

# Half Year Report December 31, 2014 (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.

# **PAKISTAN CASH MANAGEMENT FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</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 Operating Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Umair Ahmed	
<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>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	AM 2 - Management Quality Rating assigned by PACRA	

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

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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 first half ended December 31<sup>st</sup> 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 quarter under review, the fund generated an annualized return of 8.58% as against its benchmark return of 10.05%, an under performance of 1.47%.

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

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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 Assets of the Fund as at December 31, 2014 stood at Rs.2150 million as compared to Rs.3148 million as at June 30, 2014 registering a decrease of 31.70%.

The Net Asset Value (NAV) per unit as at December 31, 2014 was Rs.52.1746 as compared to opening NAV of Rs.50.0125 per unit as at June 30, 2014 registering an increase of Rs.2.16 per unit.

### FUTURE OUTLOOK

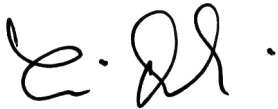
Economic activity is expected to gain momentum in 2015. The manufacturing activity will be driven by lower energy cost, weak raw material prices, improvement in gas supply situation and progress on the political front. In a major positive development, the government is planning to import LNG to ease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





# 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

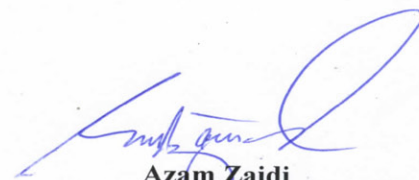
Pakistan Cash Management Fund (the Fund), an open-end fund was established under a trust deed executed between MCB-Arif Habib Savings & Investments Limited (formerly: Arif Habib Investments Limited), as the Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. The Fund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

As per the Deed of change of Trustee and amendment in the Trust Deed dated July 21, 2014 Habib Metropolitan Bank Limited retired as the Trustee and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee of the Fund. However, the title to the assets of the Fund was transferred to MCBFSL on August 19, 2014.

In our opinion, the Management Company has in all material respects managed the Fund during the period from 01 July 2014 to 19 August 2014 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.

Karachi: February 10, 2015



**Azam Zaidi**  
Senior Executive Vice President

**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) 32644184-83 | Fax: (92 21) 3227 4768, 3221 3000  
[www.habibmetro.com](http://www.habibmetro.com)





# MCB FINANCIAL SERVICES LIMITED

## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### PAKISTAN CASH MANAGEMENT FUND

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

Pakistan Cash Management Fund, an open-end Scheme 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 Securities & Exchange Commission of Pakistan (SECP) on February 01, 2008 and was executed on February 08, 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.

Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL had been changed to MCB Arif Habib Savings and Investments Limited effective from June 27, 2011.

1. MCB Arif Habib Savings and Investments Limited, the Management Company of Pakistan Cash Management Fund has, in all material respects, managed Pakistan Cash Management Fund during the period from 20<sup>th</sup> August 2014 to 31<sup>st</sup> December 2014 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

A handwritten signature in black ink, appearing to read 'Anwar', is positioned above the printed name of the Chief Executive Officer.

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: February 9, 2015

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3rd Floor, Adamjee House, I. I. Chundrigar Road, Karachi - 74000  
Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371  
Website: <http://www.mcbfsl.com.pk>

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

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**M. Yousuf Adil Saleem & Co**  
Chartered Accountants  
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KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

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Web: [www.deloitte.com](http://www.deloitte.com)

## 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 Pakistan Cash Management Fund (the Fund) as at December 31, 2014, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' 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, 2014. The Management Company (MCB Arif Habib Savings and Investments Limited) 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. 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 holders' fund for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

### 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.

Member of  
**Deloitte Touche Tohmatsu Limited**

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

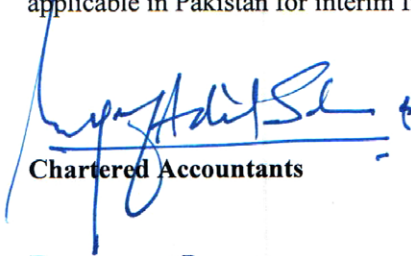
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**M. Yousuf Adil Saleem & Co**  
Chartered Accountants

## 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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

**Engagement Partner**  
Mushtaq Ali Hirani

**Dated: February 02, 2015**  
**Karachi**

Member of  
**Deloitte Touche Tohmatsu 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		539,862	686,164
Investments	5	1,659,889	2,494,161
Profit and other receivables		1,329	2,875
Total assets		2,201,080	3,183,200
LIABILITIES			
Payable to Management Company		2,079	3,228
Accrued expenses and other liabilities	6	49,330	32,404
Total liabilities		51,409	35,632
NET ASSETS		2,149,671	3,147,568
UNIT HOLDERS' FUND (As per statement attached)		2,149,671	3,147,568
Contingencies and commitments		7	
		(Number of units)	
NUMBER OF UNITS IN ISSUE		41,201,482	62,935,566
		------(Rupees)-----	
NET ASSET VALUE PER UNIT		52.1746	50.0125

The annexed notes from 1 to 11 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 December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
Note	(Rupees in '000)			
<b>INCOME</b>				
Income from investments	147,318	133,397	65,040	74,199
Capital gain / (loss) on sale of investments - net	15	(520)	(10)	(422)
Profit on bank deposits	4,806	13,925	1,874	7,550
Back end load	3	-	-	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(254)	(1,738)	393	(2,108)
<b>Total income</b>	<b>151,888</b>	<b>145,064</b>	<b>67,297</b>	<b>79,219</b>
<b>EXPENSES</b>				
Performance fee of Management Company	15,191	14,810	6,732	8,053
Sales tax and Federal Excise Duty on performance fee of Management Company	5,074	5,118	2,248	2,783
Securities transaction cost	157	75	73	6
Legal and professional	-	30	-	13
<b>Total expenses</b>	<b>20,422</b>	<b>20,033</b>	<b>9,053</b>	<b>10,855</b>
<b>Net income from operating activities</b>	<b>131,466</b>	<b>125,031</b>	<b>58,244</b>	<b>68,364</b>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(40,579)	1,327	(37,251)	1,507
Provision for Workers' Welfare Fund	(1,818)	(2,527)	(420)	(1,397)
<b>Net income for the period before taxation</b>	<b>89,069</b>	<b>123,831</b>	<b>20,573</b>	<b>68,474</b>
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<b>89,069</b>	<b>123,831</b>	<b>20,573</b>	<b>68,474</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>89,069</b>	<b>123,831</b>	<b>20,573</b>	<b>68,474</b>
<b>Earnings per unit</b>				

The annexed notes from 1 to 11 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**

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>----- (Rupees in '000) -----</b>			
Undistributed income brought forward	<b>790</b>	25,323	<b>69,256</b>	2,762
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount representing unrealized income	<b>(262)</b>	-	<b>(232)</b>	180
Net income for the period after taxation	<b>89,069</b>	123,831	<b>20,573</b>	68,474
	<b>88,807</b>	123,831	<b>20,341</b>	68,654

***Distributions to the unit holders of the Fund:***

Final distribution of Nil units for the year ended June 30, 2014 (2013: Re 0.50 per unit)

- Bonus units

-	(25,316)	-	-
-	(120,737)	-	(68,315)
-	(146,053)	-	(68,315)
<b>89,597</b>	<b>3,101</b>	<b>89,597</b>	<b>3,101</b>

Interim distributions during the half year and quarter ended December 31, 2014 and December 31, 2013 respectively

- I Bonus units

**Undistributed income carried forward**

The annexed notes from 1 to 11 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' FUNDS (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	(Rupees in '000)			
Net assets at beginning of the period	3,147,568	2,556,911	3,295,118	3,004,951
Issue of 43,584,834 (2013: 78,507,095) units and 12,003,013 (2013:34,311,184) units for the half year and quarter respectively	2,211,429	3,352,314	618,311	1,136,325
Issue of Nil (2013: 2,920,894) bonus units and Nil (2013:1,048,442) during the half year and quarter respectively	-	146,053	-	68,315
Redemption of 65,318,917 (2013: 54,447,286) units and 35,317,606 (2012:18,105,025) units for the half year and quarter respectively	(3,338,974)	(2,147,995)	(1,821,582)	(324,509)
	(1,127,545)	1,350,372	(1,203,271)	880,131
Net element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed				
- amount representing loss / (income) and capital losses / (gains) - transferred to income statement	40,579	(1,327)	37,251	(1,507)
- amount representing loss / (income) and capital losses / (gains) - transferred to distribution statement	262	-	232	(180)
	40,841	(1,327)	37,483	(1,687)
Net element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - amount representing unrealised loss	(262)	-	(232)	180
Net income for the period transferred from the distribution statement				
- Capital gain / (loss) on sale of investments	15	(520)	(10)	(422)
- Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(254)	(1,738)	393	(2,108)
- Other net income for the period	89,308	126,089	20,190	71,004
- Distributions made during the year (Refer distribution statement)	-	(146,053)	-	(68,315)
	89,069	(22,222)	20,573	159
Net assets at end of the period	2,149,671	3,883,734	2,149,671	3,883,734

The annexed notes from 1 to 11 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 December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- ( Rupees in '000 ) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	89,069	123,831	20,573	68,474
<b>Adjustments for non cash items:</b>				
Net unrealised diminution / (appreciation) in the fair value of investments classified 'as financial assets at fair value through profit or loss'	254	1,738	(393)	2,108
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	40,579	(1,327)	37,251	(1,507)
	129,902	124,242	57,431	69,075
<b>Decrease / (increase) in assets</b>				
Investments - net	834,018	(1,164,498)	1,459,259	(1,026,974)
Profit and other receivables	1,546	(2,805)	499	82
Receivable against sale of units	-	860	-	860
	835,564	(1,166,443)	1,459,758	(1,026,032)
<b>(Decrease) / increase in liabilities</b>				
Payable to Management Company	(1,149)	1,163	(968)	758
Accrued expenses and other liabilities	16,926	5,332	13,893	3,309
	15,777	6,495	12,925	4,067
<b>Net cash (used in) / generated from operating activities</b>	981,243	(1,035,706)	1,530,114	(952,890)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	2,211,429	3,352,314	618,311	1,136,325
Payments made on redemption of units	(3,338,974)	(2,147,995)	(1,821,582)	(324,509)
<b>Net cash (used in) / generated from financing activities</b>	(1,127,545)	1,204,319	(1,203,271)	811,816
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(146,302)	168,613	326,843	(141,074)
Cash and cash equivalents at beginning of the period	686,164	601,898	213,019	911,585
Cash and cash equivalents at end of the period	539,862	770,511	539,862	770,511

The annexed notes from 1 to 11 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

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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 had been changed to MCB-Arif Habib Savings and Investments Limited effective from June 27, 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 dated April 10, 2014 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 MCB Financial Services Limited as the 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 December 31, 2014 and December 31, 2013 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

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- 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.

**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. 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.

	<b>Un-audited December 31, 2014</b>	<b>Audited June 30, 2014</b>
<b>Note</b>	<b>----- (Rupees in '000) -----</b>	

**5. INVESTMENTS**

**At fair value through profit or loss**

Market Treasury Bills	5.1	<u>1,659,889</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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

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

Particulars	Face value				As at December 31, 2014			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 December 31, 2014	Carrying value	Market value	Appreciation / (diminution)		
(Rupees in '000)									
Market Treasury Bills									
Treasury Bill - 3 Months	2,505,500	9,382,200	10,456,800	1,430,900	1,415,086	1,414,844	(242)	65.82	85.24
Treasury Bill - 6 Months	-	3,009,000	3,009,000	-	-	-	-	-	-
Treasury Bill - 12 Months	-	250,000	-	250,000	245,057	245,045	(12)	11.40	14.76
Total as at December 31, 2014	2,505,500	12,641,200	13,465,800	1,680,900	1,660,143	1,659,889	(254)		
Total as at June 30, 2014					2,494,054	2,494,161	107		

		<b>Un-Audited December 31, 2014</b>	<b>Audited June 30, 2014</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>6. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	6.1	<b>27,904</b>	26,086
Provision for Federal Excise Duty and related tax on management fee	6.2	<b>8,947</b>	6,152
Advance against issuance of units		<b>12,000</b>	-
Other		<b>479</b>	166
		<b><u>49,330</u></b>	<b><u>32,404</u></b>

**6.1** 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 Honorable 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. 27.90 million till December 31, 2014. 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. 0.68 per unit.

**6.2** 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 Honorable 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. 8.95 million as at December 31, 2014. 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. 0.22 per unit as at December 31, 2014.

**7. CONTINGENCIES AND COMMITMENTS**

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

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

**8. 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.

**9. 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.

**10. 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.

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

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>----- (Rupees in '000) -----</b>			
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>				
Performance fee for the period including indirect taxes	<b>20,265</b>	19,928	<b>8,980</b>	10,836
Bank charges received	<b>127</b>	100	-	100
<b>Habib Metropolitan Bank Limited - Trustee *</b>				
Profit on bank deposits	<b>308</b>	398	-	268
<b>Associated companies</b>				
<b>MCB Bank Limited</b>				
Profit on bank deposits	<b>2,586</b>	1,213	<b>783</b>	1,022
<b>Arif Habib REIT Management Limited</b>				
Issue of Nil (2013: 66) bonus units and Nil (2013: 28) units for the half year and quarter ended respectively	-	3	-	1
<b>Adamjee Life Assurance Company Limited- Non-Unitised Investment Linked Fund</b>				
Issue of 28,757 units (2013: Nil) and 28,757 units (2013: Nil) for the half year and quarter ended respectively	<b>1,500</b>	-	<b>1,500</b>	-
<b>Adamjee Life Assurance Company Limited- Investment Multiply Fund</b>				
Issue of Nil units (2013: 2,591,196) and Nil units (2013: Nil) for the half year and quarter ended respectively	-	130,190	-	-

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

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>----- (Rupees in '000) -----</b>			
Redemption of Nil units (2013: 2,567,930) and Nil units (2013: Nil) for the half year and quarter ended respectively	-	129,000	-	-
Issue of Nil units (2013: 16,825) bonus and Nil units (2013: 781) for the half year and quarter ended respectively	-	841	-	39
<b>Cyan Limited</b>				
Issue of Nil units (2013 : 6,923,014) and Nil units (2013 : 2,611,289 ) for the half year and quarter ended respectively	-	346,800	-	131,000
Redemption of Nil units(2013: 12,102,874 ) and Nil units (2013: 1,695,117) for the half year and quarter ended respectively	-	608,000	-	85,000
Issue of Nil Bonus units (2013 : 167,942 ) and Nil bonus units (2013 : 42,271) for the half year and quarter ended respectively	-	8,397	-	2,114
<b>Directors, executives and employees of the management company</b>				
Issue of 29,096 units (2013: 32,634) and 16,807 units (2013: 32,634) for the half year and quarter ended respectively	<b>1,480</b>	1,636	<b>860</b>	1,636
Redemption of 29,096 units (2013: 83,513) and 28,605 units (2013: 51,132) for the half year and quarter ended respectively	<b>1,500</b>	4,182	<b>1,475</b>	2,562
Issue of Nil (2013: 1,694) bonus units and Nil (2013: 105) bonus units for the half year and quarter ended respectively	-	84,718	-	84,639
<b>Mandate Under Discretionary Portfolio Services</b>				
Issue of Nil units (2013: 164,308) and Nil units (2013: 164,308) for the half year and quarter ended respectively	-	8,255	-	8,255
Redemption of 6,491 units(2013: 482,186) and units (2013: 482,186) for the half year and quarter ended respectively	<b>335</b>	24,230	<b>335</b>	24,230
Issue of Nil Bonus units (2013: 14,071) and Nil bonus units (2013 : 14,071) for the half year and quarter ended respectively	-	704	-	704
<b>Unit holders holding 10% or more</b>				
<b>Pakistan Petroleum Limited</b>				
Issue of Nil units (2013 : 5,483,438) and Nil units (2013: 5,483,438) for the half year and quarter ended respectively	-	275,000	-	275,000

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

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>----- (Rupees in '000) -----</b>			
Redemption of 1,634,103 units(2013: Nil) and 1,536,107 units (2013: Nil) for the half year and quarter ended respectively	<b>85,000</b>	-	<b>80,000</b>	-
Issue of Nil Bonus units (2013: 136,963) and Nil bonus units (2013: 107,939) for the half year and quarter ended respectively	-	6,848	-	5,397
<b>Pakistan Telecommunication Company Limited</b>				
Issue of 2,987,809 units (2013: Nil) and Nil units (2013: Nil) for the half year and quarter ended respectively	<b>150,000</b>	-	-	-
Redemption of 769,328 units(2013: Nil) and 769,328 units (2013: Nil) for the half year and quarter ended respectively	<b>40,000</b>	-	<b>40,000</b>	-
<b>Central Depository Company of Pakistan Limited</b>				
Issue of 230,058 units (2013: 15,329,198) and Nil units (2013: 2,298,846) for the half year and quarter ended respectively	<b>12,000</b>	767,665	<b>12,000</b>	115,001
Redemption of 2,423,227 units (2013 : 13,623,625) and Nil units(2013 : 3,187,931) for the half year and quarter ended respectively	<b>125,000</b>	682,665	<b>125,000</b>	160,001
Issue of Nil Bonus units (2013: 441,417) and Nil units (2013 : 180,224) for the half year and quarter ended respectively	-	22,071	-	9,012
<b>Sunray Textiles Mills Limited</b>				
Issue of 6,835,843 units (2013: Nil) and Nil units (2013: Nil) for the half year and quarter ended respectively	<b>345,000</b>	-	-	-
Redemption of 14,420,294 units(2013: Nil) and 3,366,967 units (2013: Nil) for the half year and quarter ended respectively	<b>733,090</b>	-	<b>173,090</b>	-

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

	<b>Un-audited December 31, 2014</b>	<b>Audited June 30 2014</b>
	<b>(Rupees in '000)</b>	
<b>10.2 Amounts outstanding as at period / year end</b>		
<b>MCB - Arif Habib Savings and Investments Limited - Management Company</b>		
Performance fee payable	<b>1,808</b>	2,783
Sales tax payable on performance fee	<b>271</b>	445
Bank charges receivable from Management Company	<b>57</b>	127



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

	Un-audited December 31, 2014 (Rupees in '000)	Audited June 30 2014
<b>Associated companies</b>		
<b>MCB Bank Limited</b>		
Bank balance	10,843	7,367
Profit receivable on bank deposit	118	173
<b>Adamjee Life Assurance Company Limited-Non-Unitised Investment Linked Fund</b>		
Units held 48,874 (June 30, 2014: 20,117 units)	2,550	1,006
<b>Adamjee Life Assurance Company Limited-Investment Multiply Fund</b>		
Units held 12,586 (June 30, 2014: 12,586 units)	657	629
<b>Adamjee Life Assurance Company Limited-Investment Secure Fund-II</b>		
Units held 9,131 (June 30, 2014: 9,131 units)	476	457
<b>Arif Habib REIT Management Limited</b>		
Units held 1,474 (June 30, 2014: 1,474 units)	77	74
<b>Directors, executives and employees of the management company</b>		
Units held 425 (June 30, 2014: 425 units)	22	21
<b>Mandate Under Discretionary Portfolio Services</b>		
Units held 280 (June 30, 2014: 6,771 units)	15	332
<b>Unit holders holding 10% or more</b>		
<b>Central Depository Company Of Pakistan Limited</b>		
Units held 5,488,826 (June 30, 2014: 7,681,995 units)	286,377	384,196
<b>Pakistan Petroleum Limited</b>		
Units held 4,754,212 (June 30, 2014: 6,388,314 units)	248,049	319,496
<b>Pakistan Telecommunication Company Limited</b>		
Units held 4,805,062 (June 30, 2014: 2,586,682 units)	250,702	-

**11. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 02 February, 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**

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

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