

Quarterly Report

March 31, 2014
(Unaudited)



**Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited**
(formerly: Arif Habib Investments Ltd.)

**PAKISTAN
CASH MANAGEMENT FUND**

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FUND'S INFORMATION

| | | |
|--|--|--|
| Management Company | MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi | |
| Board of Directors of the Management Company | Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad | Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib | Chairman Member Member |
| Human Resource Committee | Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri | Chairman Member Member Member Member |
| Company Secretary & Chief Operating Officer | Mr. Muhammad Saqib Saleem | |
| Chief Financial Officer | Mr. Umair Ahmed | |
| Trustee | Habib Metropolitan Bank Limited 8th Floor, HBZ Building I.I. Chundrigar Road, Karachi. | |
| Bankers | MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Allied Bank Limited Faysal Bank Limited | |
| Auditors | M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350 | |
| Legal Advisor | Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530 | |
| Transfer Agent | MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi | |
| Rating | AM2 - Management Quality Rating assigned by PACRA | |

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Cash Management Fund's** accounts review for the nine months ended March 31st 2014.

ECONOMY AND MONEY MARKET OVERVIEW

Despite implementation of fiscal reforms, inflation managed to remain in the single digit with CPI averaging around 8.64% during the first nine months of current fiscal year. The Current Account balance remained in pressure posting a deficit of \$2.02 billion during the 8MFY14 as opposed to deficit of USD \$0.83 billion reported in corresponding period last year. Last year's saving grace came in the form of proceeds under Coalition Support Funds (CSF) where the country received \$1.806bn in 1HFY13 as opposed to inflows of \$675 million received during the first nine months of the current fiscal year.

During the year, the country successfully managed to enter into a three-year \$6.6 billion loan program with IMF. Out of total financing of around \$2.2 billion scheduled for FY14 under IMF Extended Fund Facility (EFF), the country received three tranches of around \$540 million each during 9MFY14. While out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$2.52 billion to IMF during 9MFY14.

The reserves remained under pressure given that the country was scheduled to repay \$4.524 billion to foreign donors during 9MFY14. However, generosity on the part of multilateral agencies and close allies helped improve reserve balance to \$9.86 billion as on 28-March-2014 from the nine-month low of \$7.59 billion touched on 7-February-2014. Not to mention, the country received \$1.5 billion from a friendly country in March 2014. Hence, the local currency managed to appreciate to Rs98 against dollar towards the end of the 3QFY14 after touching a record low of Rs108.6 against dollar on 5-December-2013.

Although the government had twice announced 50 bps hikes in the discount rate in the monetary policy held in September and November, decrease in inflationary pressures and improvement in foreign reserve balance during 3QFY14 point towards monetary easing down the line.

The Money Market was moderately short of liquidity during FY14 where on numerous occasions financial institutions utilized ceiling in order to manage liquidity efficiently. The yield curve adjusted significantly upwards during the ongoing fiscal year, with 6-month PKRV at around 10% as on 31- March 2014 as opposed to 8.92% as on 30-June- 2013.

PKRV for PIBs remained volatile during the year. Despite stable to declining interest rate outlook on account of increase in foreign reserves balance, which resulted in Rupee appreciation and appeased inflationary pressures, interest rate on PIB increased towards the end of the 3QFY14 on the back of the government's growing appetite to raise money through longer tenure papers. This can be gauged from the fact that the Government managed to raise a total of Rs 974bn through PIB auction in 3QFY14 as opposed to the target of Rs 180 billion.

M2 has expanded by 5.14% during the 9MFY14 (till 28th March) as opposed to expansion of 8.83% during the same period last year. At the same time, the net borrowing from the banking system increased by Rs 502.7 billion as opposed to Rs 856.5 billion raised during the same period last year.

FUND PERFORMANCE

During the quarter under review, the fund generated an annualized return of 8.14% as against its benchmark return of 9.21%, an under performance of 1.4%.

The fund remained significantly invested in Treasury bills throughout the period with a focus on adjusting its portfolio duration to capitalize on the fluctuating liquidity and interest rates in the market. Investments in T-Bills remained around 86.4% at the end of the period as compared to initial allocation of 76.6%.

The Net Asset of the Fund as at March 31, 2014 stood at Rs. 3.501 billion as compared to Rs 2.557 billion as at June 30, 2013 registering an increase of 36.92%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 50.0750 as compared to opening NAV of Rs.50.4999 per unit as at June 30, 2013 registering a decrease of Rs. 0.4249 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Income Distribution

During the period The Management Company has announced the following interim distribution

| Date of distribution | Per unit distribution |
|----------------------|-----------------------|
| | Re. |
| July 25, 2013 | 0.2743 |
| August 25, 2013 | 0.3047 |
| September 25, 2013 | 0.3238 |
| October 25, 2013 | 0.3250 |
| November 25, 2013 | 0.3172 |
| December 25, 2013 | 0.3449 |
| January 25, 2014 | 0.3370 |
| February 25, 2014 | 0.3671 |
| March 25, 2014 | 0.3012 |

FUTURE OUTLOOK


The government expects reserve position to improve further towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies. The country is scheduled to pay more than \$1.2 billion to external official creditors in the last quarter, while the government is eyeing to raise foreign inflows through Euro bonds, 3G auction, and outstanding payments from Etisalat.

Earnings growth is expected to continue in E&P, Power and Cement sector, while the rupee appreciation bodes well for pharmaceutical and chemical companies. Rupee strengthening after a long slide has contributed towards a change in the outlook. The budgeted implications of a stronger rupee will unfold in the next few months. Going forward, fixed income funds are expected to strengthen on the back of widening gaps between short and mid-term yields.

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.

For and on behalf of the board



Yasir Qadri
Chief Executive Officer
Karachi: April 21, 2014

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

| | Note | Un-Audited March 31, 2014 ------(Rupees in '000) ----- | Audited June 30, 2013 ----- |
|--|------|---|--------------------------------------|
| ASSETS | | | |
| Balances with banks | | 480,916 | 601,898 |
| Investments | 6 | 3,051,701 | 1,977,423 |
| Profit receivable | | 1,018 | 58 |
| Receivable against sale of units | | - | 860 |
| Receivable from Management Company | | 95 | 100 |
| Total assets | | 3,533,730 | 2,580,339 |
| LIABILITIES | | | |
| Payable to Management Company | | 3,123 | 2,353 |
| Accrued expenses and other liabilities | 7 | 29,553 | 21,075 |
| Total liabilities | | 32,676 | 23,428 |
| NET ASSETS | | 3,501,054 | 2,556,911 |
| UNIT HOLDERS' FUND | | 3,501,054 | 2,556,911 |
| Contingencies and commitments | 8 | | |
| (Number of units) | | | |
| Number of units in issue | | 69,916,174 | 50,631,960 |
| ------(Rupees)----- | | | |
| Net asset value per unit | | 50.0750 | 50.4999 |

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



Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| | | Nine months ended March 31, | | Quarter ended March 31, | |
|---------------------------|--|--------------------------------|---------|----------------------------|--------|
| | | 2014 | 2013 | 2014 | 2013 |
| Note | | (Rupees in '000) | | | |
| INCOME | | | | | |
| | | 213,780 | 202,273 | 80,383 | 44,947 |
| | | 4,773 | 5,748 | 5,293 | 183 |
| | | 16,782 | 5,045 | 2,857 | 2,805 |
| | | 13 | 62 | 13 | 62 |
| | | | | - | |
| | | (921) | (253) | 817 | (578) |
| | | 234,426 | 212,875 | 89,362 | 47,419 |
| OPERATING EXPENSES | | | | | |
| | | 23,657 | 21,285 | 8,847 | 4,739 |
| | | 8,176 | 3,406 | 3,058 | 759 |
| | | 169 | 97 | 94 | 56 |
| | | 48 | - | 18 | (38) |
| | | - | 145 | - | 44 |
| | | 32,050 | 24,933 | 12,017 | 5,560 |
| | | 202,376 | 187,942 | 77,345 | 41,859 |
| | | (1,170) | (2,607) | (2,497) | 453 |
| | | (4,024) | (3,707) | (1,497) | (845) |
| | | 197,182 | 181,628 | 73,351 | 41,467 |
| | | - | - | - | - |
| | | 197,182 | 181,628 | 73,351 | 41,467 |
| | | - | - | - | - |
| | | 197,182 | 181,628 | 73,351 | 41,467 |
| | | | | | |

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


Chief Executive Officer

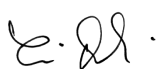
MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

| | | Nine months ended March 31, | | Quarter ended March 31, | |
|------|---|--------------------------------|-----------|----------------------------|----------|
| | | 2014 | 2013 | 2014 | 2013 |
| Note | | (Rupees in '000) | | | |
| | Undistributed income brought forward | 25,323 | 6,075 | 3,101 | 6,928 |
| | Final distribution of 506,319 units for the year ended June 30, 2013: Re 0.50 per unit (2012: Re Nil per unit) | (25,316) | - | - | - |
| | Interim distributions during the nine months ended March 31, 2014 and March 31, 2013 respectively | | | | |
| | - Bonus | (191,939) | (178,048) | (71,202) | (41,630) |
| | - Cash | - | (326) | - | - |
| | | (217,255) | (178,374) | (71,202) | (41,630) |
| | Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed | - | (2,063) | - | 501 |
| | Net income for the period after taxation | 197,182 | 181,628 | 73,351 | 41,467 |
| | Undistributed income carried forward | 5,250 | 7,266 | 5,250 | 7,266 |

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



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|--------------------------------|------------------|----------------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | ----- (Rupees in '000) ----- | | | |
| Net assets at beginning of the period | 2,556,911 | 3,834,263 | 3,883,734 | 2,216,378 |
| Issue of 100,530,519 (2013: 64,977,483) units and 22,023,423 (2013:20,361,035) units for the nine months and quarter respectively | 4,455,836 | 3,264,115 | 1,103,522 | 1,022,009 |
| Issue of 4,342,052 (2013: 3,555,349) bonus units and 1,424,158 (2013:831,257) units for the nine months and quarter respectively | 217,261 | 178,048 | 71,202 | 41,630 |
| Redemption of 85,591,357 (2013: 94,578,998) units and 31,144,037 (2013:15,403,892) units for the nine months and quarter respectively | (3,710,045) | (4,749,147) | (1,562,050) | (746,261) |
| | 963,052 | (1,306,984) | (387,326) | 317,378 |
| Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed | | | | |
| - amount representing loss and capital losses - transferred to income statement | 1,170 | 2,607 | 2,497 | (453) |
| - amount representing loss and capital losses - transferred to distribution statement | - | 2,063 | - | (501) |
| | 1,170 | 4,670 | 2,497 | (954) |
| Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - amount representing unrealised loss and capital losses | - | (2,063) | - | 501 |
| Net income for the period transferred from the distribution statement | | | | |
| - Capital gain on sale of investments | 4,773 | 5,748 | 5,293 | 183 |
| - Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | (921) | (253) | 817 | (578) |
| - Other net income for the period | 193,330 | 176,133 | 67,241 | 41,862 |
| - Distributions made during the year (Refer distribution statement) | (217,261) | (178,374) | (71,202) | (41,630) |
| | (20,079) | 3,254 | 2,149 | (163) |
| Net assets as at end of the period | 3,501,054 | 2,533,140 | 3,501,054 | 2,533,140 |

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


 Chief Executive Officer

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


 Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|--------------------------------|-------------|----------------------------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| Note ----- | ----- (Rupees in '000) ----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income for the period before taxation | 197,182 | 181,628 | 73,351 | 41,467 |
| Adjustments | | | | |
| Net unrealised diminution / (appreciation) in the fair value of investments classified 'as financial assets at fair value through profit or loss' | 921 | 253 | (817) | 578 |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net | 1,170 | 2,607 | 2,497 | (453) |
| Amortisation of preliminary expenses and floatation costs | - | 145 | - | 44 |
| | 199,273 | 184,633 | 75,031 | 41,636 |
| Working capital changes | | | | |
| Decrease / (increase) in assets | | | | |
| Investments | (1,075,199) | 798,040 | (1,707,888) | 24,835 |
| Profit receivable | (960) | (828) | 1,883 | (1,592) |
| Receivable against sale of units | 860 | (620) | - | 24,440 |
| Receivable against investments | | (392,650) | | (392,650) |
| Receivable from Management Company | 5 | 18 | (33) | 74 |
| | (1,075,294) | 403,960 | (1,706,038) | (344,893) |
| (Decrease) / increase in liabilities | | | | |
| Payable to Management Company | 770 | (2,558) | (393) | (402) |
| Accrued expenses and other liabilities | 8,478 | 3,557 | 3,146 | 727 |
| | 9,248 | 999 | 2,753 | 325 |
| Net cash generated from operating activities | (866,773) | 589,592 | (1,628,254) | (302,932) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts from issue of units | 4,455,836 | - | 1,103,522 | 1,022,009 |
| Payments on redemption of units | (3,710,045) | (1,485,032) | (1,562,050) | (746,261) |
| Cash dividend paid | - | (326) | - | |
| Net cash generated from / (used in) financing activities | 745,791 | (1,485,358) | (458,528) | 275,748 |
| Net increase in cash and cash equivalents during the period | (120,982) | (895,766) | (2,086,782) | (27,184) |
| Cash and cash equivalents at beginning of the period | 601,898 | 3,005,984 | 3,910,694 | 2,137,402 |
| Cash and cash equivalents at end of the period | 480,916 | 2,110,218 | 1,823,912 | 2,110,218 |

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


Chief Executive Officer

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


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

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 (the Management Company) and Habib Metropolitan Bank Limited as trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008 and was executed on February 8, 2008.
- 1.2 Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from 27 June 2011.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4 The Fund is an open-ended mutual fund and is listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been characterized as a "money market scheme" by the Management Company.
- 1.5 The Fund is allowed to invest in treasury bills, short term government instruments and reverse repurchase transactions against government securities and uninvested portion is deposited in bank accounts.
- 1.6 Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 d to the management company and AAA(f) as stability rating to the Fund.
- 1.7 Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as a trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

- 2.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2013.

The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2014 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2013, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the period ended 31 March 2013.

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'. This condensed interim financial information are unaudited.

The Directors of the asset management company declare that this condensed interim financial information give a true and fair

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

view of the Fund.

2.3 This condensed interim financial information has been prepared on the basis of historical cost convention except that investments have been included at fair value.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2013.

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the fund operations and did not resulted in change to the funds operation and did not resulted in change in accounting policy of the fund except for, where applicable, change in presentation and additional disclosures.

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013.

5. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with that disclosed in the financial statements of the Fund as at and for the year ended June 30, 2013.

| Note | Un-audited March 31, 2014 | Audited June 30, 2013 |
|------|---------------------------------|-----------------------------|
| | ----- | ----- |
| | (Rupees in '000) | |

6. INVESTMENTS

At fair value through profit or loss

| | | | |
|-----------------------|-----|------------------|------------------|
| Market Treasury Bills | 6.1 | <u>3,051,701</u> | <u>1,977,423</u> |
|-----------------------|-----|------------------|------------------|

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

6.1 At fair value through profit or loss

| Particulars | Face value | | | | Balance as at December 31, 2013 | | | Market value as a percentage of net assets | Market value as a percentage of total investment |
|-------------|--------------------|-----------------------------|-----------------------------------|----------------------|---------------------------------|--------------|-----------------------------|--|--|
| | As at July 1, 2013 | Purchases during the period | Sales / Matured during the period | As at March 31, 2014 | Carrying value | Market value | Appreciation / (Diminution) | | |

(Rupees in '000)

Market Treasury Bills

| | | | | | | | | | |
|-----------------------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|--------------|-------|--------|
| Treasury Bill - 3 Months | 1,351,000 | 16,663,384 | 14,928,600 | 3,085,784 | 3,052,622 | 3,051,701 | (921) | 87.17 | 100.00 |
| Treasury Bill - 6 Months | 5,500 | | 5,500 | - | - | - | - | - | - |
| Treasury Bill - 12 Months | 634,000 | 3,703,900 | 4,337,900 | - | - | - | - | - | - |
| Total as at March 31, 2014 | 1,990,500 | 20,367,284 | 19,272,000 | 3,085,784 | 3,052,622 | 3,051,701 | (921) | | |

Total as at June 30, 2013

1,976,994 1,977,423 428

7. ACCRUED EXPENSES AND OTHER LIABILITIES

| | Note | Un-Audited March 31, 2014 (Rupees in '000) | Audited June 30, 2013 |
|---|------|---|-----------------------------|
| Federal Excise Duty on remuneration of Management Company | 7.1 | 4,622 | 231 |
| Provision for Workers Welfare Fund | 7.2 | 24,670 | 20,646 |
| Capital Gain Tax Payable | | 61 | 76 |
| Zakat Payable | | 78 | 64 |
| Legal and professional charges | | 96 | 48 |
| Withholding Tax Payable | | 4 | 4 |
| Brokerage Payable | | 23 | 6 |
| | | 29,553 | 21,075 |

7.1 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. However the fund has filed a petition in the Sindh High Court (SHC) challenging the levy of FED on assets management services. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED in this condensed interim financial information which aggregates to Rs. 4.62 million as at March 31, 2014. In case the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to the authorities. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.066 per unit.

7.2 PROVISION FOR WORKER'S WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain Collective Investment Schemes (CISs) through their trustees in the Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

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

As the matter relating to levy of WWF on CISs is currently pending in the SHC, the Management Company has decided to retain and continue with the provision for WWF in its books of account and condensed interim financial information which aggregates to Rs. 24.67 million as at March 31, 2014. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.35 per unit.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2014

9 TAXATION

The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised, is distributed amongst the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Ordinance as the management intends to distribute at least 90% of income earned during current year to the unit holders therefore, no provision for taxation has been recorded in this condensed interim financial information.

10. Earnings per unit

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

11 INTERIM DISTRIBUTIONS

The Fund makes distribution on a monthly basis and has made following distributions during the period.

| Date | | Rate Per Unit | Bonus * | |
|--------------------|-----|---------------|------------------|--------------------------|
| | | | Units | Amount Rupees in '000 |
| July 25, 2013 | Re. | 0.2743 | 278,067 | 13,903 |
| August 25, 2013 | Re. | 0.3047 | 379,469 | 18,973 |
| September 25, 2013 | Re. | 0.3238 | 390,906 | 19,545 |
| October 25, 2013 | Re. | 0.325 | 427,153 | 21,358 |
| November 25, 2013 | Re. | 0.3172 | 430,204 | 21,510 |
| December 25, 2013 | Re. | 0.3449 | 508,776 | 25,441 |
| January 25, 2014 | Re. | 0.377 | 538,923 | 26,946 |
| February 25, 2014 | Re. | 0.3671 | 500,074 | 25,004 |
| March 25, 2014 | Re. | 0.3012 | 385,150 | 19,258 |
| | | | 3,838,722 | 191,939 |

* Bonus units have been distributed to the unit holders under plan A for all type of investors.

As per Clause 12 of the Trust Deed and Clause 6 of Part VI of the Offering Document, the Management Company on behalf of the Fund on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned upto 25th of each month may be distributed by the Management Company. The Board of Directors on September 22, 2008 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund upto the 25th of each month. The SECP vide letter no. NBFC - II.DD / AHIL / Misc-734 / 2009 has approved the above arrangement.

12. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

12.1 Details of transactions with connected persons are as follows:

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|--------------------------------|--------|----------------------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | ----- (Rupees in '000) ----- | | | |
| MCB - Arif Habib Investment Management Limited (formerly: Arif Habib Investments Limited) | | | | |
| Performance fee for the period including indirect taxes | 31,833 | 24,691 | 11,905 | 5,498 |
| Bank charges received | 100 | - | 100 | - |
| Habib Metropolitan Bank Limited - Trustee | | | | |
| Profit on bank deposits | 605 | 1,926 | 207 | 517 |
| MCB Bank Limited | | | | |
| Profit on bank deposits | 1,594 | 845 | 381 | 253 |
| Central Depository Company of Pakistan Limited | | | | |
| Issue of 16,027,357 units (2013: Nil) and 698,161 units (2013: Nil units) for the nine months and quarter respectively | 802,665 | - | 35,000 | - |
| Redemption of 13,623,625 units (2013: Nil) and nil units (2013: Nil) for the nine months and quarter respectively | 682,665 | - | - | - |
| Issue of 642,966 Bonus units (2013: nil units) and 201,549 units (2013: Nil) for the nine months and quarter respectively | 32,148 | - | 10,077 | - |
| Arif Habib REIT Management Limited | | | | |
| Issue of 94 (2013: nil) bonus units and 28 (2013: Nil) bonus units for the nine months and quarter respectively | 5 | - | 2 | - |
| Adamjee Life Assurance Company Limited (Investment Multiplier Fund) | | | | |
| Issue of 150,178 units (2013: Nil) and Nil units (2013: Nil) for the nine months and quarter respectively | 7,545 | - | - | - |
| Redemption of 139,343 units (2013: Nil) and Nil units (2013: nil) for the nine months and quarter respectively | 7,000 | - | - | - |
| Issue of 1,470 bonus units (2013: Nil) and 244 units (2013: nil) units for the nine months and quarter respectively | 74 | - | 13 | - |
| Adamjee Life Assurance Company Limited (NUIL Fund) | | | | |
| Issue of 1,918,084 units (2013: Nil) and 1,918,084 Nil units (2013: Nil) for the nine months and quarter respectively | 96,370 | - | 96,370 | - |
| Redemption of 1,910,992 units (2013: Nil) and 1,910,992 units (2013: nil) for the nine months and quarter respectively | 96,000 | - | 96,000 | - |
| Issue of 12,576 bonus units (2013: Nil) and 12,576 units (2013: nil) units for the nine months and quarter respectively | 629 | - | 629 | - |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|--------------------------------|--------|----------------------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | ----- (Rupees in '000) ----- | | | |
| ADAMJEE LIFE ASSURANCE CO.LTD.(Investment Secure Fund) | | | | |
| Issue of 2,426,546 units (2013: nil) and units (2013:nil) for the nine months and quarter respectively | 121,912 | - | - | |
| Redemption of 2,538,354 units (2013: Nil) and 2013: 2,538,354 units (2013:nil) for the nine months and quarter respectively | 126,918 | - | 126,918 | |
| Issue of 111,808 bonus units (2013: nil) and 35,371units for the nine months and quarter respectively | 5,590 | | 1,768 | |
| ADAMJEE LIFE ASSURANCE CO.LTD.(Investment Secure Fund-II) | | | | |
| Issue of 522,934 units (2013: nil) and units (2013:nil) for the nine months and quarter respectively | 26,274 | - | - | - |
| Redemption of 517,596 units (2013: nil) and nil units for the nine months and quarter respectively | 26,000 | - | - | - |
| Issue of 3,590 bonus units (2013: nil) and 178 units for the nine months and quarter respectively | 179 | - | 8 | - |
| | Nine months ended March 31, | | Quarter ended March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| | ----- (Rupees in '000) ----- | | | |
| Key Management Personnel,Directors Executives and Others | | | | |
| Issue of 50,550 (2013: 32,147,570) units and 17,916 (2013: 18,213) units for the nine months and quarter respectively | 2,535 | 7,412 | 899 | 914 |
| Redemption of 103,827 (2013: 257,514) units and 20,314 (2013: 21,863) units for the nine months and quarter respectively | 5,204 | 12,930 | 1,022 | 1,099 |
| Issue of 2,445 (2013: 5,559) bonus units and 110 (2013: 711) bonus units for the nine months and quarter respectively | 116 | 275 | 32 | 31 |
| Mandate Under Discretionary Portfolio Services | | | | |
| Issue of 164,308 (2013: nil) units and nil (2013: nil) units for the nine months and quarter respectively | 8,225 | - | - | - |
| Redemption of 159,249 (2013: nil) units and nil (2013: nil) units for the nine months and quarter respectively | 8,000 | - | | - |
| Issue of 1,288 (2013: 5,559) bonus units and 126 (2013: 690) bonus units for the nine months and quarter respectively | 64 | - | 6 | - |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

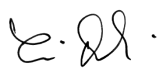
| | Un-audited March 31, 2014 (Rupees in '000) | Audited June 30 2013 |
|--|---|-------------------------------------|
| 12.2 Amounts outstanding as at period / year end | | |
| MCB - Arif Habib Investments Limited (formerly: Arif Habib Investments Limited) | | |
| Performance fee payable | 2,683 | 2,029 |
| Sales tax payable on performance fee | 440 | 324 |
| Bank charges receivable | 95 | 100 |
| Habib Metropolitan Bank Limited - Trustee | | |
| Bank balance at the end of the period / year | 3,532 | 3,564 |
| Profit receivable on bank deposits | 100 | 42 |
| MCB Bank Limited | | |
| Bank balance at the end of the period / year | 40,139 | 6,448 |
| Profit receivable on bank deposits | 162 | 16 |
| Arif Habib REIT Management Limited | | |
| Units held 1,442 (June 30, 2013: 1,347 units) | 72 | 68 |
| Key Management Personnel | | |
| Units held 25,037 (June 30, 2013: 47,323 units) | 1,254 | 3,831 |
| Central Depository Company Of Pakistan Limited | | |
| units held 10,593,354 (June 30, 2013: 7,546,655 units) | 530,462 | 381,105 |
| Adamjee Life Assurance Company Limited (Investment multiplier Fund) | | |
| units held 12,305 (June 30, 2013: Nil units) | 616 | - |
| Adamjee Life Assurance Company Limited (NUIL Fund) | | |
| units held 19,669 (June 30, 2013: Nil units) | 985 | - |
| Adamjee Life Assurance Company Limited (Investment secured Fund II) | | |
| units held 8,927 (June 30, 2013: Nil units) | 447 | - |
| Adamjee Life Assurance Company Limited (NUIL Fund) | | |
| units held 19,669 (June 30, 2013: Nil units) | 985 | - |
| Mandate Under Discretionary Portfolio Services | | |
| units held 6,346 (June 30, 2013: Nil units) | 318 | - |

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on **21 April, 2014** by the Board of Directors of the Management Company.

15 GENERAL

Corresponding figures have been rearranged and reclassified where necessary, for the purposes of comparison and better presentation. No significant changes to corresponding figures have been made during the period.


MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)
(Management Company)
Chief Executive Officer


Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited
(formerly: Arif Habib Investments Limited)

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