

Half Year Report December 31, 2014 (Unaudited)



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

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.

MCB
DYNAMIC CASH FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	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
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi.	
Bankers	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited NIB Bank Limited Bank Islamic Pakistan Limited Allied Bank Limited Habib Metropolitan Bank Limited United Bank Limited	
Auditors	Ernts & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM 2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED DECEMBER 31, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Cash Fund's accounts review for the first half ended December 31st 2014.

ECONOMY AND MONEY MARKET OVERVIEW

In the wake of decline in oil prices in the international market, the country witnessed significant improvement in the macroeconomic indicators. Oil prices fell by 48 percent during the first half of the current fiscal year, aided by increase in global oil production amid weak demand.

Consequently, inflation remained subdued with CPI averaging around 6.11 percent during the 1H FY15. If oil prices, which eased down to a five-year low in December, stabilize below \$60 per barrel, inflation is likely to persist in lower ranges during the second half of the current fiscal year.

Despite decline in oil prices, the country's trade deficit widened to \$ 9.7 billion during 1H FY15 as opposed to deficit of \$ 8.6 billion during the corresponding period last year. Exports remained subdued perhaps due to lower cotton prices and disruptive power supplies. 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.

At the same time, financial account registered a surplus of \$ 2.4 billion as compared to a surplus of \$ 0.24 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. However, foreign direct investment yet failed to pick up pace during the first half.

The country's foreign reserve balance also improved towards the end of the year after the country received \$1 billion through Sukuk auction in November and IMF released 4th and 5th tranche amounting to \$1.1 billion in December. The country's reserve balance totaled to \$14.9 billion at the end of December 2014.

Keeping in view lower inflationary pressure and stable foreign reserves position, the government had announced 50 bps cut in the discount rate in the monetary policy held in November, bringing the discount rate to 9.5 percent. Moreover, the gap between discount rate and inflation is still hovering above 5 percent which supports the case for further monetary easing down the line.

M2 has expanded by 3.08 percent during the 1H FY15 (till 26th December) as opposed to expansion of 4.76 percent during the same period last year. While borrowing from the banking system stood at Rs 243 billion as opposed to borrowing of around Rs 539 billion during the same period last year.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. PIB rates moved downwards in anticipation of cut in the discount rate. Major activity was witnessed in the longer tenor bonds causing the yield curve to move sharply in the downward direction.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 14.08% as against its benchmark return of 9.91%, an outperformance of 4.17% mainly due to cut in Interest rates which cause higher mark to market gains in the fund.

The fund allocation remained notably in T-Bills and PIBs almost throughout the period. At period-end, the fund was 21.6% invested in T-Bills, 56% in PIBs, 8.7% in TDRs and 0% in cash.

The Net Asset of the Fund as at December 31, 2014 stood at Rs.12,414 million as compared to Rs.11,102 million as at June 30 2014 registering a increase of 11.82%.

The Net Asset Value (NAV) per unit as at December 31, 2014 was Rs.108.2803 as compared to opening NAV of Rs.101.1030 per unit as at June 30, 2014 registering a increase of Rs.7.1773 per unit.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE QUARTER ENDED DECEMBER 31, 2014**

FUTURE OUTLOOK

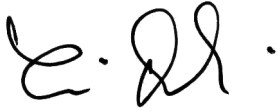
Economic activity is expected to gain momentum in 2015. The manufacturing activity will be driven by lower energy cost, weak raw material prices, improvement in gas supply situation and progress on the political front. In a major positive development, the government is planning to import LNG to ease off gas shortage in the country.

Although the government is eyeing increase in foreign inflows through pledges made by multilateral agencies, approved project financing and divestment of strategic assets, improvement in reserve position largely hinges on volatile law and order situation. In the near-term, realization of expected inflows-through divestment of shares of HBL would be crucial, where the country is expected to raise around \$1 billion. We believe that the sustainability of external account, in the presence of subdued inflationary pressures, would be a key factor in shaping up interest rate direction.

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 02, 2015

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB DYNAMIC CASH FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Dynamic Cash Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2015



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



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Chartered Accountants
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Dynamic Cash Fund** (the Fund) as at **31 December 2014**, the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A member firm of Ernst & Young Global Limited

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



:- 2 :-

Other matter

The condensed interim financial information of the Fund for the half year ended 31 December 2013 and the financial statements for the year ended 30 June 2014 were reviewed and audited respectively by another firm of chartered accountants whose review report, dated 06 February 2014, and audit report, dated 31 July 2014, expressed an unqualified conclusion and opinion thereon respectively.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 02 February 2015

Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2014

		(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
Assets			
Balances with banks		4,631	2,404,638
Investments	5	12,334,264	8,406,950
Profit and other receivables		419,024	377,624
Advance against subscription of term finance certificates		-	77,500
Security deposits and prepayments		3,220	3,301
Total assets		12,761,139	11,270,013
Liabilities			
Payable to Management Company		53,432	26,364
Payable to Trustee		852	767
Payable to Securities and Exchange			
Commission of Pakistan - annual fee		4,505	8,167
Payable against sale of units		124,930	-
Accrued expenses and other liabilities	6	163,144	132,730
Total liabilities		346,863	168,028
NET ASSETS		12,414,276	11,101,985
Unit holders' fund (as per statement attached)		12,414,276	11,101,985
----- (Number of Units) -----			
Number of units in issue		114,649,483	109,808,608
----- (Rupees) -----			
Net assets value per unit		108.28	101.10

The annexed notes 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

		Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note		(Rupees in '000)			
Income					
		504,206	373,263	254,765	194,711
		111,415	104,894	59,490	54,695
		12,518	(3,624)	17,771	7,341
		57,889	76,551	33,349	37,808
		480	-	239	-
		686,508	551,084	365,614	294,555

The annexed notes 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Undistributed income brought forward	117,865	398,934	443,524	108,254
Final distribution of bonus units for the year ended June 30, 2013 at Rs.2.6526 per unit (Date of distribution July 04, 2013)	-	(289,686)	-	-
Interim distribution of bonus units for the quarter ended September 30, 2013 at Rs.1.7440 per unit (Date of distribution September 26, 2013)	-	(178,366)	-	-
Interim distribution of bonus units for the half year ended December 31, 2013 at Rs.2.0257 per unit (Date of distribution December 26, 2013)	-	(214,163)	-	(214,163)
	-	(682,215)	-	(214,163)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealized income	4,482	(44)	(6,064)	4,975
Total comprehensive income for the period	823,746	400,600	508,633	218,209
Undistributed income carried forward	946,092	117,275	946,092	117,275

The annexed notes 1 to 13 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 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	11,101,985	11,319,750	12,312,248	10,527,218
Issue of 51,231,686 (2013: 40,580,401) units and 30,016,675 (2013: 21,735,443) units for the half year and quarter respectively	5,360,735	4,132,455	3,187,261	2,216,857
Redemption of 46,390,811 (2013: 47,378,794) units and 34,022,078 (2013: 18,881,123) units for the half year and quarter respectively	(4,878,796)	(4,821,991)	(3,610,439)	(1,926,008)
Issue of Nil (2013: 6,754,599) bonus units and Nil (2013: 2,120,417 units) during the half year and quarter respectively	-	682,215	-	214,163
	481,939	(7,321)	(423,178)	505,012
	11,583,924	11,312,429	11,889,070	11,032,230
Element of loss / (income) and capital (losses) / gains included in prices of units issued less those in units redeemed				
- amount representing realised loss / (income) and capital losses / (gains) - transferred to income statement	6,606	2,899	16,573	(2,563)
- amount representing unrealised (income)/ loss that forms part of unit holders' fund - transferred to distribution statement	(4,482)	44	6,064	(4,975)
	2,124	2,943	22,637	(7,538)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised income	4,482	(44)	(6,064)	4,975
Net income for the period transferred from the distribution statement				
Capital gain / (loss) on sale of investments	12,518	(3,624)	17,771	7,341
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	162,699	(26,935)	136,650	(15,643)
Other net income for the period	648,528	431,159	354,212	226,511
Distributions made during the period (refer distribution statement)	-	(682,215)	-	(214,163)
	823,746	(281,615)	508,633	4,046
Net assets as at end of the period	12,414,276	11,033,713	12,414,276	11,033,713

The annexed notes 1 to 13 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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income before taxation	692,896	400,600	407,762	218,209
Adjustments				
Income from government securities				
Income from term finance certificates				
Profit on bank deposits and term deposit receipts				
Net unrealised (appreciation) / diminution in the fair value of investments classified 'as financial assets at fair value through profit or loss'	(162,699)	26,935	(136,650)	15,643
Reversal against debt securities	(3,333)	(6,450)	(1,667)	-
Amortisation of preliminary expenses and floatation costs	-	-	-	-
Element of (Income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed	6,606	2,899	16,573	(2,563)
Net cash flows from operations before working capital changes	533,471	423,984	286,018	231,289
Working capital changes				
Decrease / (increase) in assets				
Investments - net	23,362	4,227,523	965,097	101,291
Receivable against sale of investments	-	-	-	-
Profit and other receivables	(41,400)	39,456	(41,421)	4,369
Advance against subscription of term finance certificates	77,500	(62,500)	79,000	(12,500)
Security deposits and prepayments	81	80	(127,222)	60
	59,543	4,204,559	875,454	93,220
Increase / (decrease) in liabilities				
Payable to Management Company	27,068	(505)	25,452	(7,474)
Payable to Trustee	85	(15)	(808)	38
Payable to Securities and Exchange Commission of Pakistan- annual fee	(3,662)	(2,972)	2,303	2,003
Payable against redemption of units	-	400	-	(63,476)
Payable against purchase of investments	-	-	-	-
Accrued expenses and other liabilities	30,414	37,161	14,289	26,732
	53,905	34,069	41,236	(42,177)
Net cash generated from operating activities	646,920	4,662,612	1,202,709	282,332
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts against issue of units	5,360,735	4,132,455	3,187,261	2,216,857
Net payments on redemption of units	(4,878,796)	(4,821,991)	(3,610,439)	(1,926,008)
Net cash generated from / (used in) financing activities	481,939	(689,536)	(423,178)	290,849
Net increase in cash and cash equivalents during the period	1,128,859	3,973,076	779,531	573,181
Cash and cash equivalents at beginning of the period	2,616,575	2,668,887	2,965,902	6,068,782
Cash and cash equivalents at end of the period	3,745,434	6,641,963	3,745,433	6,641,963

The annexed notes 1 to 13 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
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Dynamic Cash Fund (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 on December 12, 2006.
- 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.
- 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 has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange.
- 1.5** The Fund primarily invests in money market and other short-term instruments which includes short-term corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the Fund in medium term assets in order to provide higher return to the unit holders.
- 1.6** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 (positive outlook) dated April 20, 2014 to the Management Company and a rating of "A+(f)" dated February 20, 2014 to the Fund.
- 1.7** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1** The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.
- 2.3 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.
- 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.

3. ACCOUNTING POLICIES AND ESTIMATES

- 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, except as follows:

New / Revised Standards, Interpretations and Amendments

During the period, following amendments, interpretations and improvements to the accounting standards became effective:

IAS 19 – Employee Benefits - Employee Contributions (Amendment)

IAS 32 – Financial Instruments : Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretations did not have material effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. Such improvements to the standards do not have any impact on the Fund's financial statements for the period.

4. FINANCIAL RISK MANAGEMENT

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

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
Note	----- (Rupees in '000) -----	
	6,446,600	3,019,904
	623,974	816,633
	699,055	663,159
	1,323,029	1,479,792
	3,454,635	3,407,254
	3,454,635	3,407,254
	1,110,000	500,000
	12,334,264	8,406,950

5. INVESTMENTS

Financial assets 'at fair value through profit or loss - held-for-trading'

Government securities
Debt securities
- Listed
- Unlisted

Available-for-sale

Government securities

Loans and receivables

5.1 Government securities

Name of investee company	Face value					Balance as at December 31, 2014		Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2014	Purchased during the period	Disposed off during the period	Matured during the year	As at December 31, 2014	Carrying value	Market value			
										%
Treasury Bills - 6 months	-	2,317,000	1,150,000	1,167,000	-	-	-	-	-	-
Treasury Bills - 3 months	214,060	9,207,000	3,222,000	3,423,060	2,776,000	2,756,083	2,755,731	(352)	22.20	22.34
Pakistan Investment Bonds - 10 years	-	662,500	-	-	662,500	672,223	715,732	43,509	5.77	5.80
Pakistan Investment Bonds - 05 years	35,000	100,000	-	-	135,000	133,642	140,815	7,172	1.13	1.14
Pakistan Investment Bonds - 03 years	2,765,500	3,425,000	3,430,100	5,000	2,755,400	2,712,912	2,834,322	121,409	22.83	22.98
Total as at December 31, 2014	3,014,560	15,711,500	7,802,100	4,595,060	6,328,900	6,274,860	6,446,600	171,738	51.93	52.27
Total as at June 30, 2014	6,173,050	63,012,785	51,391,040	14,780,235	3,014,560	3,020,103	3,019,904	(199)	27.20	35.92

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

5.2 Debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - Listed

Name of investee company	Number of Certificates					Balance as at December 31, 2014			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2014	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2014	Carrying value	Market value (Rupees in '000)	Appreciation / (diminution)		
Number of Certificates										
Commercial banks										
Allied Bank Limited (December 06, 2006)	10,800	-	10,800	-	-	-	-	-	0.00	0.00
Allied Bank Limited (August 28, 2009)	9,000	-	-	-	9,000	43,934	43,934	-	0.35	0.36
Askari Bank Limited (November 18, 2009)	23,000	-	-	-	23,000	111,763	110,817	(946)	0.89	0.90
Askari Bank Limited (September 30, 2014)	-	20,000	-	-	20,000	100,000	100,000	-	0.81	0.81
Bank Alfalah Limited (February 20, 2013)	72,631	-	-	-	72,631	367,744	360,363	(7,381)	2.90	2.92
Faysal Bank Limited (November 12, 2007)	7,515	-	7,515	-	-	-	-	-	0.00	0.00
United Bank Limited (September 08, 2006)	15,000	-	15,000	-	-	-	-	-	0.00	0.00
						623,441	615,114	(8,327)	4.95	4.99
Chemicals and fertilizer										
Engro Chemical Pakistan Limited (November 30, 2007)	50,162	-	-	50,162	-	-	-	-	-	-
Financial services										
Saudi Pak Leasing Company Limited (March 13, 2010) (refer note 5.2.1)	10,000	-	-	-	10,000	12,463				
Less: Provision						(3,603)				
						8,860	8,860	-	0.07	0.07
Total listed securities						632,301	623,974	(8,327)		

NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

5.3 Debt securities - Term finance certificates of Rs.5,000 each (unless stated otherwise) - Unlisted

Name of investee company	Number of Certificates				Balance as at December 31, 2014			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2014	Purchased during the period	Matured during the period	Disposed during the period	As at December 31, 2014	Carrying value	Market value (diminution)		
						(Rupees in '000)			%
Commercial banks									
Askari Bank Limited PPTFC (December 23, 2011) *	95	-	-	-	95	99,790	99,610	0.80	0.81
Bank Alfalah Limited (December 02, 2009)	8,500	-	-	-	8,500	43,743	43,892	0.35	0.36
Bank Alfalah Limited (December 02, 2009) fixed	18,235	-	-	-	18,235	98,149	99,109	0.80	0.80
Standard Chartered Bank (Pakistan) Limited (June 29, 2012)	41,000	-	-	-	41,000	205,410	200,073	1.61	1.62
						447,092	442,684	3.57	3.59
Construction and materials									
Maple Leaf Cement Factory Limited (December 03, 2009)	68,000	-	-	-	68,000	155,460	157,584	1.27	1.28
Chemicals and fertilizer									
Engro Fertilizer Limited (March 18, 2008)	2,419	-	-	-	2,419	11,870	12,035	0.10	0.10
Engro Fertilizer Limited (July 09, 2014)	-	15,800	-	-	15,800	79,000	80,406	0.65	0.65
Financial services									
Security Leasing Corporation Limited (March 28, 2010) (refer note 5.2.1)	10,000	-	-	-	10,000	4,755			
Less: Provision						(508)			
						4,247	4,247	0.03	0.03
Security Leasing Corporation Limited - Sukuk (March 18, 2010) (refer note 5.2.1)	5,000	-	-	-	5,000	2,522			
Less: Provision						(423)			
						2,099	2,099	0.02	0.02
Household goods									
New Allied Electronics Industries (Private) Limited (May 15, 2007) (refer note 5.2.1)	10,400	-	-	-	10,400	22,337			
Less: Provision						(22,337)			
						-	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk (July 25, 2007) (refer note 5.2.1)	112,000	-	-	-	112,000	35,063			
Less: Provision						(35,063)			
						-	-	-	-
Total unlisted securities						-	-	-	-
						699,768	699,055	(713)	
Total as at December 31, 2014						1,332,070	1,323,029	(9,040)	
Total as at June 30, 2014						1,502,859	1,538,393	35,534	

* Nominal value of these term finance certificates is Rs. 100,000 per unit.

5.3.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. The Fund has suspended further accrual of mark-up there against.

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

5.3.2 Details of non-compliant investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

In accordance with Clause (v) of the investment criteria laid down for 'Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at December 31, 2014, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		----- (Rupees in '000) -----			----- % -----	
New Allied Electronics Industries (Private) Limited	Term finance certificates	22,337	22,337	-	0.00	0.00
New Allied Electronics Industries (Private) Limited	Sukuk certificates	35,063	35,063	-	0.00	0.00
Security Leasing Corporation Limited	Privately placed term finance certificates	4,755	508	4,247	0.03	0.03
Security Leasing Corporation Limited	Sukuk certificates	2,522	423	2,099	0.02	0.02
Saudi Pak Leasing Company Limited	Term finance certificates	12,463	3,603	8,860	0.07	0.07

5.3.3 Net unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'

Carrying value investments	5.1, 5.2 &	7,606,930	4,522,962
Market value investments	5.3	7,769,629	4,558,297
		<u>162,699</u>	<u>35,335</u>

(Un-Audited) (Audited)
December 31, June 30,
2014 2014
Note ----- (Rupees in '000) -----

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

5.4 Government securities - 'available for sale'

Name of investee company	Face value					Balance as at December 31, 2014		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2014	Purchased during the period	Disposed off during the period	Matured during the year	As at December 31, 2014	Carrying value	Market value		
Pakistan Investment Bonds - 10 years	-	37,500	-	-	37,500	38,329	40,549	2,221	0.33
Pakistan Investment Bonds - 05 years	12,500	-	12,500	-	-	-	-	-	-
Pakistan Investment Bonds - 03 years	3,441,500	37,500	150,000	-	3,329,000	3,282,255	3,414,086	131,831	27.68
Total as at December 31, 2014	3,454,000	75,000	162,500	-	3,366,500	3,320,584	3,454,635	134,052	28.01
Total as at June 30, 2014	-	4,704,000	1,250,000	-	3,454,000	3,404,052	3,407,254	3,202	40.00

5.5 Loans and receivables

Particulars	Profit / mark-up rate %	Maturity date	Closing balance as at December 31, 2014	Value as a percentage of net assets	Value as a percentage of investment
Term deposit receipts	10.1% to 10.2%	February 12, 2015	1,110,000	8.94	9.00
Total - December 31, 2014			1,110,000		
Total - June 30, 2014			500,000		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

		(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	6.1	48,458	31,880
Provision for Workers' Welfare Fund	6.2	112,784	98,643
Auditors' remuneration		357	520
Withholding tax payable		904	557
Others		641	1,130
		<u>163,144</u>	<u>132,730</u>

6.1 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax on service thereon in its financial statements with effect from June 13, 2013.

6.2 Provision for Workers' 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 Collective Investment Schemes (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, a Larger Bench of the SHC issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.112.784 million (June 30, 2014: Rs.98.643 million) in these condensed interim financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.0.98 per unit (0.91%) (June 30, 2014: Rs.0.90 per unit (0.89%)).

7. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to 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 Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above accordingly no provision for taxation has been made in these financial statements.

8. EARNINGS PER UNIT

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

Half year ended		Quarter ended	
December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
----- (Rupees in '000) -----			

10. CASH AND CASH EQUIVALENTS

Bank balances	4,631	2,564,378	4,631	2,564,378
Treasury bills - 3 months	2,755,731	2,877,585	2,755,731	2,877,585
Term deposit receipts	1,110,000	1,200,000	1,110,000	1,200,000
	3,870,362	6,641,963	3,870,362	6,641,963

11. TRANSACTIONS WITH CONNECTED PERSONS

11.1 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 undertakings.

Remuneration 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.

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

11.2 Details of transactions with connected persons are as follows:

	----- Un-audited -----			
	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
MCB Arif Habib Savings and Investments Limited				
Remuneration of Management Company including indirect taxes	120,196	108,677	61,457	53,907
Issue of 65,088 units (2013: 292,962 units)	7,000,000	30,000	7,000,000	30,000
Redemption of 1,755,774 units (2013: 1,037,667 units)	182,000	106,000	67,000	88,000
Distribution of Nil bonus units (2013: 252,761 units)	-	25,529	-	7,307
Central Depository Company of Pakistan Limited				
Remuneration for the period	5,012	4,576	2,551	2,273
MCB Bank Limited				
Profit on deposit accounts	3,764	2,966	1,599	1,938
Bank charges	29	7	21	4
MCB Employees Provident Fund				
Distribution of Nil bonus units (2013: 59,282 units)	-	5,987	-	1,931
MCB Employees Pension Fund				
Distribution of Nil bonus units (2013: 59,282 units)	-	5,987	-	1,931
Adamjee Insurance Company Limited				
Issue of Nil units (2013: 4,196,803 units)	-	425,501	-	-
Redemption of Nil units (2013: 4,196,803 units)	-	425,501	-	-
Distribution of Nil units (2013: 622,008 units)	-	62,823	-	20,262
D.G Khan Cement Company Limited - Employees Provident Fund Trust				
Distribution of Nil bonus units (2013: 178 units)	-	18	-	6
Staff Provident Fund of Management Company				
Issue of Nil units (2013: Nil units)	-	-	-	-
Redemption of Nil units (2013: 20,186 units)	-	2,051	-	-
Distribution of Nil bonus units (2013: 517 units)	-	52	-	-

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	----- Un-audited -----			
	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Adamjee Insurance Company Limited - Employees Provident Fund				
Issue of Nil units (2013: Nil units)	-	-	-	-
Redemption of Nil units (2013: 527,395 units)	-	53,990	-	53,990
Distribution of Nil bonus units (2013: 22,218 units)	-	2,244	-	-
Adamjee Life Assurance Company Limited - Investment Multiplier Fund				
Issue of Nil Units (2013: 64,172 units)	-	6,500	-	-
Redemption of Nil units (2013: 182,226 units)	-	18,545	-	-
Distribution of Nil bonus units (2013: 3,021 units)	-	305	-	-
Adamjee Life Assurance Company Limited - NUIL Fund				
Issue of 572,895 units (2013: 207,180 units)	60,000	21,000	60,000	-
Redemption of Nil units (2013: 946,742 units)	-	96,370	-	-
Distribution of Nil bonus units (2013: 18,826 units)	-	1,912	-	-
Adamjee Life Assurance Company Limited - Investment Secure Fund				
Issue of Nil units (2013: 457,642 units)	-	46,400	-	-
Redemption of Nil units (2013: 1,158,435 units)	-	117,912	-	-
Distribution of Nil bonus units (2013: 17,934 units)	-	1,811	-	-
Adamjee Life Assurance Company Limited ISF - Investment Secure Fund II				
Issue of Nil units (2013: 88,853 units)	-	9,000	-	-
Redemption of Nil units (2013: 577,590 units)	-	58,774	-	-
Distribution of Nil bonus units (2013: 12,507 units)	-	1,263	-	-
Mandate under discretionary portfolio services				
Issue of 117,680 units (2013: 694,130 units)	12,165	70,304	-	70,304
Redemption of 232,764 units (2013: 490,902 units)	24,354	49,668	16,688	49,668
Distribution of Nil bonus units (2013: 31,153 units)	-	3,146	-	2,836

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	----- Un-audited -----			
	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Key management personnel				
Issue of 83,912 units (2013: 105,424 units)	8,837	10,730	6,856	605
Redemption of 75,497 units (2013: 60,961 units)	7,908	6,205	5,349	2,707
Distribution of Nil bonus units (2013: 13,974 units)	-	1,411	-	261
			(Un-Audited) December 31, 2014	(Audited) June 30, 2014
			----- (Rupees in '000) -----	

11.3 Amount outstanding as at period / year end

MCB Arif Habib Savings and Investments Limited

Remuneration payable to Management Company	15,325	13,604
Sales tax payable on management fee	2,299	2,177
Front end load payable	35,809	10,583
894,111 units held as at December 31, 2014 (June 30, 2014: 2,584,796)	91,942	261,331

Central Depository Company of Pakistan Limited - Trustee

Security deposit	200	200
Remuneration and settlement charges payable	5,018	767

MCB Bank Limited

Bank balance	4,236	164,712
Profit receivable on deposit accounts	537	303

MCB Employees Provident Fund

1,037,174 units held as at December 31, 2014 (June 30, 2014: 1,037,174 units)	112,306	104,861
--	---------	---------

MCB Employees Pension Fund

1,037,174 units held as at December 31, 2014 (June 30, 2014: 1,037,174 units)	112,306	104,861
--	---------	---------

Adamjee Insurance Company Limited

10,882,364 units held as at December 31, 2014 (June 30, 2014: 10,882,364 units)	1,178,346	1,100,240
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**D.G Khan Cement Company Limited -
Employees Provident Fund Trust**

3,120 units held as at December 31, 2014 (June 30, 2014: 3,120 units)	338	315
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**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	----- (Rupees in '000) -----	
Adamjee Life Assurance Company Limited - NUIL Fund		
572,895 units held as at December 31, 2014 (June 30, 2014: Nil units)	62,033	-
Mandate under discretionary portfolio services		
83,706 units held as at December 31, 2014 (June 30, 2014: 79,214 units)	9,064	8,009
Key management personnel		
50,470 units held as at December 31, 2014 (June 30, 2014: 105,210 units)	5,465	10,637

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 02 February, 2015 by the Board of Directors of the Management Company.

13. RECLASSIFICATION

Statement	Components	Reclassification from	Reclassification to	(Audited) June 30, 2014 ----- (Rupees in '000) -----
Balance sheet	Front end load payable	Accrued expenses and other liabilities	Payable to Management Company	10,583

14. GENERAL

14.1 Figures for the quarters ended December 31, 2014 and December 31, 2013 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

14.2 Figures are rounded off to the nearest rupees thousand.


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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