

# Quarterly Report

September 30, 2015  
(Unaudited)



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

AM2 Plus by PACRA

**PAKISTAN  
CASH MANAGEMENT FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; Chief Financial Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Trustee</b>	MCB Financial Services Limited 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.	
<b>Bankers</b>	MCB Bank Limited Allied Bank Limited Bank Al Falah Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
<b>Transfer Agent</b>	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	AM2 + Management Quality Rating assigned by PACRA	

## REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Cash Management Fund's** accounts review for the first quarter ended September 30th, 2015.

### **Economy and Money Market Overview**

Benefits of more than 50 percent drop year on year in crude oil prices are visible in the macroeconomic score card positively nudging the Balance of Payment, Foreign Exchange Reserves, Inflation, Interest rates and the Fiscal deficit. A net benefit of more than USD 1 billion is visible in the trade account during first two months of fiscal year which has offset the otherwise slower exports. In the same period, Balance of Payment Account also remained stable where a near USD 394 million Current Account deficit has been largely offset by Financial and Capital Account Inflows. During the same period last year, the country had a negative balance of payment of near USD 729 million mainly derived from a current account deficit of about USD 1,456 million. With controlled current account deficit, the support of IMF tranche, CSF flows and multilateral flows, reserves remained firm near USD 18.5 billion (September-18) mark giving resilience to PKR which underwent relatively lesser depreciation in the fragile environment prevailing in the emerging markets. Although, the local fuel prices were cushioned by increase in taxes, yet the drop in crude oil along with other commodity prices, kept the inflation contribution from food and other sectors at lower levels. During the first quarter, headline inflation average remained near 1.6% which along with strong external account position, created comfortable space for another 50 basis point cut in policy rate in September monetary policy. M2 growth remained mildly negative on FY15 to date basis (18-September) which reflects the seasonal adjustment where NDA continually supported by a net govt. borrowing of about PKR 255 billion with a muted contribution from NFA in absence of any major net inflows. Money markets remained cautiously optimistic about further cut in discount rate and its sustainability. Yield Curve has thus recently witnessed a slight increase in slope with longer dated bonds remaining relatively less responsive to the change in policy rate. Increasingly the markets continue to remain cautious primarily due to low quality of market liquidity which has been reliant on OMO injections and the expected uptick in inflation as 2nd half FY16 inflation is expected to remain near 6% largely due to low base effect.

### **Fund Performance**

During the quarter under review, the fund generated an annualized return of 6.07% as against its benchmark return of 7.23%, an under performance of 1.16%.

The exposure towards Treasury Bills witnessed an increase from 47.2% to 99.2% by quarter end with decreased allocation towards cash and bank accounts to 0.7% adjusting to the interest rate movement.

The Net Assets of the Fund as at September 30, 2015 stood at Rs. 1,408 million as compared to Rs 1,442 million as at June 30, 2015 registering a decrease of 2.36%. The Net Asset Value (NAV) per unit as at September 30, 2015 stood at Rs. 50.9133.

### **Future Outlook**

Oil prices have improved the economic scorecard significantly particularly the external account and inflation while providing an opportunity to address the chronic energy issues along with fiscal management. Most of the indicators have improved passively however critical indicators which still lack significant improvement include Credit off take and Capital Expenditure along with FDI. Despite conducive macro environment, growth is yet to pick up and we hope the China Pakistan Corridor provides the required growth impetus for investment to pick up. Government still remains significantly dependent on domestic borrowing to fund fiscal deficit and still progress has remained slow on key reforms including energy, privatization and revenue generation. Security situation has also improved which however remains a long and continuing challenge with potential risks to infrastructure plans going forward.

With stable macro environment and pace expected to pick up on the infrastructure projects, we expect the environment to remain conducive for capital markets. We expect the full year inflation to remain below 4.5% as remainder year inflation is expected to gradually pick up and thus provides a stable interest rate outlook. Budgeted target for economic growth appear achievable while fiscal deficit may marginally exceed due to challenges in revenue collection despite significant reduction in subsidies.

## REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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With Policy Rate at 6% and SBP committed to contain the money market volatility and liquidity through continuous OMO support, we expect stable environment for short term papers and medium term bonds while longer dated bonds would respond to further confirmations on external account including trade account and exchange rate which in turn would remain dependent on commodity prices and multilateral flows.

### 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,




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Yasir Qadri  
Chief Executive Officer  
Dated: October 16, 2015

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT SEPTEMBER 30, 2015**

	<i>Note</i>	(Unaudited) 30 September 2015	(Audited) 30 June 2015
		----- (Rupees in '000) -----	
<b>Assets</b>			
Bank Balances		10,204	1,175,694
Investments	6	1,436,126	1,053,600
Profit and other receivable		1,396	3,341
<b>Total assets</b>		1,447,726	2,232,635
<b>Liabilities</b>			
Payable to Management Company		1,017	1,289
Accrued expenses and other liabilities	7	38,285	789,096
<b>Total liabilities</b>		39,302	790,385
<b>Net assets</b>		<u>1,408,424</u>	<u>1,442,250</u>
Unit holders' fund		<u>1,408,424</u>	<u>1,442,250</u>
		(Number of Units)	
<b>Number of units in issue (face value of units is Rs. 50 each)</b>		<u>27,663,178</u>	<u>28,760,805</u>
		(Rupees)	
<b>Net Asset Value per unit</b>		<u>50.91</u>	<u>50.15</u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

  
 Chief Executive Officer

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

  
 Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Note	Quarter ended	
		30 September 2015	30 September 2014
		-----	-----
		(Rupees in '000)	(Rupees in '000)
<b>Income</b>			
Capital gain on sale of investments - net		280	25
Income from investments		24,036	82,278
Profit on bank deposits		782	2,932
Back End Load		1	3
Unrealised appreciation /(dimnuation) on re-measurement of investments 'at fair value through profit or loss' - net	6.1	224	(647)
<b>Total income</b>		<u>25,323</u>	<u>84,591</u>
<b>Expenses</b>			
Performance fee on Management Company		2,563	8,459
Sindh Sales tax and Federal Exceise Duty on Performance Fee of Management Company		827	2,826
Securities transaction cost		31	84
<b>Total expenses</b>		<u>3,420</u>	<u>11,369</u>
<b>Net operating income for the period</b>		<u>21,903</u>	<u>73,222</u>
Element of loss and capital losses included in prices of units issued less those in units redeemed		(684)	(3,328)
<b>Net income for the period before taxation</b>		<u>21,219</u>	<u>68,496</u>
Taxation	8	-	-
<b>Net income for the period after taxation</b>		<u>21,219</u>	<u>68,496</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u>21,219</u>	<u>68,496</u>
Earnings per unit	9		

The annexed notes from 1 to 11 form an integral part of these financial statements.

  
 Chief Executive Officer

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

  
 Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT(UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended	
	30 September 2015	30 September 2014
	------(Rupees in '000)-----	
<b>Undistributed income brought forward</b>	<b>4,212</b>	790
Total comprehensive income for the period	<b>21,219</b>	68,496
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount amount form part of the unit holders' fund	<b>(164)</b>	(30)
<b>Undistributed income carried forward</b>	<b>25,267</b>	69,256

The annexed notes from 1 to 11 form an integral part of these financial statements.

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	<b>Quarter ended</b>	
	<b>30 September 2015</b>	<b>30 September 2014</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Net assets at the beginning of the period</b>	<b>1,442,250</b>	<b>3,147,568</b>
Issue of 15,656,014 units ( 2014: 31,581,821 units)	<b>790,824</b>	<b>1,593,118</b>
Redemption of 16,753,641 units ( 2014: 30,001,311 units)	<b>(846,553)</b>	<b>(1,517,391)</b>
	<b>(55,729)</b>	<b>75,727</b>
Element of income / (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed		
- amount representing loss and Capital losses transferred to Income Statement	<b>684</b>	<b>3,328</b>
- amount representing loss and Capital losses transferred to distribution Statement	<b>164</b>	<b>30</b>
	<b>848</b>	<b>3,358</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed	<b>(164)</b>	<b>(30)</b>
Capital gain on sale of investments	<b>280</b>	<b>25</b>
Unrealised appreciation/ (diminuation) on re-measurement of investments classified as 'at fair value through profit or loss' - net	<b>224</b>	<b>(647)</b>
Other net income for the period	<b>20,715</b>	<b>69,118</b>
	<b>21,219</b>	<b>68,496</b>
<b>Net assets as at the end of the period</b>	<b>1,408,424</b>	<b>3,295,119</b>

The annexed notes from 1 to 11 form an integral part of these financial statements.

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


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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended	
	30 September 2015	30 September 2014
	------(Rupees in '000)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	21,219	68,496
<b>Adjustments</b>		
Unrealised (appreciation)/diminution in value of investments-net	(224)	647
Element of income and capital gains included		
in prices of units less those in units repurchased	684	3,328
Amortisation of preliminary expenses and floatation costs	-	-
<b>Net cash generated operations before working capital changes</b>	<u>21,679</u>	<u>72,471</u>
<b>Working capital changes</b>		
<b>(Increase) / decrease in assets</b>		
Investments	(382,302)	(625,242)
Profit receivable and Other receivables	1,945	1,047
	(380,356)	(624,195)
<b>Increase / (decrease) liabilities</b>		
Payable to Management Company	(272)	(181)
Accrued expenses and other liabilities	(750,811)	3,033
	(751,083)	2,852
<b>Net cash used in operating activities</b>	<u>(1,109,761)</u>	<u>(548,872)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt against issue of units	790,824	1,593,118
Net payments on redemption of units	(846,553)	(1,517,391)
	-	-
<b>Net cash (used in) / generated from financing activities</b>	<u>(55,729)</u>	<u>75,727</u>
Net decrease in cash and cash equivalents	(1,165,490)	(473,145)
Cash and cash equivalents at beginning of the period	1,175,694	686,164
<b>Cash and cash equivalents at end of the period</b>	<u><u>10,204</u></u>	<u><u>213,019</u></u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

  
**Chief Executive Officer**

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

  
**Director**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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

Pakistan Cash Management Fund (PCF) "the Fund" was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008. 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.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 8th Floor, Technocity Corporate Tower, Hasrat Mohani Road, Karachi.

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 categorised as a "money market scheme" by the Management Company.

The Fund is allowed to invest in treasury bills, short term government instruments and reverse repurchase transactions against government securities and the uninvested portion is deposited in bank accounts.

Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2+ dated April 7, 2015 to the management company and AAA(f) dated March 19, 2015 as stability rating to the Fund.

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 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 2015.

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

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2015 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2015, where as the comparative in condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 30 September 2014.

**2.2 Basis of measurement**

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**2.3 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**

**3.1** The accounting policies method of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2015.

**3.2** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not result in change to the Fund's operation or a change in accounting policies 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 2015.

**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 2015.

<b>6 INVESTMENTS</b>	<b>Note</b>	<b>Unaudited September 30, 2015 (Rupees in '000)</b>	<b>Audited June 30, 2015</b>
In government securities at fair value through profit or loss- held for trading	6.1	1,436,126	1,053,600
		<b>1,436,126</b>	<b>1,053,600</b>

**6.1 Investment in government securities - 'at fair value through profit or loss'**

	Tenor	Face Value				Balance as at September 30, 2015			Market value as a percentage of net assets	Market value as a percentage of total investments
		Balance as at July 1, 2015	Purchases during the period	Sales / matured during the period	Balance as at September 30, 2015	Cost	Market value	Appreciation / (Diminution)		
(Rupees in '000')										
Market Treasury Bills										
	3 Months	937,500	1,925,000	2,015,000	847,500	842,675	842,862	187	59.84	58.69
	6 Months	125,000	860,000	540,000	445,000	444,008	444,010	2	31.53	30.92
	12 Months	-	250,000	100,000	150,000	149,218	149,254	36	10.60	10.39
Total as at September 30, 2015						1,435,901	1,436,126	224		
Total as at June 30, 2015						1,053,677	1,053,600	(77)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

		<b>Unaudited September 30, 2015</b>	<b>Audited June 30, 2015</b>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		<b>(Rupees in '000)</b>	
Provision for Workers' Welfare Fund	7.1	26,880	26,880
Federal Excise Duty and related tax payable on performance fee	7.2	10,842	10,374
Payable against purchase of investments		-	743,117
Withholding tax		209	8,553
Others		355	172
		<b>38,285</b>	<b>789,096</b>

**7.1 Provision For workers' welfare fund**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' had 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 had 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. In 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding Collective Investment Schemes (CIS) from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 01, 2015. Owing to the fact that the decision of SHC on the applicability of WWF (till June 30 2015) to the CISs is currently pending for adjudication, the Management Company has decided to make and retain provision of WWF in its books of account and financial statements till June 30, 2015 which aggregates to Rs. 26.88 million. 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 Re. 0.97 per unit. However, with effect from July 01, 2015, the Fund stopped making further provision of WWF in pursuance to the said amendment of the Finance Act 2015.

**7.2 Federal Excise Duty payable on management fee**

The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 whereby, with effect from June 13, 2013, Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. The Management Company is of the view that since the remuneration is already subject to provincial sales tax at the rate of 15%, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. 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 in the Constitution of Pakistan. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending. The management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related additional taxes in the books of account aggregating to Rs. 10.84 million as at September 30, 2015 which includes charge for the period amounting to Rs.0.47 million. In case, the suit is decided against the Fund the same would be paid to the Management Company, which will be responsible for submitting the same to the taxation authorities. Had the said provision of FED and related additional taxes were not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.39 per unit as at September 30, 2015.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**8 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. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements.

**9 Earning 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 EPU is not practicable.

**10 TRANSACTIONS WITH CONNECTED PERSONS**

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

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

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

**10.1 Details of the transactions with connected persons and balances with them at period/year end are as follows:**

**Transactions with connected persons/related parties**

	<b>Unaudited</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in '000)</b>	
<b><i>MCB- Arif Habib Savings and Investments Limited</i></b>		
Performance fee for the year including (indirect taxes)	<u>2,563</u>	<u>8,459</u>
<b><i>MCB Bank Limited</i></b>		
Mark-up for the period	<u>453</u>	<u>1,803</u>
<b><i>Directors, Officers and employees of the Management Company</i></b>		
Investment in the Fund Nil units (2014: 12,289 )	<u>-</u>	<u>620</u>
Redemption from the Fund Nil units (2014: 491)	<u>-</u>	<u>25</u>
<b><i>Central Depository Company of Pakistan Limited</i></b>		
Investment in the Fund 1,178,726 units (2014: Nil units)	<u>60,000</u>	<u>-</u>
Redemption from the Fund 1,992,004 units (2014: Nil units)	<u>100,000</u>	<u>-</u>
<b><i>Units holders holding 10% or more</i></b>		
<b><i>Pakistan Telecommunication Company Limited</i></b>		
Issue of Nil units (2014: 2,987,709 units)	<u>-</u>	<u>150,000</u>
<b><i>Pakistan Petroleum Limited</i></b>		
Redemption of Nil Units (2014: 97,996 Units)	<u>-</u>	<u>5,000</u>
<b><i>Gul Ahmed Energy Limited</i></b>		
Redemption of Nil units (2014: 1,641,840 units)	<u>-</u>	<u>83,609</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	<b>Unaudited</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in '000)</b>	
<b><i>Sunray Textiles Mills Limited</i></b>		
Issue of Nil units (2014: 6,835,843 units)	-	345,000
Redemption of Nil units (2014: 11,053,327 units)	-	560,000
<b><i>Fauji Oil Terminal &amp; Distribution Co. Limited</i></b>		
Convert in 4,534,949 units (2014: Nil Units)	229,451	-
Investment 1,382,823 units (2014: Nil Units)	70,000	-
<b><i>Next Capital Limited</i></b>		
Brokerage	1	-
<b>10.2 Amounts outstanding as at the year end</b>		
	<b>September 30,</b>	<b>June 30,</b>
	<b>2015</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b><i>MCB- Arif Habib Savings and Investments Limited</i></b>		
Payable to Management Company	892	1,121
Sales tax payable on performance fee	125	168
Receivable From Management Company	13	107
<b><i>MCB Bank Limited</i></b>		
Bank Balance	3,522	1,045,033
Profit receivable on bank deposits	256	1,845
<b><i>Directors, Officers and employees of the Management Company</i></b>		
458 units held (2015: 458 units)	23	23
<b><i>Central Depository Company of Pakistan Limited</i></b>		
5,170,458 units held (2015: 5,983,737 units)	263,189	300,063
<b><i>Arif Habib Reit Management Limited</i></b>		
2,033 units held (2015: 2,033 Units)	103	102
<b><i>Next Capital Limited</i></b>		
Brokerage payable*	-	8
<b><i>Arif Habib Limited</i></b>		
Brokerage payable*	-	8
<b><i>Suraj Cotton Mills Limited</i></b>		
Nil units held (2015: 6,918,295 units)	-	346,928
<b><i>Units holders holding 10% or more</i></b>		
<b><i>Fauji Oil Terminal &amp; Distribution Co. Limited</i></b>		
5,917,772 units held (2015: 2,042,446 units)	301,229	102,429

\* 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.

**11 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on **October 16, 2015** by the Board of Directors of the Management Company.

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

  
**Director**



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