



Bachat ka Doosra Naam

Asset Manager Rating (By PACRA): **AM2+** (AM Two Plus)

Quarterly Report March 31, 2015 (Unaudited)



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

Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha	Chairman
	Mr. Nasim Beg	Executive Vice Chairman
	Mr. Yasir Qadri	Chief Executive Officer
	Dr. Syed Salman Ali Shah	Director
	Mr. Haroun Rashid	Director
	Mr. Ahmed Jahangir	Director
	Mr. Samad A. Habib	Director
	Mr. Mirza Mahmood Ahmad	Director
Audit Committee	Mr. Haroun Rashid	Chairman
	Mr. Ahmed Jahangir	Member
	Mr. Samad A. Habib	Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah	Chairman
	Mr. Nasim Beg	Member
	Mr. Haroun Rashid	Member
	Mr. Ahmed Jahangir	Member
	Mr. Yasir Qadri	Member
Company Secretary & Chief Financial Officer	Mr. Muhammad Saqib Saleem	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Habib Bank Limited Faisal Bank Limited United Bank Limited National Bank of Pakistan Limited Allied Bank Limited Askari Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75530.	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5, Clifton, Karachi. Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	Asset Manager: "AM2+" (PACRA) Entity Ratings : "AA-" (PACRA)	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Cash Management Optimizer's** accounts review for the nine months ended March 31st 2015.

ECONOMY AND MONEY MARKET OVERVIEW

In the wake of lower oil prices, macro-environment has stabilized with strengthening outlook. With oil prices hovering around \$55 per barrels at the end of March, 2015 in the international market, the crude has fallen by more than 50% from its peak level of around \$114 per barrel touched in June, 2014, largely benefiting the country in the shape of soft inflation and lower oil import bill.

Hence, on the heels of stable food prices and cut in fuel prices in the domestic market, Consumer Price Inflation averaged around 5.14% during the first nine months of the current fiscal year. If oil prices stabilize below \$60 per barrel, CPI is expected to persist in lower range during the last quarter of the current fiscal year.

While the country's current account deficit summed to \$1.64 billion during the first eight months of the current fiscal year (as per latest available data) as opposed to deficit of \$ 2.4 billion during the corresponding period last year. With trade deficit largely unchanged compared to the previous year, improvement in the current account balance came from larger Collation Support Fund proceeds and higher remittances.

Import bill remained close to the last year's level, as benefit of lower oil bill was eroded by volumetric increase in imports of other segments. Whereas exports have slightly weakened in consideration of lower cotton prices, disruptive power supplies and the loss of competitiveness due to real exchange rate appreciation. With oil imports accounting for one-third of the country's total import bill, trade deficit is forecasted to narrow down in the coming months reflecting significant drop in oil prices.

Workers' Remittances summed to \$ 13.33 billion during the nine months period, marking a growth of 15 percent as compared to the corresponding period last year.

At the same time, financial account registered a surplus of \$ 2.5 billion as compared to a surplus of \$ 0.61 billion recorded during the same period last year. This is mainly due to increase in portfolio investments after the government successfully raised \$ 1 billion through Sukuk auction.

The country's FX reserves got an impetus from multilateral and bilateral disbursements, privatization proceeds, \$ 1 billion Sukuk auction, lower oil bill and SBP interventions. The reserves stood at around \$ 16 billion at the end of March, higher by around \$2 billion since the start of the current fiscal year. Out of total financing of around \$ 2.2 billion scheduled for FY15 under IMF Extended Fund Facility (EFF), the country has received two tranches of around \$ 540 million each during 9MFY15.

Keeping in view lower inflationary pressure along with improving outlook on the balance of payment, the government had announced cut in the discount rate in the monetary policy held in November, January and March, bringing the discount rate to 8 percent from 10 percent at the start of the year.

M2 has expanded by 4.87 percent during the 9MFY15 (till 27th March) as opposed to expansion of 5.21 percent during the same period last year. At the same time, the net borrowing from the banking system increased by Rs 521.62 billion as opposed to Rs 505.86 billion raised during the same period last year.

Money market remained quite active during the 9MFY15, largely due to declining interest rate scenario stemming from sharp decline in oil prices. Participation largely remained concentrated in longer tenure paper causing strain on short term liquidity as the government sold a total of Rs 850 billion worth of PIBs against a target of Rs 600 billion during the first three quarters.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 8.68% as against its benchmark return of 7.15%, an out performance of 1.53%. The fund changed its WAM significantly several times during the period to take advantage of varying interest rate scenarios. During monitoring easing phase by SBP WAM was kept between 35-90 days range. After realizing gains from downward adjustment in the yield curve, the fund gradually lowered its portfolio WAM to around 36 days at the end of the period.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

The fund was around 42.2% invested in T-Bills, 10.8% in TDR, 46.7% in Cash and 0.2% in PIBs at the end of the period.

The Net Assets of the Fund as at March 31, 2015 stood at Rs.9.072 billion as compared to Rs 10.181 billion as at June 30, 2014 registering a decrease of 11%.

The Net Asset Value (NAV) per unit as at March 31, 2015 was Rs. 106.5365 as compared to opening NAV of Rs.100.0223 per unit as at June 30, 2014 registering an increase of Rs. 6.5142 per unit.

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 government is eyeing to raise foreign inflows through offloading its stake in HBL and the country is also expected to receive next tranche of US\$ 550 million from IMF in April. Remittances are expected to grow further, however, political distraction in the Middle Eastern region and lower oil prices pose risk to the ongoing northward trend.

Due to subsiding cost pressure, we expect manufacturing sectors, primarily, Auto, Cement and Consumer sectors to outperform the broader market. Moreover, continuation of expansionary environment suggests high-dividend yield companies to stay in the limelight.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Yasir Qadri
Chief Executive Officer
April 24, 2015

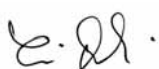
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 MARCH 2015

	Note	31 March 2015 (Unaudited) (Rupees in '000)	30 June 2014 (Audited)
Assets			
Balances with banks	6	4,316,829	1,169,508
Investments	7	3,922,186	5,507,943
Term deposit receipts	8	1,000,000	3,500,000
Prepayments, profit and receivables		6,736	152,503
Preliminary expenses		-	246
Total assets		<u>9,245,751</u>	<u>10,330,200</u>
Liabilities			
Payable to Management Company		8,463	11,738
Payable to Central Depository Company of Pakistan Limited - Trustee		671	796
Payable to Securities and Exchange Commission of Pakistan		6,524	10,032
Accrued expenses and other liabilities	9	157,919	126,906
Total liabilities		<u>173,577</u>	<u>149,472</u>
Net assets		<u>9,072,174</u>	<u>10,180,728</u>
Unit holders' fund (as per statement attached)		<u>9,072,174</u>	<u>10,180,728</u>
Contingencies and commitments	10		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		<u>85,155,572</u>	<u>101,784,629</u>
		(Rupees)	
Net asset value per unit		<u>106.54</u>	<u>100.02</u>

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


Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

	Note	Nine months ended		Quarter ended	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
		----- (Rupees in '000) -----			
Income					
Capital gain on sale of investments - net		14,503	8,338	11,082	1,302
Income from government securities		603,256	733,014	128,618	251,796
Income from reverse repurchase transactions in government securities		-	168	-	-
Profit on term deposit receipts		220,721	87,590	86,153	69,939
Profit on bank deposits		35,213	109,926	10,858	34,166
		<u>873,693</u>	<u>939,036</u>	<u>236,711</u>	<u>357,203</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'		4,804	(3,230)	3,979	1,124
Total income		<u>878,497</u>	<u>935,806</u>	<u>240,690</u>	<u>358,327</u>
Expenses					
Remuneration of Management Company		86,650	94,490	23,099	35,979
Sindh Sales tax and Federal Excise Duty on Management Fee		28,941	32,656	7,714	12,435
Remuneration of Central Depository Company of Pakistan Limited - Trustee		6,900	7,537	1,986	2,711
Annual fee of Securities and Exchange Commission of Pakistan		6,524	7,427	1,801	2,695
Auditor's remuneration		699	576	207	220
Amortisation of preliminary expenses		246	751	-	247
Brokerage expenses		1,843	667	467	173
Other expenses		696	692	177	269
Total operating expenses		<u>132,499</u>	<u>144,796</u>	<u>35,451</u>	<u>54,729</u>
Net operating income for the period		<u>745,998</u>	<u>791,010</u>	<u>205,239</u>	<u>303,598</u>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(180,222)	13,897	(62,482)	(4,393)
Provision for workers' welfare fund	9.2	(11,316)	(16,098)	(2,848)	(5,984)
Net income for the period before taxation		<u>554,460</u>	<u>788,809</u>	<u>139,909</u>	<u>293,221</u>
Taxation	11	-	-	-	-
Net income for the period after taxation		<u>554,460</u>	<u>788,809</u>	<u>139,909</u>	<u>293,221</u>
Earnings per unit	12				

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


Director

**STATEMENT OF COMPREHENSIVE INCOME(UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

	Note	Nine months ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2015	2014	2015	2014
		----- (Rupees in '000) -----			
Net income for the period after taxation		554,460	788,809	139,909	293,221
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to income statement</i>					
Surplus on revaluation of investments classified as 'available for sale' transferred to income statement on disposal		390	-	-	-
Total comprehensive income for the period		554,850	788,809	139,909	293,221

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

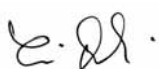


Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

	Note	Nine months ended		Quarter ended	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
		----- (Rupees in '000) -----			
Undistributed income brought forward		2,207	119,962	416,872	11,984
Total comprehensive income for the period		554,850	788,809	139,909	293,221
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised diminution		(516)	-	(240)	-
Distributions to the unit holders of the Fund:					
Final Distribution at the rate of Rs. nil (2013: Rs. 1.0952) per unit for the year ended 30 June 2014 / 30 June 2013					
Declared on 4 July 2013					
- Bonus distribution 1,199,198 units		-	(119,920)	-	-
- Cash distribution		-	(55)	-	-
Issue of nil bonus units (2014: 7,762,750 bonus units) and nil bonus units (2014: 2,928,694 bonus units) for the nine months and quarter ended respectively	13	-	(776,275)	-	(292,869)
Cash distribution		-	(287)	-	(102)
		-	(896,537)	-	(292,971)
Undistributed income carried forward		556,541	12,234	556,541	12,234

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



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(Rupees in '000)			
Net assets at the beginning of the period	10,180,728	11,074,530	10,011,370	14,331,536
Issue of 155,706,081 units (2014: 148,653,790 units) and 45,771,393 units (2014: 40,983,559 units) for the nine months and quarter ended respectively	16,008,734	14,915,396	4,819,224	4,109,896
Issue of Nil bonus units (2014: 8,961,948 units) and Nil units (2014: 2,928,695 units) for the nine months and quarter ended respectively	-	896,195	-	292,870
Redemption of 172,335,138 units (2014: 124,400,684 units) and 56,560,227 units (2014: 44,347,036 units) for the nine months and quarter ended respectively	(17,852,360)	(12,476,188)	(5,960,811)	(4,450,637)
	(1,843,626)	3,335,403	(1,141,587)	(47,871)
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:				
- amount representing loss / (income) and capital losses / (gains) transferred to income statement	180,222	(13,897)	62,482	4,393
- amount representing loss that forms part of unit holder's fund transferred to distribution statement	516	-	240	-
	180,738	(13,897)	62,722	4,393
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(516)	-	(240)	-
Net income for the period (excluding net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital gains on sale of investments)	535,153	783,701	124,848	290,795
Capital gain on sale of investments - net	14,503	8,338	11,082	1,302
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	4,804	(3,230)	3,979	1,124
Total income for the period	554,460	788,809	139,909	293,221
Surplus on revaluation of investments classified as 'available for sale' transferred to income statement on disposal	390	-	-	-
Distributions during the period	-	(896,537)	-	(292,971)
Net assets at end of the period	9,072,174	14,288,308	9,072,174	14,288,308

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


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

	Nine months ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	554,460	788,809	139,909	293,221
Adjustments for non cash and other items:				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'at fair value through profit or loss'	(4,804)	3,230	(3,979)	(1,124)
Amortisation of preliminary expenses	246	751	-	247
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	180,222	(13,897)	62,482	4,393
	175,664	(9,916)	58,503	3,516
	730,124	778,893	198,412	296,737
Decrease / (increase) in assets				
Investments	1,590,951	120,816	38,314	(821,610)
Term deposit receipts	2,500,000	(3,500,000)	6,000,000	(1,700,000)
Prepayments, profit and receivables	145,767	(53,418)	69,439	(43,268)
	4,236,718	(3,432,602)	6,107,753	(2,564,878)
Increase / (decrease) in liabilities				
Payable to Management Company	(3,275)	2,388	(2,211)	(272)
Payable to Central Depository Company of Pakistan Limited - Trustee	(125)	167	(95)	29
Payable to Securities and Exchange Commission of Pakistan	(3,508)	(343)	1,801	2,695
Payable against purchase of investments	-	-	(3,294,110)	-
Accrued expenses and other liabilities	31,013	34,663	10,499	13,668
	24,105	36,875	(3,284,116)	16,120
Net cash flow generated / (used in) from operating activities	4,990,947	(2,616,834)	3,022,049	(2,252,021)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments received against issuance of units	16,008,734	14,915,395	4,819,224	4,109,896
Payments against redemption of units	(17,852,360)	(12,476,188)	(5,960,811)	(4,450,637)
Cash distribution	-	(342)	-	(102)
Net cash (used in) / generated from financing activities	(1,843,626)	2,438,865	(1,141,587)	(340,843)
Net increase in cash and cash equivalents	3,147,321	(177,969)	1,880,462	(2,592,864)
Cash and cash equivalents at beginning of the period	1,169,508	2,152,639	2,436,367	4,567,534
Cash and cash equivalents as at end of the period	4,316,829	1,974,670	4,316,829	1,974,670

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


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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 30 July 2009. It was constituted under a Trust Deed dated 10 July 2009 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Board of Directors have approved that the Fund should be categorised as "Money Market Scheme" as per the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated 6 March 2009.

Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the company has been changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited .

1.1 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issue by SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

1.2 The Fund is an open end mutual fund 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 the Lahore Stock Exchange.

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.

1.3 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ (AM Two Plus) dated April 7, 2015 to the Management Company and has assigned stability rating of "AA (f)" (Double A ; fund rating) dated March 19, 2015 to the Fund.

1.4 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

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 2014.

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 2014, 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 nine months ended 31 March 2014.

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 is unaudited.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

2.3 This condensed interim financial information have 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

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended 30 June 2014.

3.1 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 result in change to the funds operation and did not result in change in accounting policy of the fund.

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 2014.

5. FINANCIAL RISK MANAGEMENT

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

		31 March 2015 (Unaudited)	30 June 2014 (Audited)
		(Rupees in '000)	
6. BALANCES WITH BANKS			
Saving accounts	6.1	4,316,245	1,169,492
Current accounts		584	16
		<u>4,316,829</u>	<u>1,169,508</u>

6.1 These carry mark-up at rates ranging between 6.5% to 10.35% per annum (30 June 2014: 6.5% to 10.35% per annum).

7. INVESTMENTS

7.1 'Investments at fair value through profit or loss'

Market Treasury Bills	7.1.1	3,905,947	2,303,133
Pakistan Investment Bonds	7.1.1	16,239	2,804,209
		3,922,186	5,107,342

7.2 'Investments classified as available-for-sale'

Pakistan Investment Bonds	7.2.1	-	400,601
		3,922,186	5,507,943

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

7.1.1 'Investments at fair value through profit or loss'

	Face value			Balance as at 31 March 2015			Market value	
	As at 1 July 2014	Purchases during the period	Sales / matured during the period	As at 31 March 2015	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
(Rupees in '000)								
Market Treasury Bills								
Treasury bills - 3 months	47,000	20,874,330	19,783,830	1,137,500	1,124,529	1,124,656	12.40%	28.67%
Treasury bills - 6 months	2,315,200	23,638,100	23,119,300	2,834,000	2,776,598	2,781,291	30.66%	70.90%
Treasury bills - 12 months	-	6,797,900	6,797,900	-	-	-	0.00%	0.00%
Total as at 31 March 2015					3,901,127	3,905,947	43.06%	99.57%
Total as at 30 June 2014					2,303,619	2,303,133	22.62%	41.82%
Pakistan Investment Bond (PIB)								
PIB - 3 years	2,800,000	675,000	3,475,000	-	-	-	0.00%	0.00%
PIB - 7 years	-	16,000	-	16,000	16,255	16,239	0.16%	0.29%
Total as at 31 March 2015					16,255	16,239	0.16%	0.29%
Total as at 30 June 2014					2,808,709	2,804,209	27.54%	50.91%

7.2.1 'Investments classified as available-for-sale'

Pakistan Investment Bond								
PIB - 3 years	400,000	-	400,000	-	-	-	0.00%	0.00%
Total as at 31 March 2015					-	-	0.00%	0.00%
Total as at 30 June 2014					400,991	400,601	3.93%	7.27%

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

		31 March 2015 (Unaudited) (Rupees in '000)	30 June 2014 (Audited)
8. TERM DEPOSIT RECEIPTS			
Term deposit receipts	8.1	<u>1,000,000</u>	<u>3,500,000</u>
8.1	This carry interest at the rate of 8.5% per annum (30 June 2014: 10.25% to 10.35% per annum). This will mature latest by 30 April 2015.		
9. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		631	572
Brokerage payable		467	491
Others		3,910	483
Provision for Federal Excise Duty and related taxes	9.1	41,351	25,116
Provision for Workers' Welfare Fund	9.2	<u>111,560</u>	<u>100,244</u>
		<u>157,919</u>	<u>126,906</u>

9.1 The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment. The SHC in its short order dated 4 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 and related taxes in this condensed interim financial information aggregating to Rs. 41.351 million as at 31 March 2015. In case, the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.49 per unit as at 31 March 2015 (June 30, 2014: Rs.0.25 per unit).

9.2 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending for adjudication.

On 15 July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010, the Ministry filed its response against the Constitutional Petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended 30 June 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions filed by companies other than mutual funds declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.111.560 million (June 30, 2014: Rs.100.244 million) in these condensed interim financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.1.31 per unit (June 30, 2014: Rs.0.98 per unit).

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2015.

11. 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, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The management of the Fund intends to distribute at least 90% of the income earned by the Fund by the year end to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in this condensed interim financial information.

12. EARNINGS PER UNIT

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

13. INTERIM DISTRIBUTIONS

Date	Rate per unit	Bonus		Cash	Total
		Units	Amount	Distribution	
----- (Rupees in '000) -----					
26 July 2013	Re. 0.5240	636,361	63,636	26	63,662
27 August 2013	Re. 0.6020	721,359	72,136	30	72,166
26 September 2013	Re. 0.6332	766,956	76,696	32	76,728
29 October 2013	Re. 0.7058	854,442	85,444	35	85,479
28 November 2013	Re. 0.6127	891,695	89,170	30	89,200
27 December 2013	Re. 0.6487	963,243	96,324	32	96,356
28 January 2014	Re. 0.7154	979,672	97,967	36	98,003
27 February 2014	Re. 0.6940	1,042,668	104,267	34	104,301
27 March 2014	Re. 0.6334	906,354	90,635	32	90,667
		7,762,750	776,275	287	776,562

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

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

	Unaudited			
	Nine months ended		Quarter ended	
	31 March		31 March	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
MCB-Arif Habib Savings and Investments Limited				
Remuneration of the Management Company (including indirect taxes)	<u>115,591</u>	<u>127,146</u>	<u>30,813</u>	<u>48,414</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	<u>6,900</u>	<u>7,537</u>	<u>1,986</u>	<u>2,711</u>
MCB Bank Limited				
Profit on bank deposits	<u>11,086</u>	<u>4,306</u>	<u>3,034</u>	<u>1,654</u>
Bank Charges	<u>81</u>	<u>26</u>	<u>23</u>	<u>13</u>
Arif Habib Limited - Brokerage House				
Brokerage expense*	<u>27</u>	<u>-</u>	<u>18</u>	<u>-</u>
Next Capital - Brokerage House				
Brokerage expense*	<u>283</u>	<u>3</u>	<u>55</u>	<u>3</u>

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

	31 March 2015 (Unaudited)	30 June 2014 (Audited)
	(Rupees in '000)	
MCB-Arif Habib Savings and Investments Limited		
Management fee payable	<u>7,343</u>	<u>10,102</u>
Sindh sales tax payable on management fee	<u>1,101</u>	<u>1,617</u>
Sales load payable	<u>19</u>	<u>19</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>671</u>	<u>796</u>
MCB Bank Limited		
Bank deposits	<u>9,475</u>	<u>100,933</u>
Profit receivable on bank deposits	<u>287</u>	<u>678</u>
Arif Habib Limited - Brokerage House		
Brokerage payable*	<u>18</u>	<u>1</u>
Next Capital - Brokerage House		
Brokerage payable*	<u>55</u>	<u>-</u>

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

	Unaudited			
	Nine months ended		Nine months ended	
	31 March 2015		31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
MCB-Arif Habib Savings and Investments Limited	<u>2,676,379</u>	<u>277,988</u>	<u>49,887</u>	<u>5,000</u>
Adamjee Insurance Company Limited	<u>-</u>	<u>-</u>	<u>7,490,188</u>	<u>750,000</u>
Adamjee Life Assurance Company Limited - NUIL Fund	<u>-</u>	<u>-</u>	<u>403,894</u>	<u>40,500</u>
Adamjee Life Assurance Company Limited - IMF Fund	<u>-</u>	<u>-</u>	<u>1,808,066</u>	<u>181,500</u>
Adamjee Life Assurance Company Limited - ISF Fund	<u>-</u>	<u>-</u>	<u>676,883</u>	<u>67,900</u>
Adamjee Life Assurance Company Limited - ISF-II Fund	<u>-</u>	<u>-</u>	<u>641,871</u>	<u>64,400</u>
Unit holders holding 10% or more**	<u>16,397,348</u>	<u>1,705,000</u>	<u>20,701,329</u>	<u>2,074,000</u>
Key management personnel	<u>14,612</u>	<u>1,495</u>	<u>94,646</u>	<u>9,502</u>
Mandate Under Discretionary Portfolio Services	<u>684,165</u>	<u>71,466</u>	<u>1,103,406</u>	<u>110,782</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015

	Unaudited			
	Nine months ended		Nine months ended	
	31 March 2015		31 March 2014	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Bonus units issued to:				
Staff Provident Fund of Management Company	-	-	13	1
MCB-Arif Habib Savings and Investments Limited	-	-	664	66
Adamjee Insurance Company Limited	-	-	1,055,693	105,569
Adamjee Life Assurance Company Limited	-	-	14,629	1,463
Adamjee Life Assurance Company Limited - NUIL Fund	-	-	6,801	680
Adamjee Life Assurance Company Limited - IMF Fund	-	-	26,645	2,665
Adamjee Life Assurance Company Limited - ISF Fund	-	-	8,495	850
Adamjee Life Assurance Company Limited - ISF-II Fund	-	-	4,383	438
Nishat Mills Limited	-	-	98,312	9,831
Unit holders holding 10% or more**	-	-	1,620,473	162,047
Key management personnel	-	-	1,882	188
Mandate Under Discretionary Portfolio Services	-	-	25,745	2,574
Units redeemed by:				
MCB-Arif Habib Savings and Investments Limited	2,676,379	278,504	-	-
Staff Provident Fund of Management Company	-	-	839	84
Adamjee Insurance Company Limited	5,040,333	522,292	11,757,245	1,180,398
Adamjee Life Assurance Company Limited	-	-	284,900	28,660
Adamjee Life Assurance Company Limited - NUIL Fund	-	-	431,491	43,344
Adamjee Life Assurance Company Limited - IMF Fund	-	-	1,869,619	187,733
Adamjee Life Assurance Company Limited - ISF Fund	-	-	724,628	72,784
Adamjee Life Assurance Company Limited - ISF-II Fund	-	-	656,239	65,864
Nishat Mills Limited	-	-	9,074,948	910,297
Unit holders holding 10% or more**	6,038,428	630,000	22,158,257	2,219,785
Key management personnel	17,229	1,774	85,845	8,616
Mandate Under Discretionary Portfolio Services	650,498	67,204	1,129,953	113,355
	31 March 2015	30 June 2014	31 March 2015	30 June 2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units held by:				
Adamjee Insurance Company Limited	7,571,168	12,611,502	806,632	1,261,402
Unit holders holding 10% or more**	28,253,550	17,894,630	3,010,134	1,789,821
Key management personnel	7,719	12,473	822	1,248
Mandate Under Discretionary Portfolio Services	323,271	243,220	34,441	24,327

* 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.

** These persons became connected persons / related parties during the period due to acquiring unit holding of more than 10% of net assets of the Fund.

15. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 24, 2015.

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


Chief Executive Officer


Director

Please find us on



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