

## Half Year Report

December 31, 2012  
(Unaudited)



**PAKISTAN  
CASH MANAGEMENT FUND**

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## FUND'S INFORMATION

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|--|--|---|
| <b>Management Company</b>                              | Arif Habib Investments Limited<br>8th Floor, Techno City, Corporate Tower,<br>Hasrat Mohani Road, Karachi  |   |
| <b>Board of Directors of the Management Company</b>    | Mian Mohammad Mansha<br>Mr. Nasim Beg<br>Mr. Yasir Qadri<br>Syed Salman Ali Shah<br>Mr. Haroun Rashid<br>Mr. Ahmed Jahangir<br>Mr. Samad A. Habib<br>Mr. Mirza Mahmood Ahmad | Chairman(subject to the approval of SECP)<br>Executive Vice Chairman<br>Chief Executive Officer (subject to the approval of SECP)<br>Director (subject to the approval of SECP)<br>Director (subject to the approval of SECP)<br>Director (subject to the approval of SECP)<br>Director<br>Director (subject to the approval of SECP) |
| <b>Audit Committee</b>                                 | Mr. Haroun Rashid<br>Mr. Nasim Beg<br>Mr. Samad A. Habib<br>Mr. Ali Munir  | Chairman<br>Member<br>Member<br>Member  |
| <b>Human Resource Committee</b>                        | Syed Salman Ali Shah<br>Mr. Nasim Beg<br>Mr. Haroun Rashid<br>Mr. Ahmed Jahangir<br>Mr. Yasir Qadri  | Chairman<br>Member<br>Member<br>Member<br>Member  |
| <b>Company Secretary &amp; Chief Operating Officer</b> | Mr. Muhammad Saqib Saleem  |   |
| <b>Chief Financial Officer</b>                         | Mr. Umair Ahmed  |   |
| <b>Trustee</b>   | Habib Metropolitan Bank Limited<br>8th Floor, HBZ Building<br>I.I. Chundrigar Road, Karachi.   |   |
| <b>Bankers</b>   | MCB Bank Limited<br>Habib Metropolitan Bank Limited<br>Bank Alfalah Limited  |   |
| <b>Auditors</b>  | M. Yousuf Adil Saleem & Co.- Chartered Accountants<br>Cavis Court. A-35, Block 7 & 8,<br>KCHSU, Sharae Faisal, Karachi-75350   |   |
| <b>Legal Advisor</b>                                   | Bawaney & Partners<br>404, 4th Floor, Beaumont Plaza,<br>Beaumont Road, Civil Lines, Karachi-75530   |   |
| <b>Transfer Agent</b>                                  | Arif Habib Investments Limited<br>8th Floor, Techno City, Corporate Tower,<br>Hasrat Mohani Road, Karachi  |   |
| <b>Rating</b>  | AM2 - Management Quality Rating assigned by PACRA  |   |

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Cash Management Fund's accounts review for the half year ended December 31st 2012.

## ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, CPI inflation continued to maintain its downward trajectory amid lower food inflation and downward adjustments in gas prices with 1H FY13 CPI inflation averaging at 8.3%. Although current account balance remained comfortable during 1H FY13 with a decent surplus of US\$ 250 million courtesy release of two tranches of Coalition Support Fund proceeds by the US worth around US\$ 1.9 billion, weaker financial account coupled with sizeable repayments (including IMF) continued to put significant pressure on the FX reserves, which eventually came down to a level of around US\$ 13.5 billion. On the fiscal front, the government has continued to rely on domestic sources of funding with YTD GoP borrowing from banking system has risen to PKR 644 billion by Dec'28 2012. Despite highlighting concerns on the external and fiscal accounts, the State Bank of Pakistan took comfort from declining inflationary trend and lowered its policy discount rate cumulatively by 250 bps to 9.5% during the period under review.

In the money market, short term market rates remained largely on the higher side amid tight liquidity scenario in the system with few exceptions where the market witnessed floors also. The SBP continued to inject significant amount of liquidity in the system through OMOs during the period. Given a downward trajectory in YoY CPI inflation coupled with SBP monetary easing stance, the yield curve has adjusted significantly downwards during the period. 1 year PKRV adjusted downwards by 267 bps to 9.3%, while longer tenure 10 year PKRV adjusted downwards by 180 bps to 11.5% during the period under review.

## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 9.6% as against its benchmark return of 11.0%, an under performance of 1.4%.

The fund remained significantly invested in Treasury bills throughout the period with a focus on adjusting its portfolio duration to capitalize on the fluctuating liquidity and interest rates in the market.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 2,216.38 million as compared to Rs 3,834.26 million as at June 30 2012 registering a decrease of 42.20%

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 50.1565 as compared to opening NAV of Rs. 50.0793 per unit as at June 30, 2012 registering an increase of Re. 0.0772 per unit

## Income Distribution

During the period, the Management Company has announced the following interim distribution

| Date of distribution | per unit distribution |
|----------------------|-----------------------|
|                      | Rs                    |
| July 25, 2012        | 0.3580                |
| August 25, 2012      | 0.4994                |
| September 25, 2012   | 0.3836                |
| October 25, 2012     | 0.4001                |
| November 25, 2012    | 0.3226                |
| December 25, 2012    | 0.3338                |

## FUTURE OUTLOOK

Despite receiving another tranche of CSF as well as continued lower range of CPI inflation, we believe that further rate cut would be difficult given deteriorating fiscal and external accounts, significant IMF repayments ahead and alarming monetary growth - while the potential return to the IMF would result in a cycle of monetary tightening by 2Q CY13 in our opinion. The Government bond market, which remained active for last few months on the back of soft inflation numbers and expected monetary easing, has started to become inactive or relatively less active with the anticipation of no rate cut and possible rate hikes in the next 4-6 months. In this backdrop, the activities are expected to be concentrated at short-end papers going forward.

In this fast changing interest rate environment, the fund would deploy its assets in attractive low risk instruments with a strong focus on its portfolio's duration to take advantage of the changing interest rate scenario.

## ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

**Yasir Qadri**  
Chief Executive Officer  
February 04, 2013



## HABIBMETRO

### TRUSTEE REPORT TO THE UNIT HOLDERS

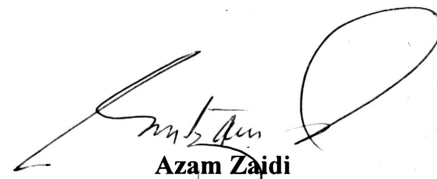
#### PAKISTAN CASH MANAGEMENT FUND

##### REPORT OF THE TRUSTEE PURSUANT TO REGULATION 41(H) AND CLAUSE 9 OF SCHEDULE V OF THE NON-BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

Pakistan Cash Management Fund (the Fund), an open-end fund was established under a trust deed executed between Arif Habib Investments Limited, as the Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on 1<sup>st</sup> February 2008.

In our opinion, the Management Company has in all material respects managed the Fund during the six month period ended 31 December 2012 in accordance with the provisions of the following:

- (i) investment limitations imposed on the Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) valuation or pricing is carried out in accordance with the trust deed and any regulatory requirement;
- (iii) creation and cancellation of units are carried out in accordance with the trust deed;
- (iv) and any regulatory requirement.



**Azam Zaidi**

Senior Executive Vice President  
Habib Metropolitan Bank Limited

Karachi: February 14, 2013

**Habib Metropolitan Bank Ltd.**  
(Subsidiary of Habib Bank AG Zurich)

Trustee Division: HBZ Plaza 8<sup>th</sup> Floor, I.I. Chundrigar Road, Karachi  
Tel: (92 21) 3263 3311-30 | Fax: (92 21) 3227 4768, 3263 0495  
[www.habibmetro.com](http://www.habibmetro.com)

# AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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**M. Yousuf Adil Saleem & Co**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

Phone: +92 (0) 21- 3454 6494-7  
Fax: +92 (0) 21- 3454 1314  
Web: [www.deloitte.com](http://www.deloitte.com)

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Pakistan Cash Management Fund (the Fund) as at December 31, 2012, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holder's fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2012. The Management Company (Arif Habib Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holder's fund for the quarters ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

### 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Member of  
Deloitte Touche Tohmatsu Limited



# AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

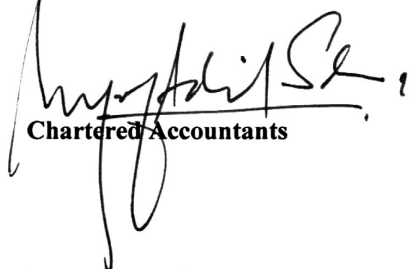
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## Deloitte.

M. Yousuf Adil Saleem & Co  
Chartered Accountants

### Other matter

The condensed interim financial information of the Fund for the half year ended December 31, 2011 and annual financial statements of the Fund for the year ended June 30, 2012 were reviewed and audited by another firm of Chartered Accountants. Review report dated January 27, 2012 contained an emphasis of matter paragraph on financial information for the half year ended December 31, 2011 on non-recording of provision for Workers Welfare Fund and whereas audit report dated September 17, 2012 contained an unqualified opinion on the financial statements for the year ended June 30, 2012.



Chartered Accountants

**Engagement Partner**  
Mushtaq Ali Hirani

Karachi  
Dated: February 4, 2013

Member of  
Deloitte Touche Tohmatsu Limited



# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT DECEMBER 31, 2012

|   | Note | Un-Audited<br>December 31,<br>2012 | Audited<br>June 30,<br>2012 |
|---|------|------------------------------------|-----------------------------|
|   |      | ----- (Rupees in '000) -----       |                             |
| ASSETS  |      |                                    |                             |
| Balances with banks   |      | 102,439                            | 42,836                      |
| Investments   | 5.   | 2,109,807                          | 3,810,872                   |
| Receivable against sale of units                                    |      | 25,060                             | -                           |
| Profit receivable   |      | 449                                | 1,213                       |
| Receivable from Arif Habib Investments Limited - Management Company |      | 115                                | 59                          |
| Preliminary expenses and floatation costs                           |      | 44                                 | 145                         |
| Total assets  |      | 2,237,914                          | 3,855,125                   |
| LIABILITIES   |      |                                    |                             |
| Payable to Arif Habib Investments Limited - Management Company      |      | 2,478                              | 4,634                       |
| Accrued expenses and other liabilities                              |      | 19,058                             | 16,228                      |
| Total liabilities   |      | 21,536                             | 20,862                      |
| NET ASSETS  |      | 2,216,378                          | 3,834,263                   |
| UNIT HOLDERS' FUND (As per statement attached)                      |      | 2,216,378                          | 3,834,263                   |
| (Number of units)   |      |                                    |                             |
| Number of units in issue  |      | 44,189,272                         | 76,563,838                  |
| (Rupees)  |      |                                    |                             |
| Net asset value per unit  |      | 50.1565                            | 50.0793                     |

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

  
 Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
 Director

# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

| Note  | Half year ended<br>December 31, 2012 |                | Quarter ended<br>December 31, 2012 |               |
|---|--------------------------------------|----------------|------------------------------------|---------------|
|   | 2012                                 | 2011           | 2012                               | 2011          |
| ----- (Rupees in '000) -----  |                                      |                |                                    |               |
| <b>INCOME</b>   |                                      |                |                                    |               |
| Income from investments   | 157,326                              | 130,013        | 73,307                             | 59,004        |
| Capital gain on sale of investments - net   | 5,565                                | 971            | 506                                | 1,356         |
| Profit on bank deposits   | 2,240                                | 2,682          | 785                                | 1,625         |
| Income from reverse repurchase transactions of government securities  | -                                    | 653            | -                                  | 149           |
| Other income  | -                                    | 1              | -                                  | 1             |
| Unrealised gain/(loss) on revaluation of investments classified as 'at fair value through profit or loss' - net               | 325                                  | (402)          | 79                                 | (1,119)       |
| <b>Total income</b>   | <b>165,456</b>                       | <b>133,918</b> | <b>74,677</b>                      | <b>61,016</b> |
| <b>OPERATING EXPENSES</b>   |                                      |                |                                    |               |
| Performance fee of Arif Habib Investments Limited - Management Company  | 16,546                               | 13,167         | 7,468                              | 5,914         |
| Sindh sales tax on performance fee of Management Company  | 2,647                                | 2,107          | 1,195                              | 947           |
| Securities transaction cost   | 43                                   | 127            | 27                                 | 44            |
| Legal and professional charges  | 38                                   | 42             | 19                                 | 24            |
| Amortisation of preliminary expenses and floatation costs   | 101                                  | 99             | 51                                 | 49            |
| Provision for Workers' Welfare Fund   | 2,860                                | -              | 1,302                              | -             |
| <b>Total operating expenses</b>   | <b>22,235</b>                        | <b>15,542</b>  | <b>10,062</b>                      | <b>6,978</b>  |
| <b>Net income from operating activities</b>   | <b>143,221</b>                       | <b>118,376</b> | <b>64,615</b>                      | <b>54,038</b> |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net | (3,060)                              | (3,856)        | (784)                              | (764)         |
| <b>Net income for the period before taxation</b>  | <b>140,161</b>                       | <b>114,520</b> | <b>63,831</b>                      | <b>53,274</b> |
| <b>Taxation</b>   | -                                    | -              | -                                  | -             |
| <b>Net income for the period after taxation</b>   | <b>140,161</b>                       | <b>114,520</b> | <b>63,831</b>                      | <b>53,274</b> |
| Other comprehensive income for the period   | -                                    | -              | -                                  | -             |
| <b>Total comprehensive income for the period</b>  | <b>140,161</b>                       | <b>114,520</b> | <b>63,831</b>                      | <b>53,274</b> |
| Earnings per unit   | 8.                                   |                |                                    |               |

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

  
\_\_\_\_\_  
Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

| Note  | Half year ended<br>December 31, 2012 |               | Quarter ended<br>December 31, 2012 |               |
|---|--------------------------------------|---------------|------------------------------------|---------------|
|   | 2012                                 | 2011          | 2012                               | 2011          |
|   | ----- (Rupees in '000) -----         |               |                                    |               |
| Undistributed income brought forward  | 6,075                                | 62,643        | 8,090                              | 8,609         |
| Final distribution for the year ended June 30, 2012:  |                                      |               |                                    |               |
| Rs Nil per unit (2011: Re 1.1801 per unit)  |                                      |               |                                    |               |
| - Bonus units   | -                                    | (59,899)      | -                                  | -             |
| - Cash distribution   | -                                    | (2,601)       | -                                  | -             |
|   | <u>6,075</u>                         | <u>143</u>    | <u>8,090</u>                       | <u>8,609</u>  |
| Net income for the period after taxation  | 140,161                              | 114,520       | 63,831                             | 53,274        |
| Interim distributions during the half year ended<br>December 31, 2012 and December 31, 2011 respectively                          |                                      |               |                                    |               |
| - Bonus units   | (136,418)                            | (99,007)      | (63,783)                           | (48,999)      |
| - Cash distribution   | (326)                                | (3,919)       | (80)                               | (1,147)       |
| Element of (loss) / income and capital (losses) / gains<br>included in the prices of units issued less those in units<br>redeemed | (2,564)                              | (41)          | (1,130)                            | (41)          |
| Undistributed income carried forward  | <u>6,928</u>                         | <u>11,696</u> | <u>6,928</u>                       | <u>11,696</u> |

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

  
\_\_\_\_\_  
Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

|   | Half year ended<br>December 31, |             | Quarter ended<br>December 31, |           |
|---|---------------------------------|-------------|-------------------------------|-----------|
|   | 2012                            | 2011        | 2012                          | 2011      |
|   | ----- (Rupees in '000) -----    |             |                               |           |
| Net assets at beginning of the period   | 3,834,263                       | 2,710,685   | 2,931,123                     | 1,930,439 |
| Issue of 44,616,448 units (2011: 22,437,262 units) and 10,805,954 units (2011: 11,631,668 units) for the half year and quarter respectively             | 2,242,106                       | 1,129,242   | 919,979                       | 585,490   |
| Redemption of 79,715,106 units (2011: 40,875,943 units) and 25,329,411 units (2011: 15,546,532 units) for the half year and quarter respectively        | (4,002,886)                     | (2,055,398) | (1,699,259)                   | (672,435) |
|   | (1,760,780)                     | (926,156)   | (779,280)                     | (86,945)  |
| Issue of 2,724,092 bonus units (2011: 3,171,537 units) and 1,273,637 bonus units (2011: 975,351 bonus units) for the half year and quarter respectively | 136,418                         | 158,906     | 63,783                        | 99,007    |
|   | (1,624,362)                     | (767,250)   | (715,497)                     | 12,062    |
| Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed                                   |                                 |             |                               |           |
| - amount representing loss and capital losses - transferred to income statement   | 3,060                           | 3,856       | 1,130                         | 764       |
| - amount representing loss and capital losses - transferred to distribution statement   | 2,564                           | 41          | 784                           | 41        |
|   | 5,624                           | 3,897       | 1,914                         | 805       |
| Net income for the period   | 140,161                         | 114,520     | 63,831                        | 53,274    |
| Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed                                   |                                 |             |                               |           |
| - amount representing loss and capital losses - transferred to distribution statement   | (2,564)                         | (41)        | (1,130)                       | (41)      |
| Final distribution for the year ended June 30, 2012:<br>Rs Nil per unit (2011: Re 1.1801 per unit)  |                                 |             |                               |           |
| - Bonus units   | -                               | (59,899)    | -                             | -         |
| - Cash distribution   | -                               | (2,601)     | -                             | -         |
| Interim distributions during the half year and quarter ended<br>December 31, 2012 and December 31, 2011 respectively                                    |                                 |             |                               |           |
| - Bonus units   | (136,418)                       | (99,007)    | (63,783)                      | (99,007)  |
| - Cash distribution   | (326)                           | (3,919)     | (80)                          | (1,147)   |
| Net assets as at end of the period  | 2,216,378                       | 1,896,385   | 2,216,378                     | 1,896,385 |

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

  
Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

|   | Half year ended<br>December 31, |                  | Quarter ended<br>December 31, |                 |
|---|---------------------------------|------------------|-------------------------------|-----------------|
|   | 2012                            | 2011             | 2012                          | 2011            |
|   | ----- ( Rupees in '000 ) -----  |                  |                               |                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                 |                  |                               |                 |
| Net income for the period before taxation   | 140,161                         | 114,520          | 63,831                        | 53,274          |
| <b>Adjustments for non-cash charges and other items:</b>  |                                 |                  |                               |                 |
| Unrealised (loss)/gain on revaluation of investments classified as 'at fair value through profit or loss' - net               | (325)                           | 402              | (79)                          | 1,119           |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net | 3,060                           | 3,856            | 784                           | 764             |
| Amortisation of preliminary expenses and floatation costs   | 101                             | 99               | 51                            | 49              |
|   | <b>142,997</b>                  | <b>118,877</b>   | <b>64,587</b>                 | <b>55,206</b>   |
| <b>Decrease / (increase) in assets</b>  |                                 |                  |                               |                 |
| Investments   | 1,701,390                       | 873,908          | 719,628                       | 106,113         |
| Receivable against sale of units  | (25,060)                        | (1,838)          | 352                           | (1,540)         |
| Profit receivable   | 764                             | 354              | 558                           | 16              |
| Receivable from Arif Habib Investments Limited - Management Company   | (56)                            | 35               | (41)                          | 737             |
|   | <b>1,677,038</b>                | <b>872,459</b>   | <b>720,497</b>                | <b>105,326</b>  |
| <b>(Decrease) / increase in liabilities</b>   |                                 |                  |                               |                 |
| Payable to Arif Habib Investments Limited - Management Company  | (2,156)                         | (1,683)          | (77)                          | (624)           |
| Accrued expenses and other liabilities  | 2,830                           | (10,899)         | 813                           | (2,310)         |
|   | <b>674</b>                      | <b>(12,582)</b>  | <b>736</b>                    | <b>(2,934)</b>  |
| <b>Net cash generated from operating activities</b>   | <b>1,820,709</b>                | <b>978,754</b>   | <b>785,820</b>                | <b>157,598</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                 |                  |                               |                 |
| Net payment on redemption of units  | (1,760,780)                     | (926,156)        | (779,281)                     | (86,945)        |
| Dividend paid   | (326)                           | (6,520)          | (80)                          | (1,147)         |
| <b>Net cash outflow on financing activities</b>   | <b>(1,761,106)</b>              | <b>(932,676)</b> | <b>(779,361)</b>              | <b>(88,092)</b> |
| <b>Net increase in cash and cash equivalents during the period</b>  | <b>59,603</b>                   | <b>46,078</b>    | <b>6,459</b>                  | <b>69,506</b>   |
| Cash and cash equivalents at the beginning of the period  | 42,836                          | 91,458           | -                             | 68,030          |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>102,439</b>                  | <b>137,536</b>   | <b>6,459</b>                  | <b>137,536</b>  |

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

  
\_\_\_\_\_  
Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
\_\_\_\_\_  
Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

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## 1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Habib Metropolitan Bank Limited. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008 and was executed on February 8, 2008. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

Based on shareholders' resolutions of MCB Asset Management Company Limited and Arif Habib Investments Limited the two companies have merged as of 27 June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no.SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated 10 June 2011). Arif Habib Investments Limited being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30 July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011dated 27 June 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable Sindh High Court (SHC). The honourable Sindh High Court (SHC) has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Fund is an open-ended mutual fund and is listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund primarily invests in treasury bills, short term government instruments and reverse repurchase transactions against government securities and un-invested portion is deposited in bank accounts.

Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 to the management company and AAA(f) as stability rating to the Fund.

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

Title to the assets of the Fund is held in the name of the trustee.

## 2. STATEMENT OF COMPLIANCE

**2.1** This condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

**2.2** This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the six months period ended December 31, 2012 and the three months period ended December 31, 2012 are un-audited and have been included to facilitate comparison.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

**2.3** This condensed interim financial information is Un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and this condensed interim financial information are being circulated to the unit holders as required under the NBFC Regulations.

**2.4** The directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

**3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

**3.1** The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2012.

**3.2** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2012.

**3.3** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund except where changes affected presentation and disclosures in this condensed interim financial information.

**4. FINANCIAL RISK MANAGEMENT**

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended 30 June 2012.

| Note | Un-audited<br>December 31,<br>2012 | Audited<br>June 30,<br>2012 |
|------|------------------------------------|-----------------------------|
|      | ----- (Rupees in '000) -----       |                             |

**5. INVESTMENTS**

**At fair value through profit or loss**

|                       |     |                         |                         |
|-----------------------|-----|-------------------------|-------------------------|
| Market Treasury Bills | 5.1 | <u><u>2,109,807</u></u> | <u><u>3,810,872</u></u> |
|-----------------------|-----|-------------------------|-------------------------|

**5.1 At fair value through profit or loss**

| Particulars                  | ..... Face value ..... |                             |                                   |                         | Balance as at December 31, 2012 |              |                             | Market value as a percentage of net assets | Market value as a percentage of total investments |
|------------------------------|------------------------|-----------------------------|-----------------------------------|-------------------------|---------------------------------|--------------|-----------------------------|--|---|
|                              | As at July 1, 2012     | Purchases during the period | Sales / Matured during the period | As at December 31, 2012 | Carrying value                  | Market value | Appreciation / (Diminution) |  |   |
| ----- (Rupees in '000) ----- |                        |                             |                                   |                         |                                 |              |                             |  |   |

**Market Treasury Bills**

|                           |           |           |           |           |           |           |     |       |       |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----|-------|-------|
| Treasury Bill - 3 Months  | 2,986,000 | 8,581,000 | 9,518,000 | 2,049,000 | 2,034,653 | 2,034,963 | 310 | 96.45 | 91.81 |
| Treasury Bill - 6 Months  | -         | 1,590,000 | 1,565,000 | 25,000    | 24,942    | 24,948    | 6   | 1.18  | 1.13  |
| Treasury Bill - 12 Months | 858,700   | 5,586,000 | 6,394,700 | 50,000    | 49,887    | 49,896    | 9   | 2.36  | 2.25  |

**Total as at December 31, 2012**

|           |           |     |
|-----------|-----------|-----|
| 2,109,482 | 2,109,807 | 325 |
|-----------|-----------|-----|

**Total as at June 30, 2012**

|           |           |       |
|-----------|-----------|-------|
| 3,811,409 | 3,810,872 | (537) |
|-----------|-----------|-------|



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

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**6. PROVISION FOR WORKERS WELFARE FUND**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the constitutional petition which is pending in the Sindh High Court (SHC). Considering the unit holding structure of the funds, concentrated on few large ticket investors, coupled with the recent changes in Tax Laws, the Management Company as a matter of abundant precaution has continued to charge the provision for WWF, amounting to Rs 18.810 million (including Rs. 2.86 million for the current period) in order to protect the interest of investors/unit holders.

The scheme has maintained provisions against Workers Welfare Fund Liability to the tune of Rs. 18.810 million, if the same were not made the NAV per unit/return would have been higher by Rs. 0.43/ 2.04%.

**7. TAXATION**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company, on behalf of the Scheme, intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**8. Earnings per unit**

Earnings per unit (EPU) has not been disclosed, as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

**9. INTERIM DISTRIBUTIONS**

The Fund makes distribution on a monthly basis and has made following distributions during the period.

| Date               | Rate Per Unit | Bonus *          |                | Cash Distribution**<br>(Rupees in '000) | Total          |
|--------------------|---------------|------------------|----------------|---|----------------|
|                    |               | Units            | Amount         |   |                |
| July 25, 2012      | Re. 0.3580    | 386,578          | 19,359         | 71                                      | 19,430         |
| August 25, 2012    | Re. 0.4994    | 592,973          | 29,696         | 99                                      | 29,795         |
| September 25, 2012 | Re. 0.3836    | 470,905          | 23,580         | 76                                      | 23,656         |
| October 25, 2012   | Re. 0.4001    | 525,176          | 26,300         | 80                                      | 26,380         |
| November 25, 2012  | Re. 0.3226    | 399,601          | 20,012         | -                                       | 20,012         |
| December 25, 2012  | Re. 0.3338    | 348,859          | 17,471         | -                                       | 17,471         |
|                    |               | <b>2,724,092</b> | <b>136,418</b> | <b>326</b>                              | <b>136,744</b> |

\* Bonus units have been distributed to unit holders under plan A for all type of investors

\*\* Cash dividends have been distributed to unit holders under plan B for institutional investors only

As per clause 12 of the Trust Deed and clause 6 of Part VI of the Offering Document, the Management Company on behalf of the Fund on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned upto 25th of each month may be distributed by the Management Company. The Board of Directors on September 22, 2008 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund upto the 25th of each month. The SECP vide letter no. NBFC - II.DD / AHIL / Misc-734 / 2009 has approved the above arrangement.

**10. TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel and other associated undertaking.

Performance fee payable to the Management Company is determined in accordance with the provisions of the Non Banking Finance Companies and Notified Entities Regulation, 2008 and constitutive documents of the Fund. Other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Details of the transactions with the connected persons and balances with them at period end are as follows:

**10.1 Transactions during the period**

|  | Half year ended<br>December 31, |        | Quarter ended<br>December 31, |       |
|--|---------------------------------|--------|-------------------------------|-------|
|  | 2012                            | 2011   | 2012                          | 2011  |
|  | ----- (Rupees in '000) -----    |        |                               |       |
| <b>Arif Habib Investments Limited - Management Company</b> |                                 |        |                               |       |
| Performance fee for the period                             | 16,546                          | 13,167 | 8,920                         | 5,914 |
| Sales tax on performance fee                               | 2,647                           | 2,107  | 1,195                         | 947   |
| <b>Habib Metropolitan Bank Limited - Trustee</b>           |                                 |        |                               |       |
| Profit on bank deposits                                    | 1,380                           | 2,682  | 517                           | 1,625 |
| <b>MCB Bank Limited</b>                                    |                                 |        |                               |       |
| Profit on bank deposits                                    | 845                             | -      | 253                           | -     |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

|  | <b>Half year ended<br/>December 31,</b> |             | <b>Quarter ended<br/>December 31,</b> |             |
|--|---|-------------|---------------------------------------|-------------|
|  | <b>2012</b>                             | <b>2011</b> | <b>2012</b>                           | <b>2011</b> |
|  | <b>----- (Rupees in '000) -----</b>     |             |                                       |             |
| <b>Fatima Fertilizer Company Limited</b>   |   |             |                                       |             |
| Issue of Nil Bonus units (2011: 61,243 units) and<br>Nil units for the half year and quarter respectively                                  | -                                       | 3,063       | -                                     | -           |
| Redemption of Nil units (2011: 2,041,567 units) and<br>Nil units for the half year and quarter respectively                                | -                                       | 102,234     | -                                     | -           |
| <b>Arif Habib REIT Management Limited</b>  |   |             |                                       |             |
| Issue of 49,867 bonus units (2011: 12,794) and<br>Nil units (2011: 2,979) for the half year<br>and quarter respectively                    | <b>2,500</b>                            | 641         | -                                     | 150         |
| Redemption of 48,968 units (2011: 148,132) and<br>Nil units (2011: 57,049) for the half year<br>and quarter respectively                   | <b>2,460</b>                            | 7,449       | -                                     | 2,873       |
| <b>Arif Habib Real Estate Services (Pvt) Limited</b>   |   |             |                                       |             |
| Issue of Nil units (2011: 66,686 units) and<br>Nil units (2011: 47,467 units) for the<br>half year and quarter respectively                | -                                       | 3,350       | -                                     | 2,400       |
| Redemption of Nil units (2011: 52,456 units) and<br>Nil units (2011: 31,254) for the half year<br>and quarter respectively                 | -                                       | 2,643       | -                                     | 1,582       |
| Issue of Nil bonus units (2011: 7,026) and<br>Nil units (2011: 2,748) for the half year<br>and quarter respectively                        | -                                       | 352         | -                                     | 138         |
| <b>Key Management Personnel</b>  |   |             |                                       |             |
| Issue of 129,357 units (2011: 327,115 units) and<br>79,490 units (2011: 295,416 units) for the<br>half year and quarter respectively       | <b>6,498</b>                            | 16,463      | <b>1,075</b>                          | 14,873      |
| Redemption of 235,651 units (2011: 295,416 units) and<br>136,300 units (2011: 233,124 units) for the half year<br>and quarter respectively | <b>11,831</b>                           | 13,391      | <b>6,974</b>                          | 11,804      |
| Issue of 4,869 bonus units (2011: 2,848 units) and<br>2,752 units (2011: 1,726 units) for the half year<br>and quarter respectively        | <b>244</b>                              | 143         | <b>225</b>                            | 87          |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

|  | Un-audited<br>December 31,<br>2012<br>(Rupees in '000) | Audited<br>June 30<br>2012 |
|--|--|----------------------------|
| <b>10.2 Amounts outstanding as at period / year end</b>    |  |                            |
| <b>Arif Habib Investments Limited - Management Company</b> |  |                            |
| Performance fee payable                                    | 2,478  | 4,634                      |
| Receivable from the Management Company                     | 115  | -                          |
| <b>Habib Metropolitan Bank Limited - Trustee</b>           |  |                            |
| Bank balance at the end of the period / year               | 15,099   | 12,505                     |
| Profit receivable on bank deposits                         | 169  | 192                        |
| <b>Arif Habib Investments Limited</b>                      |  |                            |
| Nil units held (June 30, 2012: 262,009 units held)         | -  | 13,121                     |
| <b>Arif Habib REIT Management Limited</b>                  |  |                            |
| Units held 1,304 units (June 30, 2012: Nil units)          | 65   | -                          |
| <b>Key Management Personnel</b>                            |  |                            |
| Units held 47,323 units (June 30, 2012: 185,000 units)     | 2,374  | 9,265                      |

**11. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 04, 2013 by the Board of Directors of the Management Company.

**12. GENERAL**

**12.1** Figures have been rounded off to the nearest thousand Rupees.

  
\_\_\_\_\_  
Chief Executive Officer

For Arif Habib Investment Limited  
(Management Company)

  
\_\_\_\_\_  
Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

**Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)**

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