



**Bachat** ka Doosra Naam

## Half Year Report December 31, 2013 (Unaudited)



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

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## **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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## CONTENTS

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Fund's Information	06
Report of the Directors of the Management Company	07
Report of the Trustee to the Unit Holders	09
Auditors' Report to the Unit Holders on Review of condensed Interim Financial Information	10
Condensed Interim Statement of Assets and Liabilities	12
Condensed Interim Income Statement (Un-audited)	13
Condensed Interim Distribution Statement (Un-audited)	14
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	15
Condensed Interim Cash Flow Statement (Un-audited)	16
Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	17

## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings and Investments Limited</b> (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</b>	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
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource Committee</b>	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 Operating Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Umair Ahmed	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Bank Al Falah Limited Faysal Bank Limited NIB Bank Limited Bank Islami Pakistan Limited Allied Bank Limited Habib Metropolitan Bank Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings and Investments Limited</b> (Formerly: Arif Habib 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 DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED DECEMBER 31, 2013

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**Dear Investor,**

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Cash Fund's accounts review for the first half ended December 31st 2013.

## **ECONOMY AND MONEY MARKET OVERVIEW**

Amid implementation of fiscal reforms and volatile food prices, inflation remained volatile with CPI averaging around 8.9% during the 1HFY13. The current account balance remained in pressure posting a deficit of \$1.58 billion during 1HY14 as opposed to deficit of \$0.083 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 USD 1.806bn in 1HFY14.

During the period under review, 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 two tranches of around \$540 million each in 1HFY14. While out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$1.89 billion to IMF in the 1HFY14.

In the face of inflows from IMF under EFF program and the multilateral agencies, loan repayments and trade deficit have reduced reserve balance to around \$ 8.3 billion as on 10-Jan-13, from \$11 billion at the start of the FY14. The country also received \$322 million under umbrella of CSF during 1HFY14.

Consequently, the local currency remained under pressure and volatile with the currency touching a record low Rs108.6 against dollar in the interbank market during 2QFY14. However, later SBP intervened in the market and as a result local currency recovered by closing at around Rs105.45 as on 31-Dec-13.

Keeping in view higher inflationary and vulnerable foreign reserves position, the government had twice announced 50 bps hike in the discount rate in the monetary policy held in September and November, bringing the discount rate to 10% from 9% at the start of the fiscal year. A combination of higher power tariffs and gas prices will likely keep inflationary pressure on the higher side during the year.

The money market started on a liquid note, with short term rates remaining on the lower side during the first three months of FY14, mainly due to lower participation rate in T-bill auctions. However, later market started experiencing liquidity crunch, causing market to witness significant number of ceilings in the month of December.

Given an upward trajectory in YOY CPI inflation coupled with SBP tightening stance, the yield curve has adjusted significantly upwards during the period. 1 year PKRV adjusted upwards by 128 bps to 10.22%.

M2 has expanded by 5.47% during the 1HFY14 (till 27th December) as opposed to expansion of 7.01% during the same period last year. While borrowing from SBP increased by Rs 590.9 billion as opposed to net retirement of around Rs 134.4 billion during the same period last year.

## **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 8.1% as against its benchmark return of 9.44%, an underperformance of 1.34% mainly due to hike in Interest rates which cause yield of long tenor securities to hover in upper band.

The fund allocation remained notably in T-Bills and Cash almost throughout the period. However, in December funds were also diverted towards TDRs to high rated banks as due to year end most banks were offering very lucrative rates. At period-end, the fund was 25.8% invested in T-Bills, 22.1% in PIBs, 10.7% in TDRs and 23% in cash.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED DECEMBER 31, 2013

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The Net Asset of the Fund as at December 31, 2013 stood at Rs.11,034 million as compared to Rs.11,320 million as at June 30 2013 registering a decrease of 2.53%.

The Net Asset Value (NAV) per unit as at December 31, 2013 was Rs.101.07 as compared to opening NAV of Rs.103.65 per unit as at June 30, 2013 registering a decrease of Rs.2.58 per unit.

### **Income Distribution**

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

<b>Date of distribution</b>	<b>Rs. Per unit distribution</b>
September 27, 2013	1.7440
December 27, 2013	2.0257

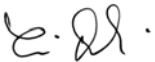
### **FUTURE OUTLOOK**

Foreign reserves are expected to remain under pressure as Pakistan is scheduled to pay more than \$2.1 billion to external official creditors during the next two quarters. However, the government expects reserve position to improve towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies.

### **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: February 06, 2014

# TRUSTEE REPORT TO THE UNIT HOLDERS



## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



## TRUSTEE REPORT TO THE UNIT HOLDERS

### MCB DYNAMIC CASH FUND

#### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Dynamic Cash Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited) being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 13, 2014





# AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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# Deloitte.

**M. Yousuf Adil Saleem & Co**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

Phone: +92 (0) 21- 3454 6494-7  
Fax: +92 (0) 21- 3454 1314  
Web: [www.deloitte.com](http://www.deloitte.com)

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of MCB Dynamic Cash Fund (the Fund) as at December 31, 2013, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holder's fund together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the six month period ended December 31, 2013. The Management Company (MCB Arif Habib Savings and Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2013.

### Scope of Review

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

**AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED  
INTERIM FINANCIAL INFORMATION**

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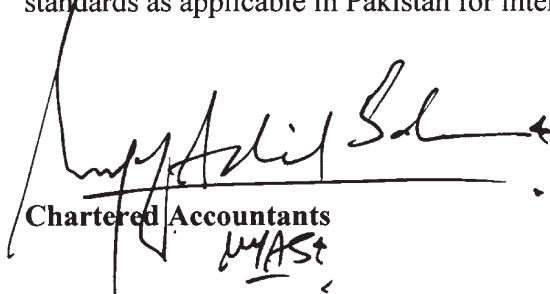
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**Deloitte.**

**M. Yousuf Adil Saleem & Co**  
Chartered Accountants

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six month period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants  
MAST


**Engagement Partner**  
Mushtaq Ali Hirani

**Dated: 06 FEB 2014**  
**Karachi**

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2013**

	(Un-audited) December 31, 2013 ----- (Rupees in '000) -----	(Audited) June 30, 2013
<b>Assets</b>		
Balances with banks	2,564,378	2,668,390
Investments	8,379,835	8,550,755
Profit and other receivables	161,798	201,254
Advance against subscription of term finance certificates	62,500	-
Security deposits and prepayments	3,220	3,300
<b>Total assets</b>	<b>11,171,731</b>	<b>11,423,699</b>
<b>Liabilities</b>		
Payable to Management Company	15,849	16,354
Payable to Central Depository Company of Pakistan Limited - Trustee	774	789
Payable to the Securities and Exchange Commission of Pakistan - annual fee	4,038	7,010
Payable against redemption of units	400	-
Accrued expenses and other liabilities	116,957	79,796
<b>Total liabilities</b>	<b>138,018</b>	<b>103,949</b>
<b>NET ASSETS</b>	<b>11,033,713</b>	<b>11,319,750</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>11,033,713</b>	<b>11,319,750</b>
<b>Contingencies and commitments</b>	8	
	(Number of units)	
<b>Number of units in issue</b>	<b>109,164,709</b>	<b>109,208,503</b>
	----- (Rupees) -----	
<b>Net assets value per unit</b>	<b>101.07</b>	<b>103.65</b>

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
------(Rupees in '000)-----					
<b>Income</b>					
Income from government securities		373,263	239,585	194,711	121,940
Income from term finance certificates		104,894	145,210	54,695	74,280
Capital (loss) / gain on sale and redemption of investments		(3,624)	90,539	7,341	49,056
Profit on bank deposits and term deposit receipts		76,551	61,763	37,808	43,946
		<b>551,084</b>	<b>537,097</b>	<b>294,555</b>	<b>289,222</b>
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2.4	(26,935)	47,978	(15,643)	(24,260)
Reversal / (charge) of provision against debt securities	5.2.2	6,450	(92,280)	-	(11,584)
<b>Total income</b>		<b>530,599</b>	<b>492,795</b>	<b>278,912</b>	<b>253,378</b>
<b>Operating expenses</b>					
Remuneration of Management Company		80,765	57,009	40,062	32,008
Sales tax and Federal Excise Duty on remuneration of Management Company	7.1	27,912	9,121	13,845	5,121
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,576	3,467	2,273	1,897
Annual fee - Securities and Exchange Commission of Pakistan		4,038	2,850	2,003	1,600
Brokerage and settlement charges		631	861	95	517
Auditors' remuneration		381	566	191	312
Other expenses		621	504	343	288
<b>Total operating expenses</b>		<b>118,924</b>	<b>74,378</b>	<b>58,812</b>	<b>41,743</b>
		<b>411,675</b>	<b>418,417</b>	<b>220,100</b>	<b>211,635</b>
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed		(2,899)	27,882	2,563	20,118
Provision for Workers' Welfare Fund	9	(8,176)	(8,926)	(4,454)	(4,635)
<b>Net income for the period before taxation</b>		<b>400,600</b>	<b>437,373</b>	<b>218,209</b>	<b>227,118</b>
Taxation	10	-	-	-	-
Net income for the period after taxation		<b>400,600</b>	<b>437,373</b>	<b>218,209</b>	<b>227,118</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>400,600</b>	<b>437,373</b>	<b>218,209</b>	<b>227,118</b>
<b>Earnings per unit</b>	11				

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	------(Rupees in '000)-----			
<b>Undistributed income brought forward</b>	<b>398,934</b>	95,555	<b>108,254</b>	108,327
Final distribution of bonus units for the year ended June 30, 2013 at Rs. 2.6526 per unit (Date of distribution July 4, 2013)	<b>(289,686)</b>	-	-	-
Interim distribution of bonus units for the quarter ended September 30, 2013 at Rs 1.7440 per unit (Date of distribution September 26, 2013)	<b>(178,366)</b>	-	-	-
Interim distribution of bonus units for the half year ended December 31, 2013 at Rs 2.0257 per unit (Date of distribution December 26, 2013)	<b>(214,163)</b>	-	<b>(214,163)</b>	-
Interim distribution of bonus units for the quarter ended September 30, 2012 at Rs 3.0133 per unit (Date of distribution September 28, 2012)	-	(201,680)	-	-
Interim distribution of bonus units for the half year ended December 31, 2012 at Rs 2.4902 per unit (Date of distribution December 27, 2012)	-	(225,497)	-	(225,497)
	<b>(682,215)</b>	(427,177)	<b>(214,163)</b>	(225,497)
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount representing unrealized income	<b>(44)</b>	38,420	<b>4,975</b>	34,223
Net income for the period after taxation	<b>400,600</b>	437,373	<b>218,209</b>	227,118
<b>Undistributed income carried forward</b>	<b>117,275</b>	144,171	<b>117,275</b>	144,171

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' FUND (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	------(Rupees in '000)-----			
<b>Net assets at beginning of the period</b>	<b>11,319,750</b>	6,696,213	<b>10,527,218</b>	6,999,244
Issue of 40,580,401 (2012: 45,903,738) units and 21,735,443 (2012: 33,240,866) units for the half year and quarter respectively	<b>4,132,455</b>	4,713,760	<b>2,216,857</b>	3,581,479
Redemption of 47,378,794 (2012: 23,564,929) units and 18,881,123 (2012: 11,816,286) units for the half year and quarter respectively	<b>(4,821,991)</b>	(2,419,671)	<b>(1,926,008)</b>	(1,387,930)
Issue of 6,754,599 (2012: 4,210,835) bonus units and 2,120,417 (2012: 2,222,806) units during the half year and quarter respectively	<b>682,215</b>	427,177	<b>214,163</b>	225,497
	<b>(7,321)</b>	2,721,266	<b>505,012</b>	2,419,046
	<b>11,312,429</b>	9,417,479	<b>11,032,230</b>	9,418,290
Element of loss / (income) and capital (losses) / gains included in prices of units issued less those in units redeemed				
- amount representing realised loss / (income) and capital losses / (gains) - transferred to income statement	<b>2,899</b>	(27,882)	<b>(2,563)</b>	(20,118)
- amount representing unrealised loss / (income) that forms part of unit holders' fund - transferred to distribution statement	<b>44</b>	(38,420)	<b>(4,975)</b>	(34,223)
	<b>2,943</b>	(66,302)	<b>(7,538)</b>	(54,341)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised income	<b>(44)</b>	38,420	<b>4,975</b>	34,223
Net income for the period transferred from the distribution statement				
- Capital (loss) / gain on sale of investments	<b>(3,624)</b>	90,539	<b>7,341</b>	49,056
- Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	<b>(26,935)</b>	47,978	<b>(15,643)</b>	(24,260)
- Other net income for the period	<b>431,159</b>	298,856	<b>226,511</b>	202,322
- Distributions made during the period (Refer distribution statement)	<b>(682,215)</b>	(427,177)	<b>(214,163)</b>	(225,497)
	<b>(281,615)</b>	10,196	<b>4,046</b>	1,621
<b>Net assets as at end of the period</b>	<b>11,033,713</b>	9,399,793	<b>11,033,713</b>	9,399,793

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

Note	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income before taxation	400,600	437,373	218,209	227,118
<b>Adjustments</b>				
Net unrealised diminution/(appreciation) in the fair value of investments classified 'as financial assets at fair value through profit or loss'	26,935	(47,978)	15,643	24,260
Provision / (reversal) against debt securities	(6,450)	92,280	-	11,584
Element of losses / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	2,899	(27,882)	(2,563)	(20,118)
Net cash flows from operations before working capital changes	<b>423,984</b>	453,793	<b>231,289</b>	242,844
<b>Working capital changes</b>				
<i>(Increase)/decrease in assets</i>				
Investments - net	4,227,523	(1,440,786)	101,291	97,300
Profit and other receivables	39,456	(52,526)	4,369	(17,203)
Advance against subscription of term finance certificates	(62,500)	(250,000)	(12,500)	(250,000)
Security deposits and prepayments	80	80	60	60
	<b>4,204,559</b>	(1,743,232)	<b>93,220</b>	(169,843)
<i>Increase/(decrease) in liabilities</i>				
Payable to Management Company	(505)	3,999	(7,474)	314
Payable to Central Depository Company of Pakistan Limited - Trustee	(15)	165	38	(359)
Payable to Securities and Exchange Commission of Pakistan- annual fee	(2,972)	(1,538)	2,003	1,600
Payable against redemption of units	400	73,388	(63,476)	73,388
Accrued expenses and other liabilities	37,161	10,172	26,732	3,313
	<b>34,069</b>	86,186	<b>(42,177)</b>	78,256
<b>Net cash generated from / (used in) operating activities</b>	<b>4,662,612</b>	(1,203,253)	<b>282,332</b>	151,257
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net receipts against issue of units	4,132,455	4,713,760	2,216,857	3,581,479
Net payments on redemption of units	(4,821,991)	(2,419,671)	(1,926,008)	(1,387,930)
<b>Net cash (used in) / generated from financing activities</b>	<b>(689,536)</b>	2,294,089	<b>290,849</b>	2,193,549
<b>Net increase in cash and cash equivalents during the period</b>	<b>3,973,076</b>	1,090,836	<b>573,181</b>	2,344,806
Cash and cash equivalents at beginning of the period	2,668,887	3,171,567	6,068,782	1,917,597
<b>Cash and cash equivalents at end of the period</b>	<b>6,641,963</b>	4,262,403	<b>6,641,963</b>	4,262,403

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  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

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

- 1.1** MCB Dynamic Cash Fund (the Fund) was established under a Trust Deed dated, November 09, 2006, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was amended through a supplemental Trust Deed dated January 21, 2007. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 on December 12, 2006.
- 1.2** Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.
- 1.3** The Management Company of the Fund 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 has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange.
- 1.5** The Fund primarily invests in money market and other short-term instruments which includes short-term corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.6** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 (positive outlook) dated March 21, 2013 to the Management Company and a rating of "A+(f)" dated January 08, 2013 to the Fund.
- 1.7** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as 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) shall prevail.
- 2.2** This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2013 and December 31, 2012 are un-audited and have been included to facilitate comparison.



**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

- 2.3 This condensed interim financial information is Un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and this condensed interim financial information are being circulated to the unit holders as required under the NBFC Regulations.
- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.
- 2.5 The directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

**3. SIGNIFICANT ACCOUNTING POLICIES 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 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013.
- 3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not stated in this condensed interim financial information.

**4. FINANCIAL RISK MANAGEMENT**

The Fund's risk management 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 December 31, 2013	Audited June 30, 2013
Rupees in '000			
<b>5. INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss</b>			
Government securities	5.1	6,012,811	6,114,479
Investment in debt securities			
- Listed	5.2	616,596	1,270,065
- Unlisted	5.2	550,428	666,211
		1,167,024	1,936,276
<b>Loans and receivables</b>	5.3	1,200,000	500,000
		<b>8,379,835</b>	<b>8,550,755</b>

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

5.1 Government securities

Name of investee company	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	Purchased during the period	Disposed off during the period	Matured during the year	As at December 31, 2013	Carrying value	Market value	Appreciation / (diminution)			
										%	
Treasury Bills - 12 months	2,712,150	8,254,000	7,788,000	3,178,150	-	-	-	-	0.00	0.00	
Treasury Bills - 6 months	277,000	775,000	725,000	327,000	-	-	-	-	0.00	0.00	
Treasury Bills - 3 months	500	16,619,000	8,180,000	5,514,500	2,925,000	2,879,081	2,877,585	(1,496)	26.08	34.34	
Pakistan Investment Bonds - 05 years	2,700	-	-	2,700	-	-	-	-	0.00	0.00	
Pakistan Investment Bonds - 03 years	1,375,000	2,306,400	1,225,000	-	2,456,400	2,504,130	2,471,662	(32,468)	22.40	29.50	
GoP Ijara Sukuk V (November 15, 2010)	43,500	-	43,500	-	-	-	-	-	0.00	0.00	
GoP Ijara Sukuk VIII (May 16, 2011)	910,000	-	250,000	-	660,000	661,584	663,564	1,980	6.01	7.92	
GoP Ijara Sukuk XII (June 28, 2012)	325,000	-	325,000	-	-	-	-	-	0.00	0.00	
GoP Ijara Sukuk XIII (September 18, 2012)	527,200	-	527,200	-	-	-	-	-	0.00	0.00	
<b>Total as at December 31, 2013</b>	<b>6,173,050</b>	<b>27,954,400</b>	<b>19,063,700</b>	<b>9,022,350</b>	<b>6,041,400</b>	<b>6,044,795</b>	<b>6,012,811</b>	<b>(31,984)</b>	<b>54.49</b>	<b>71.76</b>	
Total as at June 30, 2013	1,584,600	61,056,150	52,257,150	4,210,550	6,173,050	6,106,167	6,114,479	8,312	53.89	71.90	

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

**5.2 Investment in debt securities - Term finance certificates of Rs. 5,000/- each unless stated otherwise)**

Name of investee company	Number of Certificates					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	Purchased during the period	Matured during the period	Disposed during the period	As at Dec 31, 2013	Carrying value (net of provision)	Market value	Appreciation / (diminution)		
	-----Number of Certificates-----					-----Rupees in '000-----			-----%	
<b>Listed</b>										
<b>Commercial banks</b>										
Allied Bank Limited (December 6, 2006)	10,800	-	-	-	10,800	27,375	27,060	(315)	0.25	0.32
Allied Bank Limited (August 28, 2009)	9,000	-	-	-	9,000	41,563	43,061	1,498	0.39	0.51
Askari Bank Limited (November 18, 2009)	23,000	-	-	-	23,000	115,885	116,527	642	1.06	1.39
Bank Al Falah Limited (February 20, 2013)	72,631	-	-	-	72,631	368,772	370,979	2,207	3.36	4.43
Faysal Bank Limited (November 12, 2007)	7,515	-	-	-	7,515	18,939	18,834	(105)	0.17	0.22
NIB Bank Limited (March 05, 2008)	44,808	-	44,808	-	-	-	-	-	0.00	0.00
United Bank Limited (September 08, 2006)	15,000	-	-	-	15,000	25,200	24,953	(247)	0.23	0.30
United Bank Limited (February 14, 2008)	79,008	-	79,008	-	-	-	-	-	0.00	0.00
						<b>597,734</b>	<b>601,414</b>	<b>3,680</b>	<b>5.45</b>	<b>7.18</b>
<b>Chemicals and fertilizer</b>										
Engro Chemical Pakistan Limited (November 30, 2007)	162	-	-	-	162	797	808	11	0.01	0.01
<b>Financial services</b>										
Saudi Pak Leasing Company Limited (March 13, 2010)	10,000	-	-	-	10,000	13,573	14,374	801	0.13	0.17
Total listed securities						<b>612,104</b>	<b>616,596</b>	<b>4,492</b>	<b>5.59</b>	<b>7.36</b>
<b>Unlisted</b>										
<b>Commercial banks</b>										
Askari Bank Limited (October 31, 2005)	6,980	-	6,980	-	-	-	-	-	0.00	0.00
Askari Bank Limited PPTFC (December 23, 2011) *	95	-	-	-	95	101,159	99,533	(1,626)	0.90	1.19
Bank AlFalalah Limited (December 2, 2009)	8,500	-	-	-	8,500	44,603	44,836	233	0.41	0.54
Bank AlFalalah Limited (December 2, 2009) Fixed	18,235	-	-	-	18,235	97,402	97,747	345	0.89	1.17
Standard Chartered Bank (Pakistan) Limited (June 29, 2012)	50,000	-	-	-	50,000	248,375	250,938	2,563	2.27	2.99
						<b>491,539</b>	<b>493,054</b>	<b>1,515</b>	<b>4.47</b>	<b>5.88</b>
<b>Construction and materials</b>										
Maple Leaf Cement Factory Limited (December 03, 2009) (Refer note 5.2.1)	71,000	-	-	3,000	68,000	30,223	30,223	-	0.27	0.36
<b>Chemicals and fertilizer</b>										
Engro Chemical Pakistan Limited (March 18, 2007)	2,419	-	-	-	2,419	11,339	11,611	272	0.11	0.14
<b>Financial services</b>										
Jahangir Siddiqui Company Limited (July 04, 2007)	24,000	-	24,000	-	-	-	-	-	0.00	0.00
Security Leasing Corporation Limited (March 28, 2010)	10,000	-	-	-	10,000	4,608	4,832	224	0.04	0.06
Security Leasing Corporation Limited -Sukuk (March 18, 2010)	5,000	-	-	-	5,000	3,847	2,395	(1,452)	0.02	0.03
						<b>8,455</b>	<b>7,227</b>	<b>(1,228)</b>	<b>0.07</b>	<b>0.09</b>
<b>Food producers</b>										
JDW Sugar Mills Limited PPTFC (June 23, 2008)	15,000	-	-	-	15,000	8,315	8,313	(2)	0.08	0.10
<b>Household goods</b>										
New Allied Electronics Industries (Private) Limited (May 15, 2007)	10,400	-	-	-	10,400	-	-	-	0.00	0.00
New Allied Electronics Industries (Private) Limited -Sukuk (July 25, 2007)	112,000	-	-	-	112,000	-	-	-	0.00	0.00
						<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>
Total unlisted securities						<b>549,871</b>	<b>550,428</b>	<b>557</b>	<b>4.99</b>	<b>6.57</b>
<b>Total as at December 31, 2013</b>						<b>1,161,975</b>	<b>1,167,024</b>	<b>5,049</b>		
Total as at June 30, 2013						1,924,521	1,936,276	11,755		

\* Nominal value of these term finance certificates is Rs. 100,000 per unit.

**5.2.1** Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. During the period, the Fund has recognised net reversal of provision amounting to Rs. 6.45 million in accordance with Circular 33 of 2012 issued by the SECP and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of markup there against.

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

(Audited) As at June 30, 2013	Charged during the period	Reversed during the period	(Un-audited) As at December 31, 2013
----- (Rupees in '000) -----			

**5.2.2 Movement in provision against debt securities-unlisted**

Maple Leaf Cement Factory Limited - Sukuk	152,652	-	6,450	<b>146,202</b>
New Allied Electronics Industries (Private) Limited-TFC	22,337	-	-	<b>22,337</b>
New Allied Electronics Industries (Private) Limited - Sukuk	35,063	-	-	<b>35,063</b>
	<u>210,052</u>	<u>-</u>	<u>6,450</u>	<u><b>203,602</b></u>

**5.2.3 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with Clause (v) of the investment criteria laid down for 'Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at 31 December 2013, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in '000'-----			-----%-----	
Maple Leaf Cement Factory Limited	Sukuk certificate	176,425	146,202	30,223	0.27	0.27
New Allied Electronics Industries (Private) Limited	Term finance certificate	22,337	22,337	-	0.00	0.00
New Allied Electronics Industries (Private) Limited	Sukuk certificate	35,063	35,063	-	0.00	0.00
Security Leasing Corporation Limited	Privately placed term finance certificate	4,832	-	4,832	0.04	0.04
Security Leasing Corporation Limited	Sukuk certificate	2,395	-	2,395	0.02	0.02
Saudi Pak Leasing Company Limited	Term finance certificate	14,374	-	14,374	0.13	0.13

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
5.2.4	<b>Net unrealized diminution on re-measurement of investments classified as financial assets at fair value through profit or loss'</b>	Note	(Rupees in '000)
	Carrying value investments	5.1 & 5.2 7,206,770	8,260,807
	Market value investments	5.1 & 5.2 7,179,835	8,240,740
		<u>26,935</u>	<u>20,067</u>

**5.3 Loans and receivables**

Particulars	Profit / mark-up rate %	Maturity date	Closing balance as at December 31, 2013  (Rupees in '000)	Value as a percentage of net assets  -----%-----	Value as a percentage of investment
Term deposit receipts	9.9% to 10%	23-Jan-14	1,200,000	10.88	14.32
<b>Total - December 31, 2013</b>			<u>1,200,000</u>		
Total - June 30, 2013			<u>500,000</u>		

**6. ADVANCE AGAINST SUBSCRIPTION OF TERM FINANCE CERTIFICATES**

This represents advance paid against purchase of term finance certificates of Pakistan Mobile Communications Limited. It carries markup at the rate of 6-monthly KIBOR plus 2% per annum.

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
7.	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	Note	(Rupees in '000)
	Provision for Workers' Welfare Fund		84,547
	Provision for Fedral Excise Duty	7.1	16,554
	Front End load payable		14,166
	Auditors' remuneration		911
	Withholding tax payable		46
	Others		733
			<u>116,957</u>
			<u>79,796</u>

**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 .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. 16.55 million as at 31 December 2013. 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 were not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.15 per unit as at 31 December 2013.

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

**8. CONTIGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2013 and June 30, 2013.

**9. 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' 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 the 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 financial statements aggregating to Rs. 84.55 million as at December 31, 2013. 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. 0.77 per unit.

**10. 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 made in this condensed interim financial information.

**11. EARNINGS PER UNIT**

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

	Half year ended December 31,	Quarter ended December 31,
	2013	2012
------(Rupees in '000)-----		

**12. CASH AND CASH EQUIVALENTS**

Bank balances	2,564,378	3,462,403	2,564,378	3,462,403
Treasury bills - 3 months	2,877,585	-	2,877,585	-
Term deposit receipts	1,200,000	800,000	1,200,000	800,000
	6,641,963	4,262,403	6,641,963	4,262,403

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

**13. TRANSACTIONS WITH CONNECTED PERSONS**

**13.1** Connected persons 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 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.

**13.2 Details of transactions with connected persons are as follows:**

	Un-audited			
	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
(Rupees '000)				
<b>MCB Arif Habib Savings and Investments Limited (formerly: Arif Habib Investments Limited)</b>				
Remuneration of management company including indirect taxes	108,677	66,130	53,907	37,129
Issue of 292,962 units (2012: 1,020,950 units)	30,000	106,575	30,000	60,900
Redemption of 1,037,667 units (2012: 190,641 units)	106,000	19,501	88,000	7,501
Distribution of 252,761 bonus units (2012: 234,332 units)	25,529	23,772	7,307	11,620
<b>Central Depository Company of Pakistan Limited</b>				
Remuneration for the period	4,576	3,467	2,273	1,897
<b>MCB Bank Limited</b>				
Profit on deposit accounts	2,966	9,958	1,938	6,156
Bank charges	7	21	4	14
<b>MCB Employees Provident Fund</b>				
Distribution of 59,282 bonus units (2012: 46,709 units)	5,987	4,739	1,931	2,179
<b>MCB Employees Pension Fund</b>				
Distribution of 59,282 bonus units (2012: 46,709 units)	5,987	4,739	1,931	2,179
<b>Adamjee Insurance Company Limited</b>				
Issue of 4,196,803 units (2012: Nil units)	425,501	-	-	-
Redemption of 4,196,803 units (2012: Nil units)	425,501	-	-	-
Distribution of 622,008 bonus units (2012: 490,088 units)	62,823	49,718	20,262	22,857
<b>D.G Khan Cement Company Limited - Employees Provident Fund Trust</b>				
Distribution of 178 bonus units (2012: 141 units)	18	14	6	6
<b>Staff Provident Fund of Management Company</b>				
Issue of Nil units (2012: 14,770 units)	-	1,523	-	1,523
Redemption of 20,186 units (2012: Nil units)	2,051	-	-	-
Distribution of 517 bonus units (2012: 818 units)	52	83	-	38
<b>Adamjee Life Assurance Company Limited</b>				
Issue of Nil units (2012: 11,778 units)	-	1,194	-	1,194
Redemption of Nil units (2012: 27,214 units)	-	2,828	-	2,828
Distribution of Nil bonus units (2012: 784 units)	-	79	-	-

**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

	----- Un-audited -----			
	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2013	2012	2013	2012
	----- (Rupees '000) -----			
<b>Adamjee Insurance Company Limited - Employees Provident Fund</b>				
Issue of Nil units (2012: 979,784 units)	-	101,823	-	101,823
Redemption of 527,359 units (2012: 495,832 units)	53,990	50,318	53,990	50,318
Distribution of 22,218 bonus units (2012: 11,879 units)	2,244	1,205	-	1,205
<b>Adamjee Life Assurance Company Limited - Investment Multiplier Fund</b>				
Issue of 64,172 Units (2012: 9,746 units)	6,500	1,015	-	1,015
Redemption of 182,226 units (2012: Nil units)	18,545	-	-	-
Distribution of 3,021 bonus units (2012: 239 units)	305	24	-	24
<b>Adamjee Life Assurance Company Limited - NUIL Fund</b>				
Issue of 207,180 Units (2012: 97,527 units)	21,000	10,150	-	10,150
Redemption of 946,742 units (2012: Nil units)	96,370	-	-	-
Distribution of 18,826 bonus units (2012: 1,790 units)	1,912	182	-	182
<b>Adamjee Life Assurance Company Limited - Investment Secure Fund</b>				
Issue of 457,642 units (2012: 106,282 units)	46,400	11,064	-	11,064
Redemption of 1,158,435 units (2012: Nil units)	117,912	-	-	-
Distribution of 17,934 bonus units (2012: 1,521 units)	1,811	154	-	154
<b>Adamjee Life Assurance Company Limited ISF - Investment Secure Fund II</b>				
Issue of 88,853 units (2012: 47,364 units)	9,000	4,974	-	4,974
Redemption of 577,590 units (2012: Nil units)	58,774	-	-	-
Distribution of 12,507 bonus units (2012: 1,163 units)	1,263	118	-	118
<b>Key management personnel</b>				
Issue of 105,424 units (2012: 144,638 units)	10,730	15,127	605	12,655
Redemption of 60,961 units (2012: 23,367 units)	6,205	2,399	2,707	1,622
Distribution of 13,974 bonus units (2012: 6,866 units)	1,411	697	261	438
<b>13.3 Amount outstanding as at period / year end</b>			<b>Un-audited</b>	<b>Audited</b>
			<b>December</b>	<b>June</b>
			<b>31, 2013</b>	<b>30, 2013</b>
			<b>(Rupees in '000)</b>	
<b>MCB Arif Habib Savings and Investments Limited (formerly: Arif Habib Investments Limited)</b>				
Remuneration payable to management company			13,663	14,098
Sales tax payable on management fee			2,186	2,256
Front End Load Payable			14,166	198
3,679,535 units held as at December 31, 2013 (June 30, 2013: 4,171,478)			371,905	432,385



**NOTES TO AND FORMING PART OF THE CONDESED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013**

	<b>Un-audited December 31, 2013</b>	<b>Audited June 30, 2013</b>
	<b>(Rupees in '000)</b>	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	200	200
Remuneration and settlement charges payable	774	789
<b>MCB Bank Limited</b>		
Bank balance	3,863	10,657
Profit receivable on deposit accounts	557	26
<b>MCB Employees Provident Fund</b>		
972,400 units held as at December 31, 2013 (June 30, 2013: 913,118)	98,284	94,647
<b>MCB Employees Pension Fund</b>		
972,400 units held as at December 31, 2013 (June 30, 2013: 913,118)	98,284	94,647
<b>Adamjee Insurance Company Limited</b>		
10,202,735 units held as at December 31, 2013 (June 30, 2013: 9,580,727 units)	1,031,231	993,068
<b>D.G Khan Cement Company Limited - Employees Provident Fund Trust</b>		
2,925 units held as at December 31, 2013 (June 30, 2013: 2,747 units)	296	285
<b>Staff Provident Fund of Management Company</b>		
Nil units held as at December 31, 2013 (June 30, 2013: 19,669 units)	-	2,039
<b>Adamjee Insurance Company Limited - Employees Provident Fund</b>		
Nil units held as at December 31, 2013 (June 30, 2013: 505,140 units)	-	52,359
<b>Adamjee Life Assurance Company Limited - NUIL Fund</b>		
Nil units held as at December 31 2013 (June 30 2013: 720,636 units)	-	74,696
<b>Adamjee Life Assurance Company Limited - Investment Multiplier Fund</b>		
Nil units held as at December 31 2013 (June 30 2013: 115,033 units)	-	11,924
<b>Adamjee Life Assurance Company Limited - Investment Secure Fund</b>		
Nil units held as at December 31 2013 (June 30 2013: 682,859 units)	-	70,780
<b>Adamjee Life Assurance Company Limited - Investment Secure Fund II</b>		
Nil units held as at December 31 2013 (June 30 2013: 476,230 units)	-	49,362
<b>Key management personnel</b>		
243,555 units held as at December 31, 2013 (June 30, 2013: 185,118 units)	24,617	19,187


**14. RECLASSIFICATION**

Following reclassification have been made in this condensed interim financial information in order to give better and more appropriate presentation:

	<b>From</b>	<b>To</b>	<b>June 30, 2013 (Rupees in '000)</b>
Federal Excise Duty payable on management fee	Payable to Management Company	Accrued expenses and other liabilities	1,563

**15. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on 06 February, 2014 by the Board of Directors of the Management Company.

  
 Chief Executive Officer

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

  
 Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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

8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.  
UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH), 111-468378 (111-INVEST)  
Bachat Center: 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908  
URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)