



MCB-ARIF HABIB  
Savings and Investments Limited

AM2  
BY PACRA

# HALF YEAR REPORT

DECEMBER  
**2017**  
(UNAUDITED)

Half Year Report for Funds Under Management of  
MCB-Arif Habib Savings and Investments Limited

# **MCB CASH MANAGEMENT OPTIMIZER**

## CONTENTS

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1	Fund's Information	121
2	Report of the Directors of the Management Company	122
3	Trustee Report to the Unit Holders	126
4	Auditor's Report to the Unit Holder on Review of Condensed Interim Financial Information	127
5	Condensed Interim Statement of Assets And Liabilities	128
6	Condensed Interim Income Statement (Un-audited)	129
7	Condensed Interim Statement of Comprehensive Income (Un-audited)	130
8	Condensed Interim Statement of Movement in Unit Holder's Funds (Un-audited)	131
9	Condensed Interim Cash Flow Statement ( Un-audited)	132
10	Notes to and forming part of the Condensed Interim Financial Statements (Unaudited)	133

## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Company Secretary</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Chief Financial Officer</b>	Mr. Abdul Basit	
<b>Trustee</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan	
<b>Auditors</b>	<b>Deloitte Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **MCB Cash Management Optimizer's** accounts for the half year ended December 31st, 2017.

## ECONOMY AND MONEY MARKET OVERVIEW

Economic scorecard continued to remain mixed with real side still indicating strong growth momentum, while external side conversely showing the vulnerabilities. Growth momentum of the economy continued during the period with LSM growing at strong pace of ~6% YoY, bolstered by growth in Steel, Auto and Food & Beverages sector. Add to this the agricultural sector growth (being reflected in cotton crop, sugar crop and wheat crop bumper numbers coming in), economy looks on track to approach 6% target GDP growth for FY18.

Provisional fiscal deficit for the 1HFY18 was recorded at ~2.5% of GDP, despite commendable tax collection. Tax Authorities managed to collect PKR 1.3 trillion during the period, showing an impressive growth of 20% compared to same period last year.

CPI for the first half averaged at a moderate level of 3.75% YoY, supported by lower oil prices, stable food prices and a higher base effect. However, as of late it had started to inch up as witnessed by Dec'17 figure of 4.57%, owing to rising oil prices and depreciating currency. As a result of the stable indicators, the monetary policy committee has to date maintained its status quo approach.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the first 6 months clocked in at USD ~7.5 billion (up 59% YoY). Trade deficit for 1HFY18 reached USD 14.3 billion up ~26% YoY. Import registered an increase of ~19% during the 1HFY18, propelled by petroleum imports and an expansionary fiscal and monetary policy. On the flip side, the impact of textile package started to gain some momentum as textile exports grew by ~8% during 1HFY18, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~1.2 billion, despite USD 2.5 billion floated in international bond markets. PKR also depreciated by ~5% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations as against all tenors, 3-months t-bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions & banks in auctions.

## FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 5.30% as against its benchmark return of 5.18%, an outperformance of 0.12%. As at December 31, 2017, WAM stood at 7 days in line with our view on interest rates going forward. The fund increased its exposure in term deposits with banks to 9.9% in the period while decreasing the exposure in cash to 89.4%.

The Net Assets of the Fund as at December 31, 2017 stood at Rs. 11,053 million as compared to Rs.10,093 million as at June 30, 2017 registering an increase of 9.5%.

The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs.103.2209 as compared to opening NAV of Rs. 100.5342 per unit as at June 30, 2017 registering an increase of Rs. 2.6867 per unit.

## FUTURE OUTLOOK

Challenges continue to increase on both economic and political front and require comprehensive plan and undeterred focus to consolidate the improvements seen in last few years. Given the current pace of trade deficit and weak performance on remittances, we expect current account deficit to approach USD 17 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion.

Nevertheless, market valuations remain at a very attractive level as indicated by risk premiums (difference between earnings yield and 10-year interest rates) which are at historically high level, suggesting market to remain very cheap. Furthermore, KSE-100 trades at a forward P/E of 9.71x, at a steep discount of 40% from its emerging market peer group. Enduring themes that should play out over the medium-term regardless of the political situation include (i) PKR depreciation and higher interest rates (ii) CPEC and continued GoP support for the textiles sector that would encourage exports. While markets may react to overall happening events scheduled particularly in 2HFY18, we consider any weakness in the market as an opportunity to build long term exposures.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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### 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,



Muhammad Saqib Saleem  
Chief Executive Officer  
February 23, 2018



Nasim Beg  
Vice Chairman / Director

## ڈائریکٹر رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2017ء

9.9% اضافہ کیا جبکہ نقد میں شمولیت میں 89.4% کمی کی۔

31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 11,053 ملین روپے تھے، جو 30 جون 2017 (10,093 ملین روپے) کے مقابلے میں 9.5% اضافہ ہے۔

31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 103.2209 روپے تھی، جو 30 جون 2017 کی ابتدائی NAV (100.5342) روپے فی یونٹ) کے مقابلے میں 2.6867 روپے فی یونٹ زیادہ ہے۔

### مستقبل کی صورتحال

معاشی اور سیاسی، دونوں رخ پر مشکلات میں اضافہ ہو رہا ہے۔ چنانچہ حکومت کی مسلسل اور غیر متزلزل توجہ درکار ہے تاکہ گزشتہ کچھ برسوں میں جو بہتری دیکھی گئی ان کو منظم کیا جاسکے۔ تجارتی خسارے کی موجودہ رفتار اور ترسیل زر کی کمزور کارکردگی کو دیکھتے ہوئے ہم سمجھتے ہیں کہ مالی سال 2018ء میں کرنٹ اکاؤنٹ کا خسارہ 17 بلین ڈالر تک پہنچ جائے گا جس سے ہمارے اندازے کے مطابق تقریباً 5 بلین اضافی مالیت کی فراہمی کی ضرورت کی طرف اشارہ ہو رہا ہے۔

تاہم بازار کی قدر بہت پرکشش سطح پر قائم ہیں، جیسا کہ رسک پریمنم (آمدنی کے حجم اور دس سالہ انٹریسٹ کی شرحوں کے درمیان فرق) سے اشارہ ہوتا ہے، جواب تک کی اونچی ترین سطح پر ہیں، اور اس سے اندازہ ہوتا ہے کہ بازار بہت سستار ہے گا۔ علاوہ ازیں، KSE-100 کی تجارت 9.71x کی فارورڈ P/E پر ہوئی جو اس کے اُبھرتے ہوئے مارکیٹ peer گروپ سے 40% بھرپور رعایت ہے۔ مستحکم پیش رفت میں (i) روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور (ii) CPEC اور ٹیکسٹائل کے شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں، جن کو سیاسی صورتحال کے قطع نظر درمیانی مدت سے سبقت لے جانا چاہئے۔ اگرچہ مجموعی سطح پر، اور خاص طور پر نصف آخر 2018 میں، طے شدہ واقعات کے عمل میں آنے پر مارکیٹ کار عمل ظاہر ہو سکتا ہے، ہم مارکیٹ کی کسی بھی کمزوری کو طویل المیعاد تجربات کا موقع سمجھتے ہیں۔

مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر مختار رہے گی۔ معاشی رخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

### اظہار تشکر

بورڈ آف ڈائریکٹر فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے Trustees کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹر،



نسیم بیگ  
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر

23 فروری 2018ء

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی کیسٹ ایپیمائزر کے 31 دسمبر 2017ء کو اختتام پذیر ہونے والے نصف سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

#### معیشت اور بازار کا مجموعی جائزہ

معاشی اعداد و شمار میں ملا جلا رجحان جاری رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ کمزوریوں کو ظاہر کر رہا ہے۔ دورانِ مدت معیشت کی ترقی تیز تر ہوتی رہی۔ اسٹیل، گاڑیوں اور اشیائے خورد و نوش کے شعبے کی ترقی کے باعث LSM نے 6% YoY کی بھرپور رفتار سے ترقی کی۔ علاوہ ازیں، زرعی شعبے کی ترقی کے باعث (جس کی عکاسی کپاس، چینی اور گندم کی فصل کے بھرپور اعداد و شمار میں ہوتی ہے) معیشت مالی سال 2018ء میں مجموعی ملکی پیداوار میں 6% ترقی کے ہدف کے حصول کی جانب گامزن نظر آرہی ہے۔

پراوڈنل اقتصادی خسارہ برائے نصف اول 2018 قابلِ تحسین ٹیکس وصولی کے باوجود مجموعی ملکی پیداوار کا 2.5% تھا۔ ٹیکس ادارے دورانِ مدت 1.3 ٹریلین روپے جمع کر سکے، جو سالِ گزشتہ کی اسی مدت کے مقابلے میں 20% ترقی ہے۔

CPI کا اوسط برائے نصف اول 3.75% YoY کے درمیانے درجے پر تھا، جس کی پشت پناہی تیل کی پست قیمتوں، اشیائے خورد و نوش کی مستحکم قیمتوں اور اونچے base effect سے ہوئی۔ تاہم حال ہی میں اس میں اضافہ شروع ہو گیا تھا جیسا کہ دسمبر 2017ء کو 4.57% سے ظاہر ہے، جس کی وجوہات تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر ہیں۔ مستحکم اشاروں کے نتیجے میں مانیٹری پالیسی کمیٹی تاحال اپنے سابقہ لائحہ عمل پر قائم ہے۔

خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے ابتدائی 6 ماہ 7.5 بلین ڈالر تھا (YoY 59% اضافہ)۔ پہلی ششماہی 2018ء میں تجارتی خسارہ 14.3 ڈالر تک پہنچ گیا، جو 26% YoY اضافہ ہے۔ نصف اول 2018ء کے دوران درآمدات میں 19% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب ٹیکسٹائل ٹیکج کے اثرات نے کچھ رفتار پکڑی اور 2018ء کی پہلی ششماہی کے دوران ٹیکسٹائل کی درآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی درآمدات سے پیدا ہونے والی خلیج کو پر کرنے کے لئے ناکافی تھا۔ نتیجتاً، غیر ملکی زرمبادلہ کے ذخائر میں 1.2 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر کی گردش ہوئی۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں روپے کی قدر میں 5% کمی ہوئی، جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔

افراطِ زر میں تمام tenors کے مقابلے میں اضافے کی توقعات بازار زر کے لئے اشارہ تھا۔ سہ ماہی ٹی بلز کو سب سے زیادہ ترجیح کیا گیا، جبکہ طویل المیعاد پاکستان انویسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو نیلامی میں مالیاتی اداروں اور بینکوں سے بہت محدود پذیرائی حاصل ہوئی۔

#### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 5.30% تھا جو مقررہ معیار 5.18% سے 0.12% زیادہ ہے۔ 31 دسمبر 2017 کو WAM سات (7) دنوں پر تھا جو انٹریسٹ کی شرحوں میں ترقی کے ہمارے نظریے سے ہم آہنگ تھا۔ فنڈ نے دورانِ مدت بینکوں کے ساتھ ٹرم ڈپازٹس میں اپنی شمولیت میں



## 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 Shahr-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 CASH MANAGEMENT OPTIMIZER

#### 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 Cash Management Optimizer (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, 2017 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**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 22, 2018



# AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDESED INTERIM FINANCIAL INFORMATION

# Deloitte.

**Deloitte Yousuf Adil**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal  
Karachi-75350  
Pakistan

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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 Cash Management Optimizer** (the Fund) as at 31 December 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim of movement in unit holders' fund and condensed interim cash flow statement and together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2017. 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 and condensed interim statement of comprehensive income, for the quarters ended December 21, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### 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.

*Deloitte Yousuf Adil*  
Chartered Accountants

Engagement Partner  
Hena Sadiq

Date: February 26, 2018  
Karachi

Member of  
Deloitte Touche Tohmatsu Limited

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Balance with banks		9,962,852	9,307,714
Investments	5	1,100,000	848,644
Advances, deposits, prepayments and profit receivables	6	82,103	53,035
<b>Total assets</b>		<b>11,144,955</b>	<b>10,209,393</b>
<b>Liabilities</b>			
Payable to Management Company		8,442	5,612
Payable to Central Depository Company of Pakistan Limited - Trustee		902	628
Payable to Securities and Exchange Commission of Pakistan		4,299	5,287
Accrued expenses and other liabilities	7	77,819	104,861
<b>Total liabilities</b>		<b>91,462</b>	<b>116,388</b>
<b>Net assets</b>		<b>11,053,493</b>	<b>10,093,005</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>11,053,493</b>	<b>10,093,005</b>
<b>Contingencies and commitments</b>	8		
		(Number of units)	
<b>Number of units in issue (face value of units is Rs. 100 each)</b>		<b>107,085,834</b>	<b>100,393,708</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>103.2209</b>	<b>100.5342</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half year ended		Quarter ended	
		December 31,		December 31,	
		2017	2016	2017	2016
	Note	----- (Rupees in '000) -----			
<b>Income</b>					
Capital (loss) / gain on sale of investments - net		728	(9,428)	212	11
Income from government securities		18,163	42,808	14,099	1,209
Profit on term deposit		32,636	31,397	18,763	17,489
Profit on bank deposits		311,492	128,649	157,330	102,179
Amortization on commercial papers		1,356	-	397	-
Net element of income included in prices of units issued less those in units redeemed		-	(6,471)	-	(11,060)
Net unrealised diminution / appreciation on-remeasurement of investment classified as 'at fair value through profit or loss'		-	(4)	-	18
<b>Total Income</b>		<b>364,375</b>	<b>186,951</b>	<b>190,801</b>	<b>109,846</b>
<b>Expenses</b>					
Remuneration of the Management Company		36,437	20,076	19,080	12,090
Sindh Sales Tax and Federal Excise Duty on Management Fee		4,737	2,610	2,481	1,572
Remuneration of Central Depository Company of Pakistan Limited-Trustee		4,573	2,785	2,362	1,598
Sindh Sales Tax on remuneration of Central Depository Company		595	362	308	208
Annual fee of Securities and Exchange Commission of Pakistan		4,299	2,407	2,244	1,409
Allocated expense and related taxes		6,477	572	3,380	262
Legal and professional		89	47	35	32
Brokerage expense		80	417	23	80
Auditor's remuneration	9	550	3,627	251	2,297
Other		306	365	110	148
<b>Total expenses</b>		<b>58,143</b>	<b>33,268</b>	<b>30,274</b>	<b>19,696</b>
<b>Net income from operating activities</b>		<b>306,232</b>	<b>153,683</b>	<b>160,527</b>	<b>90,150</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.1	6,125	-	3,211	-
<b>Net income for the period before taxation</b>		<b>300,107</b>	<b>153,683</b>	<b>157,316</b>	<b>90,150</b>
Taxation	10	-	-	-	-
<b>Net income for the period</b>		<b>300,107</b>	<b>153,683</b>	<b>157,316</b>	<b>90,150</b>
<b>Allocation of net income for the period:</b>					
Net income for the period		300,107		157,316	
Income already paid on units redeemed		(88,039)		(72,378)	
		<u>212,068</u>		<u>84,938</u>	
Accounting income available for distribution:					
- Relating to capital gains		514		63	
- Excluding capital gains		211,554		87,139	
<b>Accounting income available for distribution</b>		<u>212,068</u>		<u>84,938</u>	
<b>Earnings per unit</b>	11				

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
<b>Net income for the period</b>	<b>300,107</b>	153,683	<b>157,318</b>	90,323
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to income statement</i>				
Unrealised appreciation in value of investments classified as available for sale - net	-	8,317	-	-
<b>Total comprehensive income for the period</b>	<b>300,107</b>	162,000	<b>157,318</b>	90,323

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	Half year ended December 31, 2017 (Rupees in '000)				2016
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total	Total
<b>Net assets at beginning of the period</b>	10,040,074	44,614	8,317	10,093,005	3,958,288
Issuance of 85,371,961 units (2016: 96,686,987 units)					
- Capital value (at net asset value per unit at the beginning of the period)	8,582,802	-	-	8,582,802	
- Element of income	101,010	-	-	101,010	
Total proceeds on issuance of units	8,563,812	-	-	8,563,812	9,708,577
Redemption of 78,679,835 units (2016: 73,558,527 units)					
- Capital value (at net asset value per unit at the beginning of the period)	(7,909,684)	-	-	(7,909,684)	
- Amount paid out of element of income					
- Relating to 'Net income for the period after taxation'	(25,708)	(88,039)	-	(113,747)	
- Relating to 'Other comprehensive income for the period'	-	-	-	-	
- Refund / (adjustment) on units as element of income	-	-	-	-	
Total payments on redemption of units	(7,935,392)	(88,039)	-	(8,023,431)	(7,390,756)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	-	-	-	-	
Total comprehensive income for the period	-	300,107	-	300,107	168,471
Distribution during the period	-	-	-	-	-
Net income / (loss) for the period less distribution	-	300,107	-	300,107	168,471
<b>Net assets at end of the period</b>	<b>10,788,494</b>	<b>256,682</b>	<b>8,317</b>	<b>11,053,493</b>	<b>6,444,580</b>
Undistributed income brought forward					
- Realised		44,614			12,769
- Unrealised		-			18
		44,614			12,787
Accounting income available for distribution					
- Relating to capital gains		514			
- Excluding capital gains		211,554			
		212,068			
Net income for the period after taxation		-			153,683
Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		-			11,446
Distribution during the period		-			-
<b>Undistributed income carried forward</b>		<b>256,682</b>			<b>177,916</b>
Undistributed income carried forward					
- Realised		256,682			177,920
- Unrealised		-			(4)
		256,682			177,916
				(Rupees)	(Rupees)
Net assets value per unit at beginning of the period				100.5342	100.3367
Net assets value per unit at end of the period				103.2209	102.9839

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Half year ended December 31,	
2017	2016
----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income for the period before taxation	300,107
<b>Adjustments for non cash and other items:</b>	
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'	4
Capital gain / (loss) on sale on investments - net	9,428
Net element of loss and capital losses included in prices of units issued less those in units redeemed	6,471
	15,903
	169,586
<b>(Increase) / decrease in assets</b>	
Investments	(209,653)
Advances, prepayments and profit receivable	(19,343)
	(228,996)
<b>Increase / (decrease) in liabilities</b>	
Payable to Management Company	4,077
Payable to Central Depository Company of Pakistan Limited - Trustee	239
Payable to Securities and Exchange Commission of Pakistan	(2,984)
Accrued expenses and other liabilities	(19,188)
	(17,856)
<b>Net cash used in operating activities</b>	(77,266)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments received against issuance of units	9,708,577
Payments made against redemption of units	(7,390,756)
<b>Net cash used in financing activities</b>	2,317,821
Net increase in cash and cash equivalents	2,240,555
Cash and cash equivalents at beginning of the period	3,025,336
<b>Cash and cash equivalents as at end of the period</b>	5,265,891

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

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

- 1.1** MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2009. It was constituted under a Trust Deed dated July 10, 2009 between MCB Arif Habib Savings and Investments Limited as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984, and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the repealed Companies Ordinance, 1984.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed -e- Millat Expressway, near K.P.T Interchange, Karachi.
- 1.3** The Fund is an open-end mutual fund and has been categorised as "Money Market Scheme" by the Board of Directors of the Management Company as per the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009, and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on Pakistan Stock Exchange Limited.
- 1.4** The Fund is purely a money market fund and has a policy to invest in short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ (AM two plus plus) dated 23 June 2017 to the Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) dated 12 July 2017 to the Fund.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, 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 repealed 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 repealed 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.

In 2017, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 23 of October 04, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above.

- 2.2** This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim statement of comprehensive income, 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, 2017. Comparative information of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 are un-audited and have been included to facilitate comparison.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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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 5.9.13 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**

- 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 as at and for the year ended June 30, 2017.
- 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, 2017.
- 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.
- 3.4** The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide their email to MUFAP dated February 08, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs. 12.482 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been higher by Rs. 0.0024. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

#### 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
5.	INVESTMENTS	(Rupees in '000)	
5.1	<b>Loans and receivable</b>		
	Term deposit receipts	5.1.1 1,100,000	800,000
	Commercial papers	5.1.2 -	48,644
		<u>1,100,000</u>	<u>848,644</u>
5.2	<b>Investment at fair value through profit and loss'-held for trading</b>		
	Market Treasury Bills	5.2.1 -	-
		<u>1,100,000</u>	<u>848,644</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

## 5.1.1 Term deposit receipt - Loan and receivables

Particulars	Profit / mark- up rates	Issue date	Maturity date	At December 31, 2017	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
						%
Zarai Tarqiat Bank Limited	6.50%	14-Sep-17	13-Mar-18	1,100,000	10%	100%
<b>As at December 31, 2017</b>				<u>1,100,000</u>		
As at June 30, 2017				<u>800,000</u>		

## 5.1.2 Commercial Papers - Loans and receivables

Particulars	Profit / mark- up rates	Issue date	Maturity date	Face Value	Amortised Cost at December 31, 2017	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
							%
JS Global Capital Limited	7.91%	12-May-17	7-Nov-17	50,000	-	-	-
<b>As at December 31, 2017</b>					<u>-</u>		
As at June 30, 2017					<u>48,644</u>		

## 5.2.1 Market Treasury Bills - at fair value through profit or loss

Tenure	At July 01, 2017	Face Value			At December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchases during the period	Sales / matured during the period	At December 31, 2017	Carrying value	Market value	Appreciation		
									%
Treasury bills - 3 months	-	9,118,000	9,118,000	-	-	-	-	-	-
Treasury bills - 6 months	-	1,450,000	1,450,000	-	-	-	-	-	-
Treasury bills - 12 months	-	-	-	-	-	-	-	-	-
<b>As at December 31, 2017</b>					<u>-</u>	<u>-</u>	<u>-</u>		
As at June 30, 2017					<u>-</u>	<u>-</u>	<u>-</u>		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Note	(Un-audited) 31 December, 2017	(Audited) 30 June, 2017
(Rupees in '000)			
<b>6. ADVANCES, PREPAYMENTS AND PROFIT RECEIVABLES</b>			
Prepayments		14	261
Profit receivable on saving accounts		60,614	48,358
Profit receivable on term deposit receipts		21,352	4,416
Advance against tax deducted against bank profit		23	-
Security deposits with Central Depository Company of Pakistan Limited.		100	-
		<b>82,103</b>	<b>53,035</b>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	7.1	11,088	4,963
Provision for Federal Excise Duty and related taxes on:	7.2		
-Management fee		54,267	54,267
-Sales load		19	19
Brokerage payable		23	54
Capital gain tax		9,111	42,829
Auditor's remuneration		503	678
Printing and related expenditure		51	80
Others		2,757	1,971
		<b>77,819</b>	<b>104,861</b>

### 7.1 Provision for Sindh Workers' Welfare Fund

The Supreme Court passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 according to which there is no basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision amounted to Rs. 102.91 million and it resulted in an increase in NAV per unit of Rs. 1.56 on January 12, 2017.

Furthermore, in January 2016, the Sindh Revenue Board (SRB) had written to mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Ministry of Finance, Sindh to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds from SWWF continue. The provision made

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

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for SWWF on January 12, 2017, amounted to Rs. 3.05 million. The aggregated provision as at Dec 31, 2017 is Rs. 4.19 million. The impact of decrease in NAV per unit as at Dec 31, 2017 is Rs. 0.06.

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

### **7.2 Federal Excise Duty and related tax payable**

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order on the FED. The management is, however, of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not be reversed.

Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non banking finance companies from charge of FED on their services .

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013 to June 30, 2015. The aggregate balance of FED provision in the book of accounts of the Fund as on December 31, 2017 is Rs. 54.2 million. Had this provision not been made, the NAV of the Fund would have been higher by Rs. 0.508 per unit.

### **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2017 and June 30, 2017 other than those disclosed in note 8.1 and 8.2

### **9. ALLOCATED EXPENSES**

SRO 1160 dated November 25, 2015 issued by SECP has amended Clause 60 of NBFC Regulations, 2008. The new regulation has entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Fund has made an accrual of Rs.6.48 million for the half year ended December 31, 2017 at a rate of 0.1% of average annual net assets which is less than the actual expense allocable to the Fund.

### **10. TAXATION**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of 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. Furthermore, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The management intends to distribute at least 90% of income to be earned during current year to the unit holders, therefore, no provision for taxation has been recorded in this condensed interim financial information.

### **11. EARNINGS PER UNIT**

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

### **12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

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

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	----- (Rupees in '000) -----	
<b>MCB-Arif Habib Savings and Investments Limited</b>		
Remuneration of the Management Company (including indirect taxes)	<b>41,174</b>	22,686
Allocated expenses (including indirect taxes)	<b>6,477</b>	3,627
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee (including indirect taxes)	<b>5,168</b>	3,147
<b>MCB Bank Limited</b>		
Profit on bank deposits	<b>85</b>	204
Bank Charges	<b>11</b>	8
Sale of securities - Face Value 500,000,000	<b>493,213</b>	388,982
<b>Silk Bank Limited</b>		
Sale of securities - Face Value 1,923,000,000	<b>1,893,016</b>	808,242
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage expense*	<b>8</b>	-
<b>Next Capital Limited - Brokerage House</b>		
Brokerage expense*	<b>19</b>	1

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

	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2017</b>	<b>2017</b>
	(Rupees in '000)	
<b>MCB-Arif Habib Savings and Investments Limited</b>		
Management fee payable	<b>6,576</b>	4,379
Sindh sales tax payable on management fee	<b>855</b>	569
Allocated expenses payable	<b>1,011</b>	664
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	<b>798</b>	556
Sindh sales tax payable on trustee fee	<b>104</b>	72
<b>MCB Bank Limited</b>		
Bank deposits**	<b>13,180</b>	121,534
Profit receivable on bank deposits	<b>328</b>	323
<b>Arif Habib Limited - Brokerage House</b>		
Brokerage payable*	<b>6</b>	-
<b>Next Capital Limited - Brokerage House</b>		
Brokerage payable*	<b>-</b>	8

# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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

\*\* This includes Rs 5.246 million (June 30, 2017: 100.086 million) in saving accounts carrying profit at the rate of 3.75% (June 30, 2017: 3.75%) per annum.

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

For half year ended December 31, 2017									
Units					(Rupees in '000)				
As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 31, 2017	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 31, 2017
<b>Associated Companies</b>									
MCB - Arif Habib Savings and Investments Limited - Management Company	3,821,037	2,456,807	-	2,795,460	384,145	250,000	-	355,500	288,420
Adamjee Insurance Company Limited	10,916,806	-	-	2,550,579	1,097,332	-	-	850,000	263,154
Nishat Mills Limited Employees Provident Fund Trust	4,820,875	2,534,969	-	899,606	484,583	257,000	-	653,804	92,816
Nishat Power Limited Employees Provident Fund Trust	88,436	11,825	-	92,247	8,889	1,216	-	826	9,518
Adamjee Life Assurance Co. Ltd.-Nuil Fund	-	96,938	-	96,938	-	10,000	-	-	10,002
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	135,991	106,539	-	60,770	13,669	10,902	-	18,525	6,270
Adamjee Insurance Co.Ltd Employees Provident Fund	279,638	636,707	-	551,681	28,109	65,523	-	37,167	56,919
D.G.Khan Cement Company Ltd	-	2	-	2	-	-	-	-	-
<b>Key management personnel</b>	167,824	70,930	-	144,711	16,869	7,254	-	9,642	7,227
<b>Mandate Under Discretionary Portfolio Services</b>	12,460,494	9,603,187	-	12,401,507	1,252,500	978,600	-	984,194	1,359,473
<b>Unit holders holding 10% or more units</b>									
Security General Insurance Co. Ltd. Employees Provident Fund Trust	30,559	9,824	-	40,383	3,072	1,000	-	-	4,167
Gul Ahmed Energy Limited	13,105,120	-	-	13,105,120	1,317,513	-	-	-	1,352,710
For half year ended December 31, 2016									
Units					(Rupees in '000)				
As at July 01, 2016	Issued for cash	Bonus	Redeemed	As at December 31, 2016	As at July 01, 2016	Issued for cash	Bonus	Redeemed	As at December 31, 2016
<b>Associated Companies</b>									
MCB-Arif Habib Savings and Investments Limited (Management Company)	-	7,408,468	-	2,628,207	-	750,743	-	485,591	270,653
D.G.Khan Cement Company Limited	-	7,962,798	-	-	-	800,000	-	800,540	-
<b>Key management personnel</b>	16,845	455,460	-	141,675	1,690	46,350	-	33,772	14,590
<b>Mandate under discretionary portfolio services</b>	17,995	4,621,908	-	540,314	1,805	470,437	-	418,052	55,642







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

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