8,952	104,972	113,924
For the period ended October 21, 2021	0.3685	October 22, 2021	8,270	128,937	137,207
For the period ended November 5, 2021	0.3449	November 8, 2021	2,714	103,630	106,344
For the period ended November 19, 2021	0.2783	November 22, 2021	1,946	79,036	80,982
For the period ended December 28, 2021	1.0150	December 29, 2021	105,816	246,675	352,491
			141,926	1,272,109	1,414,035

	(Audited)				
	December 31, 2020				
	Rate per unit	Declaration date	Refund of capital	Distribution from income	Total distribution
			(Rupees in '000)		
For the period ended July 10, 2020	0.2642	July 13, 2020	3,167	65,679	68,846
For the period ended July 17, 2020	0.14	July 20, 2020	844	37,644	38,488
For the period ended August 11, 2020	0.3082	August 12, 2020	9,581	83,076	92,657
For the period ended August 21, 2020	0.2357	August 24, 2020	3,716	65,176	68,892
For the period ended September 4, 2020	0.229	September 7, 2020	11,703	55,995	67,698
For the period ended September 18, 2020	0.2539	September 21, 2020	1,801	72,854	74,655
For the period ended October 2, 2020	0.2621	October 5, 2020	3,115	74,342	77,457
For the period ended October 16, 2020	0.2752	October 19, 2020	3,901	79,409	83,310
For the period ended November 6, 2020	0.3941	November 9, 2020	9,612	115,281	124,893
For the period ended November 20, 2020	0.2524	November 23, 2020	3,411	77,838	81,249
For the period ended December 4, 2020	0.2542	December 7, 2020	4,689	78,986	83,675
For the period ended December 18, 2020	0.2582	December 21, 2020	2,611	81,246	83,857
For the period ended December 29, 2020	0.1747	December 30, 2020	2,419	56,759	59,178
			60,570	944,285	1,004,855

18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on _____________ by the Board of Directors of the Management Company.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**