



# Bachat ka Doosra Naam

Asset Manager Rating (By PACRA): **AM2+** (AM Two Plus)

## Quarterly Report March 31, 2015 (Unaudited)



Funds Under Management  
of  
MCB-Arif Habib Savings and Investments Limited

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## **Vision**

To become synonymous with Savings.

## **Mission**

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

## **Core Values**

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

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; Chief Financial Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Trustee</b>	MCB Financial Services Limited 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi.	
<b>Bankers</b>	MCB Bank Limited Allied Bank Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
<b>Legal Advisor</b>	Akhund Forbes D-21, Block-4, Scheme-5, Clifton, Karachi.  Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	Asset Manager: "AM2+" (PACRA) Entity Ratings : "AA-" (PACRA)	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

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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 nine months ended March 31st 2015.

### **Economy & Money Market Review**

In the wake of lower oil prices, macro-environment has stabilized with strengthening outlook. With oil prices hovering around \$55 per barrels at the end of March, 2015 in the international market, the crude has fallen by more than 50% from its peak level of around \$114 per barrel touched in June, 2014, largely benefiting the country in the shape of soft inflation and lower oil import bill.

Hence, on the heels of stable food prices and cut in fuel prices in the domestic market, Consumer Price Inflation averaged around 5.14% during the first nine months of the current fiscal year. If oil prices stabilize below \$60 per barrel, CPI is expected to persist in lower range during the last quarter of the current fiscal year.

While the country's current account deficit summed to \$1.64 billion during the first eight months of the current fiscal year (as per latest available data) as opposed to deficit of \$ 2.4 billion during the corresponding period last year. With trade deficit largely unchanged compared to the previous year, improvement in the current account balance came from larger Collation Support Fund proceeds and higher remittances.

Import bill remained close to the last year's level, as benefit of lower oil bill was eroded by volumetric increase in imports of other segments. Whereas exports have slightly weakened in consideration of lower cotton prices, disruptive power supplies and the loss of competitiveness due to real exchange rate appreciation. With oil imports accounting for one-third of the country's total import bill, trade deficit is forecasted to narrow down in the coming months reflecting significant drop in oil prices.

Workers' Remittances summed to \$ 13.33 billion during the nine months period, marking a growth of 15 percent as compared to the corresponding period last year.

At the same time, financial account registered a surplus of \$ 2.5 billion as compared to a surplus of \$ 0.61 billion recorded during the same period last year. This is mainly due to increase in portfolio investments after the government successfully raised \$ 1 billion through Sukuk auction.

The country's FX reserves got an impetus from multilateral and bilateral disbursements, privatization proceeds, \$ 1 billion Sukuk auction, lower oil bill and SBP interventions. The reserves stood at around \$ 16 billion at the end of March, higher by around \$2 billion since the start of the current fiscal year. Out of total financing of around \$ 2.2 billion scheduled for FY15 under IMF Extended Fund Facility (EFF), the country has received two tranches of around \$ 540 million each during 9MFY15.

Keeping in view lower inflationary pressure along with improving outlook on the balance of payment, the government had announced cut in the discount rate in the monetary policy held in November, January and March, bringing the discount rate to 8 percent from 10 percent at the start of the year.

M2 has expanded by 4.87 percent during the 9MFY15 (till 27th March) as opposed to expansion of 5.21 percent during the same period last year. At the same time, the net borrowing from the banking system increased by Rs 521.62 billion as opposed to Rs 505.86 billion raised during the same period last year.

Money market remained quite active during the 9MFY15, largely due to declining interest rate scenario stemming from sharp decline in oil prices. Participation largely remained concentrated in longer tenure paper causing strain on short term liquidity as the government sold a total of Rs 850 billion worth of PIBs against a target of Rs 600 billion during the first three quarters.

### **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 8.55% as against its benchmark return of 10.16%, an under performance of 1.6%.

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. Investments in T-Bills remained around 85.7% at the end of the period as compared to initial allocation of 78.4%.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

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The Net Assets of the Fund as at March 31, 2015 stood at Rs. 1.646 billion as compared to Rs 3.148 billion as at June 30, 2014 registering a decrease of 47.71%.

The Net Asset Value (NAV) per unit as at March 31, 2015 was Rs. 53.2209 as compared to opening NAV of Rs.50.0125 per unit as at June 30, 2014 registering an increase of Rs. 3.2084 per unit.

### MARKET & ECONOMY - FUTURE OUTLOOK

The government expects reserve position to improve further towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies. The government is eyeing to raise foreign inflows through offloading its stake in HBL and the country is also expected to receive next tranche of US\$ 550 million from IMF in April. Remittances are expected to grow further, however, political distraction in the Middle Eastern region and lower oil prices pose risk to the ongoing northward trend.

Due to subsiding cost pressure, we expect manufacturing sectors, primarily, Auto, Cement and Consumer sectors to outperform the broader market. Moreover, continuation of expansionary environment suggests high-dividend yield companies to stay in the limelight.

### 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  
April 24, 2015

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT MARCH 31, 2015

		Un-Audited March 31, 2015	(Audited) June 30, 2014
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Balances with banks		238,147	686,164
Investments	6	1,446,291	2,494,161
Profit and other receivables		2,545	2,875
<b>Total assets</b>		<b>1,686,983</b>	<b>3,183,200</b>
<b>LIABILITIES</b>			
Payable to Management Company		1,506	3,228
Accrued expenses and other liabilities	7	39,070	32,404
<b>Total liabilities</b>		<b>40,575</b>	<b>35,632</b>
<b>NET ASSETS</b>		<b>1,646,408</b>	<b>3,147,568</b>
<b>UNIT HOLDERS' FUND (As per statement attached)</b>		<b>1,646,408</b>	<b>3,147,568</b>
<b>Contingencies and commitments</b>	8		
		(Number of units)	
<b>Number of units in issue</b>		<b>30,935,351</b>	<b>62,935,566</b>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<b>53.2209</b>	<b>50.0125</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
**Chief Executive Officer**

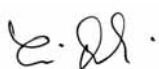
**MCB-Arif Habib Savings and Investments Limited**  
**(Management Company)**

  
**Director**

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

		Nine months ended March 31,		Quarter ended March 31,	
		2015	2014	2015	2014
Note		Rupees in '000			
<b>INCOME</b>					
					</

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

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

  
Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
<b>Undistributed income brought forward</b>	<b>790</b>	<b>25,323</b>	<b>89,597</b>	<b>3,101</b>
Final distribution of Nil units for the year ended June 30, 2014 (2013: Re 0.50 per unit)	-	(25,316)	-	-
Interim distributions during the nine months ended March 31, 2015 and March 31, 2014 respectively				
- Bonus	-	(191,939)	-	(71,202)
- Cash	-	-	-	-
	-	(217,255)	-	(71,202)
Element of (loss) and capital (losses) included in the prices of units issued less those in units redeemed	(390)	-	(128)	-
Net income for the period after taxation	<b>99,242</b>	<b>197,182</b>	<b>10,173</b>	<b>73,351</b>
<b>Undistributed income carried forward</b>	<b>99,641</b>	<b>5,250</b>	<b>99,641</b>	<b>5,250</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
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Chief Executive Officer

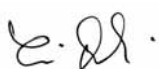
MCB-Arif Habib Savings and Investments Limited  
(Management Company)

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
Net assets at beginning of the period	3,147,568	2,556,911	2,149,671	3,883,734
Issue of 3,208,717 (2014: 100,530,519) units and 15,211,730 (2014:22,023,423) units for the nine months and quarter respectively	2,379,199	4,455,836	167,770	1,103,522
Issue of NIL (2014: 4,342,052) bonus units and NIL (2014:1,424,158) units for the nine months and quarter respectively	-	217,261	-	71,202
Redemption of 13,474,848 (2014: 85,591,357) units and 48,792,454 (2014:31,144,037) units for the nine months and quarter respectively	(4,049,104)	(3,710,045)	(710,129)	(1,562,050)
	(1,669,905)	963,052	(542,359)	(387,326)
Element of loss and capital losses included in prices of units sold less those in units redeemed				
- amount representing loss and capital losses - transferred to income statement	69,504	1,170	28,924	2,497
- amount representing loss and capital losses - transferred to distribution statement	390	-	128	-
	69,894	1,170	29,052	2,497
Element of (losses) and capital (losses) included in prices of units sold less those in units redeemed - amount representing unrealised loss and capital losses	(390)	-	(128)	-
Net income for the period transferred from the distribution statement				
- Capital gain on sale of investments	998	4,773	982	5,293
- Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	203	(921)	457	817
- Other net income for the period	98,041	193,330	8,733	67,241
- Distributions made during the year (Refer distribution statement)	-	(217,261)	-	(71,202)
	99,242	(20,079)	10,172	2,149
<b>Net assets as at end of the period</b>	<b>1,646,408</b>	<b>3,501,054</b>	<b>1,646,408</b>	<b>3,501,054</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
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Chief Executive Officer

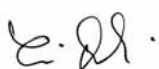
MCB-Arif Habib Savings and Investments Limited  
(Management Company)

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	Rupees in '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	99,242	197,182	10,173	73,351
<b>Adjustments</b>				
Net unrealised (appreciation) / diminution in the fair value of investments classified 'as financial assets at fair value through profit or loss'	(203)	921	(457)	(817)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	69,504	1,170	28,925	2,497
	<b>168,542</b>	<b>199,273</b>	<b>38,640</b>	<b>75,031</b>
<b>Working capital changes</b>				
Decrease / (increase) in assets				
Investments	1,048,073	(1,075,199)	214,055	(1,707,888)
Profit and other receivables	330	(95)	(1,216)	1,850
	<b>1,048,403</b>	<b>(1,075,294)</b>	<b>212,839</b>	<b>(1,706,038)</b>
(Decrease) / increase in liabilities				
Payable to Management Company	(1,722)	770	(573)	(393)
Accrued expenses and other liabilities	6,666	8,478	(10,260)	3,146
	<b>4,943</b>	<b>9,248</b>	<b>(10,834)</b>	<b>2,753</b>
<b>Net cash generated from operating activities</b>	<b>1,221,889</b>	<b>(866,773)</b>	<b>240,646</b>	<b>(1,628,254)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	2,379,199	4,455,836	167,770	1,103,522
Payments on redemption of units	(4,049,104)	(3,710,045)	(710,130)	(1,562,050)
		-		
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,669,905)</b>	<b>745,791</b>	<b>(542,360)</b>	<b>(458,528)</b>
	<b>(448,016)</b>	<b>(120,982)</b>	<b>(301,714)</b>	<b>(2,086,782)</b>
Cash and cash equivalents at beginning of the period	686,164	601,898	539,862	3,910,694
Cash and cash equivalents at end of the period	<b>238,148</b>	<b>480,916</b>	<b>238,148</b>	<b>1,823,912</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

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

  
\_\_\_\_\_  
Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

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**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Pakistan Cash Management Fund (the Fund) was established under a Trust Deed initially executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. 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 Trust Deed was subsequently amended through a supplemental Trust Deed dated July 21, 2014 according to which Habib Metropolitan Bank Limited stands retired and MCB Financial Services Limited is appointed as the Trustee of the Fund. The effective date of change of trustee is August 20, 2014.
- 1.2** Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from 27 June 2011.
- 1.3** 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 the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** 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 has been characterized as a "money market scheme" by the Management Company.
- 1.5** The Fund is allowed to invest in treasury bills, short term government instruments and reverse repurchase transactions against government securities and uninvested portion is deposited in bank accounts.
- 1.6** Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2+ (AM2 plus) dated April 07, 2015 to the management company and AAA(f) as stability rating dated February 20, 2014 to the Fund.
- 1.7** Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as a trustee of the Fund.

**2. STATEMENT OF COMPLIANCE**

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall 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, 2014. 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 quarters ended March 31, 2015 and March 31, 2014 are un-audited and have been included to facilitate comparison.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

- 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** This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.
- 2.5** The directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

**2.6 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

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

- 3.1** The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2014
- 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 and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2014.
- 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 and therefore not disclosed in this condensed interim financial information.

**4 ESTIMATES AND JUDGEMENTS**

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, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2014.

**5. FINANCIAL RISK MANAGEMENT**

The Fund's risk management objectives and policies are consistent with that disclosed in the financial statements of the Fund as at and for the year ended June 30, 2014.

Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
	----- Rupees in '000 -----	

**6. INVESTMENTS**

**At fair value through profit or loss**

Market Treasury Bills	6.1	<u>1,446,291</u>	<u>2,494,161</u>
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# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

## 6.1 At fair value through profit or loss

Particulars	..... Face value .....				Balance as at March 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2014	Purchases during the period	Sales / Matured during the period	As at March 31, 2015	Carrying value	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									
Market Treasury Bills									
Treasury Bill - 3 Months	2,505,500	11,494,700	13,012,700	987,500	978,394	978,532	138	59%	68%
Treasury Bill - 6 Months	-	3,229,000	3,009,000	220,000	218,579	218,588	9	13%	15%
Treasury Bill - 12 Months	-	1,325,000	1,075,000	250,000	249,115	249,171	56	15%	17%
Total as at March 31, 2015	2,505,500	16,048,700	17,096,700	1,457,500	1,446,088	1,446,291	203		
Total as at June 30, 2014					2,494,054	2,494,161	107		

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

		(Un-Audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- Rupees in '000 -----	
Provision for Federal Excise Duty and Other related taxes	7.1	9,773	6,152
Provision for Workers Welfare Fund	7.2	28,111	26,086
Other		1,185	166
		<b>39,070</b>	<b>32,404</b>

### 7.1 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain Collective Investment Schemes through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of FED on Asset Management services after the eighteenth amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of prudence, has decided to retain and continue with the provision of FED and related taxes in financial information aggregating to Rs. 9.77 million as at March 31, 2015. In case, the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes were not recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.32 per unit as at March 31, 2015.

### 7.2 PROVISION FOR WORKER'S WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds 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 Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

However in 2013, the Larger Bench of Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it was held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, as per advice of legal council the stay granted to CISs remains intact and constitution petitions filed by CISs to challenge the WWF contribution have not been affected by the SHC judgement. In view of the aforementioned developments and uncertainties created by decision of SHC, the management company, as a matter of prudence, has charged provision for WWF amounting to Rs. 28.11 million till March 31, 2015. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.91 per unit.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2015 and June 30, 2014.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

**9. TAXATION**

The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) 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. 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 Ordinance. As the management intends to distribute at least 90% of income earned during current year to the unit holders, therefore no provision for taxation has been made in this condensed interim financial information.

**10. 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.

**11. TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons / related parties 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 undertakings.

Performance fee to the Management Company and the Trustee are determined in accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

**11.1 Details of transactions with connected persons are as follows:**

	Nine month ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>				
Performance fee for the period including indirect taxes	26,252	31,833	5,987	11,905
Bank charges received	135	100	8	100
<b>Habib Metropolitan Bank Limited - Trustee *</b>				
Profit on bank deposits	308	605	-	207
<b>Associated companies</b>				
<b>MCB Bank Limited</b>				
Profit on bank deposits	3,151	1,594	565	381
<b>Arif Habib REIT Management Limited</b>				
Issue of Nil (2014: 94) bonus units and Nil (2014: 28) units for the nine months and quarter respectively	-	5	-	2
<b>Adamjee Life Assurance Company Limited- Non-Unitised Investment Linked Fund</b>				
Issue of 28,757 units (2014: 1,918,084) and Nil units (2014: 1,918,084) for the nine months and quarter respectively	1,500	96,370	-	96,370
Redemption of Nil units (2014: 1,910,992) and Nil units (2014: 1,910,992) for the nine months and quarter respectively	-	96,000	-	96,000
Issue of Nil bonus units (2014: 12,576) and Nil units (2014: 12,576) units for the nine months and quarter respectively	-	629	-	629

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	<div> <div>Nine month ended</div> <div>March 31,</div> </div>		<div> <div>Quarter ended</div> <div>March 31,</div> </div>	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
<b>Adamjee Life Assurance Company Limited- Investment Multiply Fund</b>				
Issue of Nil units (2013: 150,178) and Nil units (2013: Nil) for the nine months and quarter respectively	-	7,545	-	-
Redemption of Nil units (2014: 139,343) and Nil units (2014: Nil) for the nine months and quarter respectively	-	7,000	-	-
Issue of Nil units (2014: 1,470) bonus and Nil units (2014: 244) for the nine months and quarter respectively	-	74	-	13
<b>Directors, executives and employees of the management company</b>				
Issue of 29,096 units (2014: 50,550) and 16,807 units (2014: 17,916) for the nine months and quarter respectively	1,480	2,535	-	899
Redemption of 29,096 units (2014: 103,827) and 28,605 units (2014: 20,314) for the nine months and quarter respectively	1,500	5,204	-	1,022
Issue of Nil (2014: 2,445) bonus units and Nil (2014: 751) bonus units for the nine months and quarter respectively	-	116	-	32
<b>ADAMJEE LIFE ASSURANCE CO.LTD.(Investment Secure Fund)</b>				
Issue of Nil units (2014: 2,426,546) and nil units (2014:nil) for the nine months and quarter respectively	-	121,912	-	-
Redemption of Nil units (2014: 2,538,354) and Nil units (2014:2,538,354) for the nine months and quarter respectively	-	126,918	-	126,918
Issue of Nil bonus units (2014: 111,808) and Nil units (2014:35,371) for the nine months and quarter respectively	-	5,590	-	1,768
<b>ADAMJEE LIFE ASSURANCE CO.LTD.(Investment Secure Fund-II)</b>				
Issue of Nil units (2014: 522,934) and Nil units (2014:nil) for the nine months and quarter respectively	-	26,274	-	-
Redemption of Nil units (2014: 517,596) and Nil units (2014: 517,596) for the nine months and quarter respectively	-	26,000	-	-
Issue of Nil bonus units (2014: 3,590) and Nil units (2014: 178) for the nine months and quarter respectively	-	179	-	8
	120	Pakistan Cash Management Fund		



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	<b>Nine month ended March 31,</b>		<b>Quarter ended March 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>----- Rupees in '000 -----</b>			
<b>Mandate Under Discretionary Portfolio Services</b>				
Issue of Nil units (2014: 164,308) and Nil units (2014: Nil) for the nine months and quarter ended respectively	-	8,225	-	-
Redemption of 6,491 units(2014: 159,249) and units (2014: Nil) for the nine months and quarter ended respectively	335	8,000	-	-
Issue of Nil Bonus units (2014: 1,288) and Nil bonus units (2014: 126) for the nine months and quarter ended respectively	-	64	-	6
<b>Unit holders holding 10% or more</b>				
Issue of 10,197,419 units (2014: Nil) and 143,709 units (2014: 6,181,599) for the nine months and quarter ended respectively	514,500	802,665	7,500	35,000
Redemption of 2,767,962 units (2014: Nil) and 2,087,077 units (2014: Nil) for the nine months and quarter ended respectively	1,093,090	682,665	110,000	-
Issue of Nil Bonus units (2014:Nil) and Nil bonus units (2014: 107,939) for the nine months and quarter ended respectively	-	32,148	-	10,077

\* Habib Metropolitan Bank Limited was a trustee of the Fund till August 20, 2014

**(Un-audited)**      (Audited)  
**March 31,**      June 30  
**2015**      2014  
**----- (Rupees in '000) -----**

**11.2 Amounts outstanding as at period / year end**

**MCB - Arif Habib Savings and Investments Limited  
- Management Company**

Performance fee payable	<b>1,310</b>	2,783
Sales tax payable on performance fee	<b>196</b>	445
Bank charges receivable from Management Company	<b>70</b>	127

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

	(Un-audited) March 31, 2015	(Audited) June 30 2014
	----- (Rupees in '000) -----	
<b>Associated companies</b>		
<b>MCB Bank Limited</b>		
Bank balance	15,784	7,367
Profit receivable on bank deposit	144	173
<b>Adamjee Life Assurance Company Limited-Non-Unitised Investment Linked Fund</b>		
Units held 48,875 (June 30, 2014: 20,117 units)	2,600	1,006
<b>Adamjee Life Assurance Company Limited-Investment Multiply Fund</b>		
Units held 12,586 (June 30, 2014: 12,586 units)	670	629
<b>Adamjee Life Assurance Company Limited-Investment Secure Fund-II</b>		
Units held 9,131 (June 30, 2014: 9,131 units)	486	457
<b>Arif Habib REIT Management Limited</b>		
Units held 1,475 (June 30, 2014: 1,474 units)	78	74
<b>Directors, executives and employees of the management company</b>		
Units held 426 (June 30, 2014: 425 units)	23	21
<b>Mandate Under Discretionary Portfolio Services</b>		
Units held 279 (June 30, 2014: 6,771 units)	15	332
<b>Unit holders holding 10% or more</b>		
Units held 13,104,729 (June 30, 2014: 16,656,991 units)	697,227	703,692

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 24, 2015 by the Board of Directors of the Management Company.

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

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

  
\_\_\_\_\_  
Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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