



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

PAKISTAN CASH MANAGEMENT FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	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
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	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	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Zarai Traqiati Bank Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	AM2++Asset Manager Rating assigned by PACRA	

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

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Cash Management Fund's** accounts review 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 4.70% as against its benchmark return of 5.25%. The fund has decreased the allocation in Cash to 51.1% at period end from 55.4% as at June 2017. The Net Assets of the Fund as at December 31, 2017 stood at Rs.562 million as compared to Rs. 628 million as at June 30, 2017 registering a decrease of 10.51%. The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs. 51.4709 as compared to NAV of Rs. 50.2794 per unit as at June 30, 2017 registering an increase of Rs.1.1915 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) CPÉC 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

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

ابتدائی NAV (50.2794 روپے فی یونٹ) کے مقابلے میں 1.1915 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 پریمز (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 سست رہے 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 کا ردِ 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 محتاط 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 ڈائریکٹرز 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، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ
وائس چیئرمین / ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
23 فروری 2018ء

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیش مینجمنٹ فنڈ 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۔

پراویٹل اقتصادی خسارے 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 کھٹتی 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 پنچ 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 ماہانہ 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

دورانِ مدت فنڈ کا ایک سال پر محیط منافع 4.70% تھا، جبکہ مقررہ معیار 5.25% ہے۔ اختتامِ مدت پر فنڈ کی نقد میں سرمایہ کاری 55.4% (جون 2017) سے کم ہو کر 51.1% رہ گئی تھی۔ 31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 562 ملین روپے تھے، جو 30 جون 2017 (628 ملین روپے) کے مقابلے میں 10.51% کمی ہے۔ 31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 51.4709 روپے تھی، جو 30 جون 2017 کی

TRUSTEE REPORT TO THE UNIT HOLDERS



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 ended 31st December 2017 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

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 21, 2018

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



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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 **Pakistan Cash Management Fund** (the Fund) as at 31 December 2017, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: February 26, 2018

Karachi

A member firm of Ernst & Young Global 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) -----	
ASSETS			
Balances with banks	5	575,934	362,099
Investments	6	549,820	289,584
Mark-up and other receivables		1,011	1,784
Advances and prepayments		273	383
Total assets		1,127,038	653,850
LIABILITIES			
Payable to the Management Company		377	1,156
Payable to the Trustee		226	-
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)		354	9
Payable against purchase of investments		549,820	-
Accrued and other liabilities	7	14,510	24,852
Total liabilities		565,287	26,017
NET ASSETS		561,751	627,833
Unit holders' fund (as per statement attached)		561,751	627,833
Contingencies and commitments	8		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		10,913,949	12,486,887
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		51.4709	50.2794

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

*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, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	(Rupees in '000)			
INCOME				
Net gain / (loss) on sale of investments	289	(266)	243	(54)
Income from Government securities	19,113	33,042	5,282	14,395
Markup on bank deposits	9,657	11,059	4,669	7,635
Back end load	10	3	-	1
Net unrealised appreciation on revaluation of investments 'at fair value through profit or loss - held-for-trading'	-	-	-	56
Total income	29,069	43,838	0,194	22,033
EXPENSES				
Remuneration of the Management Company	2,904	4,390	1,017	2,203
Sales tax on remuneration of the Management Company	378	571	132	287
Expenses allocated by the Management Company and related taxes	532	820	185	406
Remuneration of the Trustee	1,200	-	600	-
Sales tax on trustee fee	156	-	78	-
Annual fee to SECP	354	-	123	-
Auditors' remuneration	274	-	37	-
Brokerage and settlement charges	104	56	8	27
Provision for Sindh Workers' Welfare Fund (SWWF)	456	-	55	-
Other expenses	356	-	77	-
Total expenses	6,714	5,837	2,612	2,923
Net income for the period	22,355	38,001	7,582	19,110
Net element of loss included in prices of units issued less those in units redeemed	-	(1,971)	-	(157)
Net income for the period before taxation	22,355	36,030	7,582	18,953
Taxation	9	-	-	-
Net income for the period after taxation	22,355	36,030	7,582	18,953
Allocation of net income for the period:				
Net income for the period after taxation	22,355		7,582	
Income already paid on units redeemed	(10,655)		(7,103)	
	11,700		479	
Accounting income available for distribution:				
- Relating to capital gains	51		15	
- Excluding capital gains	1,549		464	
	11,700		479	

Earnings per unit

10

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----			
Net income for the period after taxation	22,355	36,030	7,582	18,953
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	22,355	36,030	7,582	18,953

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

*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	December 31, 2016
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	22,355	36,030
Adjustments for:		
Net element of loss included in prices of units issued less those in units redeemed	-	1,971
	22,355	38,001
Decrease / (increase) in assets		
Investments	65,200	1,274,258
Mark-up and other receivables	773	-
Advances and prepayments	110	(2,120)
	66,083	1,272,138
Increase / (decrease) in liabilities		
Payable to the Management Company	(779)	90
Payable to the Trustee	226	-
Annual fee payable to SECP	345	-
Payable against purchase of investments	549,820	-
Accrued and other liabilities	(10,342)	2,398
	539,270	2,488
Net cash generated from operating activities	627,708	1,312,627
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	1,164,446	1,094,524
Payments on redemption of units	(1,252,883)	(1,741,291)
Net cash used in financing activities	(88,437)	(646,767)
Net increase in cash and cash equivalents during the period	539,271	665,860
Cash and cash equivalents at beginning of the period	536,499	756,620
Cash and cash equivalents at end of the period	11 1,075,770	1,422,480

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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 (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31, 2017			December 31, 2016
	(Rupees in '000)			
	Capital Value	Undistributed income / (loss)	Unrealised (diminution) / appreciation on available for sale investments	Total
Net assets at beginning of the period	627,536	297	-	627,833
Issuance of 23,090,460 units (2016: 21,522,868 units)				1,992,982
- Capital value (at net asset value per unit at the beginning of the period)	1,160,974	-	-	1,159,284
- Element of Income	3,472	-	-	5,162
Total proceeds on issuance of units	1,164,446	-	-	1,164,446
Redemption of 24,663,398 units (2016: 34,365,194 units)				1,094,524
- Capital value (at net asset value per unit at the beginning of the period)	(1,240,060)	-	-	1,160,974
- Amount paid out of element of income	-	(10,655)	-	(10,655)
- Relating to 'Net income for the period after taxation'	-	-	-	-
- Relating to 'Other comprehensive income for the period'	(2,168)	-	-	(2,168)
- Refund / adjustment on units as element of loss	(1,242,228)	(10,655)	-	(1,252,883)
Total payments on redemption of units				1,741,291
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	1,971
Total comprehensive income for the period	-	22,355	-	22,355
Distribution during the period	-	-	-	-
Net income for the period less distribution	-	22,355	-	22,355
Net assets at end of the period	549,754	11,997	-	561,751
Undistributed income brought forward comprising of:				
- Realised gain	308			4,974
- Unrealised (loss) / gain	(11)			20
	297			4,994
Accounting income available for distribution				
- Relating to capital gains	151			
- Excluding capital gains	11,549			
	11,700			
Net income for the period after taxation	-			33,352
Distribution during the period	-			-
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised loss	-			(2,678)
Undistributed income carried forward	11,997			35,668
Undistributed income carried forward comprising of:				
- Realised gain	11,997			35,668
- Unrealised gain / (loss)	-			-
	11,997			35,668

	(Rupees)	(Rupees)
Net assets value per unit at beginning of the period	50.2794	50.2062
Net assets value per unit at end of the period	51.4709	51.5467

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Cash Management Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008.
- 1.2** Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3** The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** The Fund is categorised as "money market scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in treasury bills, short term government instruments and reverse repurchase transactions against government securities.
- 1.5** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.6** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' dated December 28, 2017 to the Management Company and has assigned stability rating of 'AAA(f)' dated July 12, 2017 to the Fund.
- 1.7** Title to the assets of the Fund is held in the name of MCB Financial Services Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1** These condensed interim financial statements for the half year ended December 31, 2017, have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', provisions of and directives issued under the repealed Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP prevail.
- 2.2** Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered of Pakistan also issued clarification vide its circular dated October 06, 2018 which states the interim financial statements of companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 2.3** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2017.
- 2.4** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2017 and December 31, 2016 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.5** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2017.
- 2.6** These condensed interim financial statements are presented in Pak rupees, which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017, except as described in note 3.1 and 3.2 below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

3.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of interests in Other Entities - Clarification of the scope of the disclosure Requirement

The adoption of the above standards, amendment and improvement to accounting standards did not have any effect on the condensed interim financial statements.

3.2 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 03, 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 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 01, 2017 as required by SECP vide its S.R.O. No. 756(I) / 2017 dated August 03, 2017. 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 the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs.9.260 million. 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.

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

4. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund is 0.72% as on December 31, 2017 (December 31, 2016: 0.41%) and this includes 0.15% (December 31, 2016: 0.04%) representing Government Levy and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as a money market scheme.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

5. BALANCES WITH BANKS

Deposit accounts

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
5.1	575,934	362,099

5.1 These carry mark-up at rates ranging between 3.75% to 6.15% (June 30, 2017: 3.75% to 6.18%) per annum and include balance of Rs.2.103 million (June 30, 2017: Rs.6.499 million) with MCB Bank Limited (a related party).

6. INVESTMENTS

Investment by Category

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
6.1	549,820	289,584

'At fair value through profit or loss - held-for-trading'
Government securities

6.1 Government securities

Name of security	Note	Date of Issue	Face value			Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2017	Purchased during the period	Disposed / matured during the period	As at December 31, 2017	Carrying value	Market value		
(Rupees in '000)										
Market Treasury Bills										
Treasury bill - 3 months	6.1.1	Oct 12, 2017	175,000	4,862,500	4,537,500	500,000	499,836	499,836	88.98	90.91
Treasury bill - 6 months	6.1.2	July 06, 2017	116,000	500,000	566,000	50,000	49,984	49,984	8.90	9.09
December 31, 2017							549,820	549,820	97.88	100.00
June 30, 2017							289,595	289,584	(11)	

6.1.1 This will mature latest by January 04, 2018 (June 30, 2017: August 03, 2017) and carry effective yield at the rate of 5.95% (June 30, 2017: 5.93% to 5.98%) per annum.

6.1.2 This will mature latest by January 04, 2018 (June 30, 2017: August 17, 2017) and carry effective yield at the rate of 5.97% (June 30, 2017: 5.93% to 5.99%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

(Un-Audited) (Audited)
December 31, June 30,
2017 2017
----- (Rupees in '000) -----

7. ACCRUED AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	1,653	1,197
Federal Exercise Duty payable on management fee	7.2	11,933	11,933
Withholding tax payable		215	11,404
Brokerage payable		9	42
Others		700	276
		<u>14,510</u>	<u>24,852</u>

7.1 There is no change in the status of the SWWF as reported in note 12.1 to the annual financial statements of the Fund for the year ended June 30, 2017.

7.2 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in note 14 to the annual financial statements of the Fund for the year ended June 30, 2017.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2017.

9. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in cash in the manner as explained above, accordingly no provision for taxation has been made in these condensed interim financial statements.

10. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

11. CASH AND CASH EQUIVALENTS

----- (Un-Audited) -----		
Note	December 31, 2017	December 31, 2016
----- (Rupees in '000) -----		
Balances with banks	575,934	1,422,480
Treasury bills maturing within 3 months	499,836	-
	<u>1,075,770</u>	<u>1,422,480</u>

12. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

12.1 Unit Holders' Fund

	December 31, 2017					
	As at July 01, 2017	Issued for cash	Redeemed	As at December 31, 2017	Issued for cash	As at December 31, 2017
		Units			(Rupees in '000)	
Associated company						
Arif Habib Dolmen REIT Management Limited	2,250	-	-	2,250	113	116
Key management personnel						
	13,189	-	-	13,189	663	679
Mandate under discretionary portfolio services						
	146,410	-	-	146,410	7,362	7,536
Unit holders holding 10% or more units						
International School of Islamabad -						
Employees' Provident Fund	2,414,353	-	-	2,414,353	121,408	124,269
IGI Life Insurance Limited	-	5,026,790	3,603,084	1,423,706	253,915	73,279
Central Depository Company Limited (CDC)	1,231,112	-	8,355	1,222,757	61,908	62,936

	December 31, 2016				
	As at July 01, 2016	Issued for cash	Redeemed	As at December 31, 2016	As at December 31, 2016
		Units			
				As at July 01, 2016	Issued for cash (Rupees in '000)
Associated company					
Arif Habib Dolmen REIT Management Limited	2,121	-	-	2,121	106
					-
Unit holders holding 10% or more units					
Fauji Oil Terminal & Distribution Company Limited	6,185,895	-	1,265,988	4,919,907	-
BF Biosciences Limited	5,126,903	-	783,527	4,343,376	64,624
				223,887	39,828
					257,402

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)**

	----- (Un-Audited) -----	
	Half year ended	
	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----	
12.2 Transactions during the period:		
MCB Arif Habib Savings and Investment Limited - Management Company		
Remuneration (including indirect taxes)	3,282	4,961
Expense allocated by the Management Company and related sales tax	532	820
Bank charges received	-	191
Group / Associated Companies		
MCB Bank Limited		
Mark-up on bank deposits	137	176
Purchase of securities having face value Rs.125,000,000 (2016: Nil)	123,466	-
MCB Financial Services Limited - Trustee		
Remuneration including indirect taxes	1,356	-
Silk Bank Limited		
Purchase of securities having face value Rs.527,500,000 (2016: Rs Nil)	522,327	-
Next Capital Limited		
Brokerage expense *	-	0.33
Arif Habib Limited		
Brokerage expense *	1	-
	(Un-Audited)	(Audited)
	December 31,	June 30,
	2017	2017
	----- (Rupees in '000) -----	
12.3 Balances outstanding at period / year end:		
MCB Bank Limited		
Balance with bank	2,103	6,499
Markup receivable on bank deposits	86	96
MCB Arif Habib Savings and Investment Limited - Management Company		
Remuneration payable	291	719
Sales tax on management fee	38	93
Trustee fee payable	-	68
Audit fee payable	-	9
Rating fee payable	-	141
Legal fee payable	-	1
Listing fee payable	-	1
Settlement charges payable	-	2
Expenses payable to Management Company	48	122
MCB Financial Services Limited - Trustee		
Remuneration payable (including indirect taxes)	226	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

* The amount disclosed represents the amount of brokerage paid / payable 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.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected the condensed interim financial information.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		December 31, 2017						
Note		Carrying amount		Fair value				
		Fair value through profit or loss - held for trading	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees)						
		Total		Total				
Financial assets measured at fair value								
13.1	Market treasury bills	549,820	-	549,820	-	549,820	-	549,820
		549,820	-	549,820	-	549,820	-	549,820
Financial assets not measured at fair value								
13.2	Balances with banks	-	575,934	575,934				
	Mark-up and other receivables	-	1,011	1,011				
		-	576,945	576,945				
Financial liabilities not measured at fair value								
13.2	Payable to the Management Company	-	339	339				
	Payable to the Trustee	-	200	200				
	Payable against purchase of investments	-	549,820	549,820				
	Accrued and other liabilities	-	392	392				
		-	550,751	550,751				

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	June 30, 2017				
	Fair value through profit or loss - held for trading	Carrying amount Other financial assets / financial liabilities	Total	Level 1 Level 2 Level 3	Fair value Total
Financial assets measured at fair value					
Market treasury bills	289,584	-	289,584	-	289,584
	289,584	-	289,584	-	289,584
Financial assets not measured at fair value					
Balances with banks	-	362,099	362,099		
Mark-up and other receivables	-	1,784	1,784		
	-	363,883	363,883		
Financial liabilities not measured at fair value					
Payable to the Management Company	-	1,063	1,063		
Accrued and other liabilities	-	42	42		
	-	1,105	1,105		

During the period ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

13.1 Valuation techniques used in determination of fair values within level 2:

Fair values of Market Treasury Bills are derived using PKRV rates (Reuters page).

13.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

14. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 23, 2018 by the Board of Directors of the Management Company.

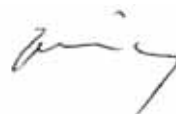
*For MCB-Arif Habib Savings and Investments Limited
(Management Company)*



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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