

## Half Year Report December 31, 2014 (Unaudited)



Funds Under Management  
of  
MCB-Arif Habib Savings and 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.

# **PAKISTAN CAPITAL MARKET FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings & 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 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 Operating Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Umair Ahmed	
<b>Trustee</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi.	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Habib Limited United Bank Limited Standard Chartered Bank Pakistan Limited	
<b>Auditors</b>	KPMG Taseer Haidi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75530.	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	MCB-Arif Habib Savings & Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	AM 2 - Management Quality Rating assigned by PACRA	

## **REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED DECEMBER 31, 2014**

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Capital Market Fund's accounts review for the first half year ended December 31<sup>st</sup> 2014.

### **ECONOMY AND MONEY MARKET OVERVIEW**

In the wake of decline in oil prices in the international market, the country witnessed significant improvement in the macroeconomic indicators. Oil prices fell by 48 percent during the first half of the current fiscal year, aided by increase in global oil production amid weak demand.

Consequently, inflation remained subdued with CPI averaging around 6.11 percent during the 1HFY15. If oil prices, which eased down to a five-year low in December, stabilize below \$60 per barrel, inflation is likely to persist in lower ranges during the second half of the current fiscal year.

Despite decline in oil prices, the country's trade deficit widened to \$ 9.7 billion during 1HFY15 as opposed to deficit of \$ 8.6 billion during the corresponding period last year. Exports remained subdued perhaps due to lower cotton prices and disruptive power supplies. 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.

At the same time, financial account registered a surplus of \$ 2.4 billion as compared to a surplus of \$ 0.24 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. However, foreign direct investment yet failed to pick up pace during the first half.

The country's foreign reserve balance also improved towards the end of the year after the country received \$1 billion through Sukuk auction in November and IMF released 4th and 5th tranche amounting to \$1.1 billion in December. The country's reserve balance totaled to \$14.9 billion at the end of December 2014.

Keeping in view lower inflationary pressure and stable foreign reserves position, the government had announced 50 bps cut in the discount rate in the monetary policy held in November, bringing the discount rate to 9.5 percent. Moreover, the gap between discount rate and inflation is still hovering above 5 percent which supports the case for further monetary easing down the line.

M2 has expanded by 3.08 percent during the 1HFY15 (till 26th December) as opposed to expansion of 4.76 percent during the same period last year. While borrowing from the banking system stood at Rs 243 billion as opposed to borrowing of around Rs 539 billion during the same period last year.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. PIB rates moved downwards in anticipation of cut in the discount rate. Major activity was witnessed in the longer tenor bonds causing the yield curve to move sharply in the downward direction.

### **EQUITIES MARKET OVERVIEW**

Despite poor performance of oil and gas sector in the wake of continuous decline in oil prices, KSE-100 index managed to surge by 8.4 percent during 1HFY15. Decline in energy cost has made manufacturing sector attractive, while anticipation of discount rate cut has brought leveraged and high dividend yield companies into limelight.

Cement, fertilizer, and power sector remained top performers. Cement companies benefited from decline in coal prices and lower distribution cost. While high dividend yield made fertilizer and power sectors attractive. Performance of E&P, Refineries and Oil Marketing Companies remained dismal and Banking sector stayed range-bound in anticipation of monetary easing down the line.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED DECEMBER 31, 2014

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Foreigners remained net buyers with a cumulative net inflow of US\$ 113 million during the first half of the fiscal year.

### FUND PERFORMANCE

During the period under review, the fund delivered a return of 14.35% as against its benchmark return of 7.36% outperforming benchmark by 6.99%. On the equities front, the overall allocation marginally increased during the period to 64.5% from 64.4% at the beginning of the period. The fund increased its exposure mainly in Electricity, Construction and Materials and Chemicals sectors while exposure was reduced in Oil and Gas and Commercial Banks sectors.

On the fixed income side, the fund had increased its exposure in T-Bills to 19.8% as of 31<sup>st</sup> December, 2014. At the same time, the fund's exposure in TFCs declined to 0.9% from 8.4%.

The Net Assets of the Fund as at December 31, 2014 stood at Rs.465 million as compared to Rs.365 million as at June 30, 2014 registering an increase of 27.40%.

The Net Asset Value (NAV) per unit as at December 31, 2014 was Rs.10.36 as compared to opening NAV of Rs.9.06 per unit as at June 30, 2014 registering an increase of Rs.1.30 per unit.

### FUTURE OUTLOOK

Economic activity is expected to gain momentum in 2015. The manufacturing activity will be driven by lower energy cost, weak raw material prices, improvement in gas supply situation and progress on the political front. In a major positive development, the government is planning to import LNG to ease off gas shortage in the country.

Although the government is eyeing increase in foreign inflows through pledges made by multilateral agencies, approved project financing and divestment of strategic assets, improvement in reserve position largely hinges on volatile law and order situation. In the near-term, realization of expected inflows-through divestment of shares of HBL would be crucial, where the country is expected to raise around \$1 billion. We believe that the sustainability of external account, in the presence of subdued inflationary pressures, would be a key factor in shaping up interest rate direction.

### 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

February 02, 2015



## 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  
Email: info@cdcpak.com



## TRUSTEE REPORT TO THE UNIT HOLDERS

### PAKISTAN CAPITAL MARKET 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 Pakistan Capital Market Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and 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, 2014 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.

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 20, 2015





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



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet [www.kpmg.com.pk](http://www.kpmg.com.pk)

## Report on review of Condensed Interim Financial Information to the Unit Holders

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Capital Market Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review.

### *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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

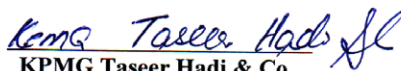
Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### *Other matters*

The figures for the quarter ended 31 December 2014 and 31 December 2013 in the condensed interim financial information have not been reviewed by us and we do not express a conclusion on them.

**Date: 02 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
**Mazhar Saleem**

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan  
and a member firm of the KPMG network of independent member  
firms affiliated with KPMG International Cooperative  
("KPMG International"), a Swiss entity.

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 31 DECEMBER 2014**

	<i>Note</i>	<b>31 December 2014</b>	<b>30 June 2014</b>
		<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balance with banks	6	67,647	41,664
Dividend and other receivables		481	1,726
Investments	7	425,969	315,979
Advances and deposits		5,349	9,770
Receivable against sale of investment		468	9,941
<b>Total assets</b>		<b>499,914</b>	<b>379,080</b>
<b>Liabilities</b>			
Payable to the Management Company		953	714
Payable to Central Depository Company of Pakistan Limited - Trustee		75	59
Payable to Securities and Exchange Commission of Pakistan		167	304
Dividend payable		2,783	2,783
Payable against purchase of investment		17,695	-
Payable against redemption of units		216	216
Accrued expenses and other liabilities	8	12,557	10,368
<b>Total liabilities</b>		<b>34,446</b>	<b>14,444</b>
<b>Contingencies and commitments</b>	9		
<b>Net assets</b>		<b>465,468</b>	<b>364,636</b>
<b>Unit holders' funds</b>		<b>465,468</b>	<b>364,636</b>
		<b>(Number of units)</b>	
<b>Number of units in issue (face value of units is Rs. 10 each)</b>		<b>44,940,223</b>	<b>40,226,029</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>10.36</b>	<b>9.06</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

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

  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	Note	Half year ended		Quarter ended	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
------(Rupees in '000)-----					
<b>Income</b>					
Capital gain / (loss) on sale of investments - net		20,966	7,365	19,289	(3,228)
Dividend income		5,461	7,280	3,446	2,615
Income from government securities		2,901	3,390	1,734	1,572
Income from term finance certificates		1,371	3,192	558	1,472
Profit on bank deposits		2,543	2,271	1,387	1,135
Other income		12	-	5	-
		33,254	23,498	26,419	3,566
Net unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	7.1	28,562	15,234	19,876	20,631
Reversal / (provision) against term finance certificate		-	2	-	2
<b>Total income</b>		<b>61,816</b>	<b>38,734</b>	<b>46,295</b>	<b>24,199</b>
<b>Expenses</b>					
Remuneration of the Management Company		3,935	3,761	2,082	1,621
Sindh Sales tax and Federal Excise Duty on management fee		1,314	1,300	695	561
Remuneration of Central Depository Company of Pakistan Limited - Trustee		393	394	208	180
Annual fee - Securities and Exchange Commission of Pakistan		167	160	88	69
Brokerage expense		1,364	601	968	129
Auditor's remuneration		290	306	166	182
Other expenses		321	482	98	342
<b>Total operating expenses</b>		<b>7,784</b>	<b>7,004</b>	<b>4,305</b>	<b>3,084</b>
<b>Net operating income for the period</b>		<b>54,032</b>	<b>31,730</b>	<b>41,990</b>	<b>21,115</b>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		4,912	(2,050)	5,035	(2,225)
Provision for Workers' Welfare Fund	8.2	(1,179)	(594)	(941)	(379)
<b>Net income for the period before taxation</b>		<b>57,765</b>	<b>29,086</b>	<b>46,084</b>	<b>18,511</b>
Taxation	10	-	-	-	-
<b>Net income for the period after taxation</b>		<b>57,765</b>	<b>29,086</b>	<b>46,084</b>	<b>18,511</b>
<b>Earnings per unit</b>	11				

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
**Chief Executive Officer**

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

  
**Director**

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	<i>Note</i>	<b>Half year ended</b>		<b>Quarter ended</b>	
		<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
<b>Net income for the year after taxation</b>		<b>57,765</b>	29,086	<b>46,084</b>	18,511
<b>Other comprehensive income:</b>					
<i>Items that are or may be reclassified subsequently to income statement</i>					
Net unrealised appreciation on revaluation of investment classified as 'available for sale'		<b>232</b>	-	<b>146</b>	-
<b>Total comprehensive income for the period</b>		<b>57,997</b>	29,086	<b>46,230</b>	18,511

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
 Chief Executive Officer

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

  
 Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>----- (Rupees in '000) -----</b>			
Accumulated losses brought forward	<b>(37,684)</b>	(13,667)	<b>(24,908)</b>	(66,748)
Net income for the period	<b>57,997</b>	29,086	<b>46,230</b>	18,511
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation	<b>(4,010)</b>	10,994	<b>(5,019)</b>	21,805
<b>Distribution to the unit holders of the Fund:</b>				
Final distribution at the rate Rs. Nil (2013: Rs. 1.2760) for the year ended 30 June 2014 / 30 June 2013				
Declared on 4 July 2013				
- Bonus distribution 6,298,573 units	-	(52,845)	-	-
	<b>53,988</b>	(12,765)	<b>41,212</b>	40,316
Accumulated income / (loss) carried forward	<b>16,304</b>	(26,432)	<b>16,304</b>	(26,432)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
**Chief Executive Officer**

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

  
**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>----- (Rupees in '000) -----</b>			
<b>Net assets at beginning of the period</b>	<b>364,636</b>	<b>400,536</b>	<b>371,534</b>	<b>414,606</b>
Issue of 10,079,256 units (2013: 8,175,528 units) and 2,820,268 units (2013: nil units) for the half year and quarter ended respectively	<b>98,268</b>	<b>69,457</b>	<b>72,287</b>	<b>5,904</b>
Redemption of 5,365,062 units (2013: 15,004,280 units) and 3,378,259 units (2013: 14,004,280 units) for the half year and quarter ended respectively	<b>(50,521)</b>	<b>(128,800)</b>	<b>(19,548)</b>	<b>(121,762)</b>
	<b>47,747</b>	<b>(59,343)</b>	<b>52,739</b>	<b>(115,858)</b>
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (gain) / loss and capital (gains) / losses transferred to income statement	<b>(4,912)</b>	<b>2,050</b>	<b>(5,035)</b>	<b>2,225</b>
- amount representing loss / (income) that forms part of unit holders' fund transferred to distribution statement	<b>4,010</b>	<b>(10,994)</b>	<b>5,019</b>	<b>(21,805)</b>
	<b>(902)</b>	<b>(8,944)</b>	<b>(16)</b>	<b>(19,580)</b>
Net element of (loss) / income that forms part of unit holders' fund transferred to distribution statement	<b>(4,010)</b>	<b>10,994</b>	<b>(5,019)</b>	<b>21,805</b>
Net unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	<b>28,562</b>	<b>15,234</b>	<b>19,876</b>	<b>20,631</b>
Net unrealised appreciation on re-measurement of investment classified as 'available for sale'	<b>232</b>	<b>-</b>	<b>146</b>	<b>-</b>
Capital gain / (loss) on sale of investments - net	<b>20,966</b>	<b>7,365</b>	<b>19,288</b>	<b>(3,228)</b>
Net income for the period	<b>8,237</b>	<b>6,487</b>	<b>6,920</b>	<b>1,108</b>
Total comprehensive income for the period	<b>57,997</b>	<b>29,086</b>	<b>46,230</b>	<b>18,511</b>
Distribution during the period	<b>-</b>	<b>(52,845)</b>	<b>-</b>	<b>-</b>
<b>Net assets at end of the period</b>	<b>465,468</b>	<b>319,484</b>	<b>465,468</b>	<b>319,484</b>
Net assets value per unit at beginning of the period	<b>9.06</b>	<b>9.24</b>	<b>9.37</b>	<b>8.61</b>
Net assets value per unit at end of the period	<b>10.36</b>	<b>9.67</b>	<b>10.36</b>	<b>9.67</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
**Chief Executive Officer**

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

  
**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

Note

	Half year ended		Quarter ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	57,765	29,086	46,084	18,511
<b>Adjustments for:</b>				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'at fair value through profit or loss'	(28,562)	(15,234)	(19,876)	(20,631)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(4,912)	2,050	(5,035)	2,225
Provision for Workers' Welfare Fund	1,179	594	941	594
Dividend Income	(5,461)	(7,280)	(3,446)	(7,280)
	(37,756)	(19,870)	(27,416)	(25,092)
Net cash generated from / (used in) operations before working capital changes	20,009	9,216	18,668	(6,581)
<b>Working capital changes</b>				
<i>(Increase) / decrease in assets</i>				
Investments	(81,196)	74,859	(90,820)	72,441
Receivable against issue of units	-	-	(9,941)	4,553
Receivable against sale of investments	9,473	3,997	9,473	3,997
Dividend and profit receivable	812	2,602	1,271	5,404
Advances, deposits and prepayments	4,421	(10,710)	22	(10,684)
	(66,490)	70,748	(89,995)	75,711
<i>(Decrease) / increase in liabilities</i>				
Payable to the Management Company	239	(138)	255	(110)
Payable to Central Depository Company of Pakistan Limited - Trustee	16	(29)	14	(86)
Payable to Securities and Exchange Commission of Pakistan	(137)	(162)	88	69
Payable against redemption of units	-	-	-	(220)
Payable against purchase of investment	17,695	-	17,695	-
Accrued expenses and other liabilities	1,005	7,904	302	7,254
	18,818	7,575	18,354	6,907
Dividend received	5,899	7,377	4,123	7,377
<b>Net cash (used in) / generated from operating activities</b>	(21,764)	94,916	(48,850)	83,414
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments against redemption of units	(50,521)	(128,800)	(19,548)	(121,762)
Receipts against issuance of units	98,268	16,612	72,287	5,904
<b>Net cash generated from / (used in) financing activities</b>	47,747	(112,188)	52,739	(115,858)
Net increase / (decrease) in cash and cash equivalents	25,983	(17,272)	3,889	(32,444)
Cash and cash equivalents at beginning of the period	41,664	37,294	63,758	52,466
<b>Cash and cash equivalents at end of the period</b>	67,647	20,022	67,647	20,022

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The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

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

  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Capital Market Fund (PCMF) was established under a trust deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on October 27, 2003. The Investment Adviser of PCMF obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on November 5, 2003.

During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund is listed on all three stock exchanges in Pakistan. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the management company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

The Board of Directors have approved that the Fund should be categorised as "Balanced 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 Management Company has been changed from Arif Habib Investment Limited to MCB-Arif Habib Savings and Investments Limited.

The fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse purchase transactions.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2' to MCB Arif Habib Savings and Investments Limited, the Asset Management Company, and has assigned long term stability rating of "3 Star " to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

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### 2. BASIS OF PRESENTATION

#### 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 December 2014 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2014, whereas 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 half year ended 31 December 2013.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance.

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.

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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 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 resulted in change to the funds operation and did not resulted 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.

		<b>31 December 2014 (Unaudited) (Rupees in '000)</b>	<b>30 June 2014 (Audited)</b>
<b>6. BALANCE WITH BANKS</b>			
Saving accounts	<i>6.1</i>	<b>64,866</b>	38,883
Current account		<b>2,781</b>	2,781
		<b>67,647</b>	41,664

- 6.1** These carry mark-up at rates ranging between 6.5% to 9.20% per annum (30 June 2014: 6.5% to 9% per annum).

**7. INVESTMENTS**

**'Investments at fair value through profit or loss'**

- Quoted equity securities	<i>7.1.1</i>	<b>278,867</b>	228,340
- Term finance and sukuk certificates	<i>7.1.2</i>	<b>4,635</b>	31,906
- Government securities	<i>7.1.3</i>	<b>98,804</b>	44,516
		<b>382,306</b>	304,762

**'Investments classified as available for sale'**

- Quoted equity securities	<i>7.2.1</i>	<b>39,383</b>	11,217
- Unquoted equity securities	<i>7.2.2</i>	<b>4,280</b>	-
		<b>43,663</b>	11,217
		<b>425,969</b>	315,979

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

## 7.1 'Investments at fair value through profit or loss'

### 7.1.1 Quoted equity securities

Name of the investee company	As at 1 July 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Appreciation / (diminution)	Market Value as percentage of net assets	Market Value as percentage of total investments	Paid up value of shares held as a percentage of total paid up capital of the investee company
<b>OIL AND GAS</b>											
Attock Petroleum Limited	4,300	6,500	-	(5,000)	5,800	3,284	3,130	(154)	0.67%	0.73%	0.01%
Hascol Petroleum Limited	-	105,000	-	(105,000)	-	-	-	-	-	-	-
National Refinery Limited	2,200	-	-	(2,200)	-	-	-	-	-	-	-
Pakistan Oilfield Limited	531	4,000	-	(4,531)	-	-	-	-	-	-	-
Pakistan Petroleum Limited	33,430	60,000	-	(76,800)	16,630	3,180	2,936	(244)	0.63%	0.69%	0.00%
Pakistan State Oil Company Limited	86,664	-	-	(86,664)	-	-	-	-	-	-	-
						<b>6,464</b>	<b>6,066</b>	<b>(398)</b>	<b>1.30%</b>	<b>1.42%</b>	<b>0.01%</b>
<b>CHEMICALS</b>											
Dawood Hercules Corporation	-	200,000	-	(50,000)	150,000	12,192	12,677	485	2.72%	2.98%	0.00%
Engro Corporation Limited	24,600	72,000	-	(34,000)	62,600	12,976	13,867	891	2.98%	3.26%	0.01%
Engro Fertilizer Company Limited	1,810	278,500	-	(73,500)	206,810	12,010	16,152	4,142	3.47%	3.79%	0.02%
Fatima Fertilizer Company Limited	-	332,000	-	-	332,000	10,677	11,876	1,199	2.55%	2.79%	0.02%
Fauji Fertilizer Company Limited	-	350,000	-	(350,000)	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	133,500	-	(98,500)	35,000	4,148	4,099	(49)	0.88%	0.96%	0.00%
						<b>52,003</b>	<b>58,671</b>	<b>6,668</b>	<b>12.60%</b>	<b>13.92%</b>	<b>0.05%</b>
<b>FORESTRY (PAPER AND BOARD)</b>											
Century Papers and Board Mills Limited	-	80,000	-	-	80,000	4,357	4,337	(20)	0.93%	1.02%	0.05%
						<b>4,357</b>	<b>4,337</b>	<b>(20)</b>	<b>0.93%</b>	<b>1.02%</b>	<b>0.05%</b>
<b>INDUSTRIAL METALS AND MINING</b>											
Crescent Steel and Allied Products Limited	-	135,500	-	-	135,500	7,172	6,864	(308)	1.47%	1.61%	0.22%
International Industries Limited	85,500	-	-	(15,000)	70,500	3,486	4,395	909	0.94%	1.03%	0.06%
						<b>10,658</b>	<b>11,259</b>	<b>601</b>	<b>2.41%</b>	<b>2.64%</b>	<b>0.28%</b>
<b>CONSTRUCTION AND MATERIAL</b>											
Attock Cement Pakistan Limited	-	69,000	-	(6,200)	62,800	10,586	12,257	1,671	2.63%	2.88%	0.05%
Cherat Cement Limited	-	67,100	-	(67,100)	-	-	-	-	-	-	-
D. G. Khan Cement Company Limited	-	158,000	-	(158,000)	-	-	-	-	-	-	-
Fauji Cement Limited	-	264,000	-	-	264,000	6,180	6,822	642	1.47%	1.60%	0.02%
Kohat Cement Company Limited	-	30,500	-	(30,500)	-	-	-	-	-	-	-
Lucky Cement Limited	-	57,100	-	(29,000)	28,100	12,393	14,058	1,665	3.02%	3.30%	0.01%
Mappale Leaf Cement Limited	-	645,500	-	(224,000)	421,500	13,397	18,651	5,254	4.01%	4.38%	0.08%
Pioneer Cement Limited	-	146,000	-	(146,000)	-	-	-	-	-	-	-
						<b>42,556</b>	<b>51,788</b>	<b>9,232</b>	<b>11.13%</b>	<b>12.16%</b>	<b>0.16%</b>

Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

Name of the investee company	As at 1 July 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Appreciation / (diminution)	Market Value as percentage of total investments	Paid up value of shares held as a percentage of total paid up capital of the investee company
----- (Number of shares) -----										
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.										
<b>GENERAL INDUSTRIES</b>										
Packages Limited	-	26,450	-	(26,300)	150	93	102	9	0.02%	0.00%
Thal Limited*	-	59,000	-	(32,700)	26,300	5,454	7,075	1,621	1.52%	0.03%
Tri-Pak Films Limited	-	30,000	-	(30,000)	-	-	-	-	-	-
						<b>5,547</b>	<b>7,177</b>	<b>1,630</b>	<b>1.54%</b>	<b>0.03%</b>
<b>ENGINEERING</b>										
Al-Ghazi Tractors Limited	-	12,000	-	(12,000)	-	-	-	-	-	-
Millat Tractors Limited	-	14,000	-	(14,000)	-	-	-	-	-	-
						-	-	-	-	-
<b>AUTOMOBILE AND PARTS</b>										
Indus Motor Company Limited	-	14,800	-	(5,000)	9,800	7,709	8,627	918	1.85%	0.01%
Pak Suzuki Motor Company Limited	-	81,200	-	(28,500)	52,700	20,125	19,558	(567)	4.20%	0.06%
						<b>27,834</b>	<b>28,185</b>	<b>351</b>	<b>6.05%</b>	<b>0.07%</b>
<b>FOOD PRODUCERS</b>										
Nestle Pakistan Limited	-	920	-	-	920	8,096	8,372	276	1.80%	0.00%
						<b>8,096</b>	<b>8,372</b>	<b>276</b>	<b>1.80%</b>	<b>0.00%</b>
<b>HOUSEHOLD GOODS</b>										
Pak Elektron Limited	-	392,500	-	(129,000)	263,500	9,661	10,785	1,124	2.32%	0.07%
						<b>9,661</b>	<b>10,785</b>	<b>1,124</b>	<b>2.32%</b>	<b>0.07%</b>
<b>PERSONAL GOODS</b>										
Bata (Pakistan) Limited	-	2,880	-	-	2,880	9,089	10,051	962	2.16%	0.04%
Nishat Mills Limited	-	68,500	-	(68,500)	-	-	-	-	-	-
						<b>9,089</b>	<b>10,051</b>	<b>962</b>	<b>2.16%</b>	<b>0.04%</b>
<b>PHARMACEUTICAL AND BIO TECHNOLOGY</b>										
Abbot Laboratory (Pakistan) Limited	-	8,000	-	(8,000)	-	-	-	-	-	-
						-	-	-	-	-

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

Name of the investee company	As at 1 July 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Appreciation / (diminution)	Market Value as percentage of total investments	Market Value as percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the investee company
<b>Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.</b>											
<b>ELECTRICITY</b>											
Hub Power Company Limited	-	796,513	-	(209,000)	587,513	40,831	46,038	5,207	9.89%	10.81%	0.05%
Kot Addu Power Company Limited	-	356,500	-	(241,500)	115,000	8,654	9,078	424	1.95%	2.13%	0.01%
Lalpur Power Limited	-	180,000	-	(180,000)	-	-	-	-	-	-	-
Nishat Power Limited	-	237,500	-	(237,500)	-	-	-	-	-	-	-
						<b>49,485</b>	<b>55,116</b>	<b>5,631</b>	<b>11.84%</b>	<b>12.94%</b>	<b>0.06%</b>
<b>BANKS</b>											
Allied Bank Limited	-	90,000	-	(90,000)	-	-	-	-	-	-	-
Askari Bank Limited	-	405,000	-	(405,000)	-	-	-	-	-	-	-
Bank Al Falah Limited	-	510,000	-	(510,000)	-	-	-	-	-	-	-
Bank Al Habib Limited	-	490,000	-	(490,000)	-	-	-	-	-	-	-
Faysal Bank Limited	-	595,000	-	(595,000)	-	-	-	-	-	-	-
Habib Bank Limited	-	59,860	-	(59,860)	-	-	-	-	-	-	-
Habib Metropolitan Bank	-	472,000	-	(146,500)	325,500	10,048	12,141	2,093	2.61%	2.85%	0.03%
MCB Bank Limited	-	47,800	-	(47,800)	-	-	-	-	-	-	-
National Bank Of Pakistan	-	25,500	-	(25,500)	-	-	-	-	-	-	-
Soneri Bank Limited	-	290,000	-	-	290,000	3,959	3,576	(383)	0.77%	0.84%	0.03%
United Bank Limited	-	137,154	-	(95,000)	42,154	7,308	7,449	141	1.60%	1.75%	0.00%
						<b>21,315</b>	<b>23,166</b>	<b>1,851</b>	<b>4.98%</b>	<b>5.50%</b>	<b>0.06%</b>
<b>NON LIFE INSURANCE COMPANIES</b>											
IGI Insurance Limited	-	35,900	-	(21,500)	14,400	3,277	3,894	617	0.84%	0.91%	0.01%
						<b>3,277</b>	<b>3,894</b>	<b>617</b>	<b>0.84%</b>	<b>0.91%</b>	<b>0.01%</b>
<b>Total as at 31 December 2014</b>						<b>250,342</b>	<b>278,867</b>	<b>28,525</b>			
Total as at 30 June 2014						204,944	228,340	23,397			

\* Par value of Rs. 5 each

7.1.1.1 Investments include quoted equity security with market value of Rs. 30.365 million (30 June 2014: Rs. 15.277 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

7.1.1.2 Cost of investment of equity securities is Rs. 248.08 million (30 June 2014: Rs. 201 million).

### 7.1.2 Term finance and sukuk certificates

Debt Securities  
Less: Provision on Maple Leaf Cement Factory Limited

Unless stated otherwise, the holdings are in certificates having face value of Rs. 5,000 each.

**Listed debt securities**

Bank Alfalah Limited V

**7.1.2.1** The listed and unlisted debt securities have a cost of Rs. 4.7 million (30 June 2014: 30.219 million).

7.1.2.2 Significant terms and conditions of Term Finance Certificate and Sukuk Certificate outstanding are as follows:

Name of security



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014

## 7.1.2.3 Details of non-compliant investments with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated 6 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board of Directors of Management Company has approved the category of the fund as a "Balanced Scheme".

In accordance with clause (iv) of the investment criteria laid down for 'Balanced Scheme' in circular 7 of 2009, the Fund is not allowed to invest in any debt security having a rating lower than A- (A minus). However, as at 31 December 2014, the Fund is non-compliant with the above mentioned requirement in respect of the following:

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
Investment in debt securities *	Maple Leaf Cement Factory Limited - Term Finance Certificate (03-Dec-2007)	4,635	-	4,635	1.00%	0.93%

\* At the time of purchase, the above investments was in compliance of the said Circular (i.e. investment grade) and was subsequently downgraded to "D" due to default in payments of principal and mark-up due on respective coupon dates. During the year ended 30 June 2014, the investment had been classified as "BBB" after payment of previous defaulted installments. Further, subsequent to the period end, the investment has been classified as "A- (A Minus)".

## 7.1.3 Government Securities

Tenor	Face Value			Balance as at 31 December 2014		Market Value	
	As at 1 July 2014	Purchases during the year	Sold / Matured during the year	Carrying value	Market value	As a percentage on net assets	As a percentage of total investments
3 months	450,000	1,550,000	(1,000,000)	1,000,000	98,804	21.23%	23.20%
12 months	-	300,000	(300,000)	-	-	-	-
<b>Total as at 31 December 2014</b>				<b>98,829</b>	<b>98,804</b>	<b>21.23%</b>	<b>23.20%</b>
Total as at 30 June 2014				44,517	44,516	(1)	

Unless stated otherwise, the holdings are in certificates having face value of Rs. 100 each.

### Market Treasury Bills

7.1.3.1 These Treasury bills cost Rs.97,837 million (30 June 2014: Rs.44,216 million). These will mature latest by 21 August 2014 and carry effective yield ranging between 9.46% to 9.93% (30 June 2014: 9.88% to 9.91%) per annum.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

**7.2 'Investments classified as available for sale'**

**7.2.1 Quoted equity securities**

Name of the investee company	As at 1 July 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Appreciation/ (diminution)	Market Value as percentage of net assets	Market Value as percentage of total investments	Paid up value of shares held as a percentage of total paid up capital of the investee company
----- Number of shares ----- (Rupees in '000) -----											
<b>OIL AND GAS</b>											
Pakistan Petroleum Limited	50,000	25,000	-	50,000	25,000	4,433	4,413	(20)	0.95%	1.04%	0.00%
						<b>4,433</b>	<b>4,413</b>	<b>(20)</b>	<b>0.95%</b>	<b>1.04%</b>	<b>0.00%</b>
<b>FORESTRY (PAPER AND BOARD)</b>											
Century Papers and Board Mills Limited	-	48,500	-	-	48,500	2,527	2,629	102	0.56%	0.62%	0.03%
						<b>2,527</b>	<b>2,629</b>	<b>102</b>	<b>0.56%</b>	<b>0.62%</b>	<b>0.03%</b>
<b>CHEMICALS</b>											
Engro Corporation Limited	-	80,000	-	-	80,000	17,734	17,721	(13)	3.81%	4.16%	0.02%
						<b>17,734</b>	<b>17,721</b>	<b>(13)</b>	<b>3.81%</b>	<b>4.16%</b>	<b>0.02%</b>
<b>GENERAL INDUSTRIES</b>											
Ghani Glass Limited	-	150,000	-	-	150,000	10,139	10,196	57	2.19%	2.39%	0.12%
						<b>10,139</b>	<b>10,196</b>	<b>57</b>	<b>2.19%</b>	<b>2.39%</b>	<b>0.12%</b>
<b>CONSTRUCTION AND MATERIALS</b>											
Maple Leaf Cement Company	-	100,000	-	-	100,000	4,407	4,424	17	0.95%	1.04%	0.02%
						<b>4,407</b>	<b>4,424</b>	<b>17</b>	<b>0.95%</b>	<b>1.04%</b>	<b>0.02%</b>
<b>Total as at 31 December 2014</b>						<b>39,240</b>	<b>39,383</b>	<b>143</b>			
Total as at 30 June 2014						11,309	11,217	(92)			

7.2.1.1 Cost of investment of equity securities is Rs. 39,240 million (30 June 2014: Rs. 11,309 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

**7.2.2 Unquoted equity securities**

Name of the investee company	As at 1 July 2014	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at 31 December 2014	Carrying value as at 31 December 2014	Market value as at 31 December 2014	Appreciation/ (diminution)	Market Value as percentage of net assets	Market Value as percentage of total investments	Paid up value of shares held as a percentage of total paid up capital of the investee company
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.											
		----- Number of shares -----					----- (Rupees in '000) -----				
Systems Limited*	-	107,000	-	-	107,000	4,280	4,280	-	0.92%	0.00%	0.00%
						<b>4,280</b>	<b>4,280</b>	-	<b>0.92%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total as at 31 December 2014</b>						<b>4,280</b>	<b>4,280</b>	-			
Total as at 30 June 2014						-	-	-			

7.2.2.1 Cost of investment of equity securities is Rs. 4,280 million (30 June 2014: Rs. nil).

\* As at 31 December 2014, the company is in the process of formal listing and the Fund has been allotted shares against Book Building offer.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

		<b>31 December 2014 (Unaudited)</b>	<b>30 June 2014 (Audited)</b>
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		<b>(Rupees in '000)</b>	
Brokerage payable		<b>725</b>	332
Auditor's remuneration payable		<b>249</b>	364
Credit rating fee		<b>182</b>	109
Provision for Federal Excise Duty and related taxes	8.1	<b>2,127</b>	1,403
Provision for Workers' Welfare Fund	8.2	<b>8,994</b>	7,812
Payable to National Clearing Company Limited		<b>14</b>	15
Others		<b>266</b>	333
		<b>12,557</b>	10,368

**8.1** 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 High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Services after the Eighteenth Amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in these financial statements aggregating to Rs. 2.127 million as at 31 December 2014. In case the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.05 per unit.

**8.2** 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 2013, 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.

## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

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The management company, as a matter of abundant precaution, has decided to retain the provision for WWF in these financial statements.

### **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at 31 December 2014.

### **10. 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 Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Management 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.

### **11. EARNINGS PER UNIT**

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

### **12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

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

	<b>Half year ended 31 December</b>		<b>Quarter ended 31 December</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>----- (Unaudited) -----</b>			
	<b>----- (Rupees in '000) -----</b>			
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>				
Remuneration to the Management Company (including indirect taxes)	<u>5,249</u>	<u>5,061</u>	<u>2,777</u>	<u>2,182</u>
<b>Arif Habib Limited - Brokerage house</b>				
Brokerage expense**	<u>109</u>	<u>50</u>	<u>84</u>	<u>30</u>
<b>MCB Bank Limited</b>				
Bank charges	<u>14</u>	<u>6</u>	<u>8</u>	<u>5</u>
Profit on bank deposit	<u>2,059</u>	<u>1,980</u>	<u>1,153</u>	<u>1,044</u>
Dividend income	<u>56</u>	<u>-</u>	<u>47</u>	<u>-</u>
<b>Nishat Mills Limited</b>				
Dividend income	<u>180</u>	<u>-</u>	<u>180</u>	<u>-</u>
<b>Adamjee Insurance Company Limited</b>				
Dividend income	<u>-</u>	<u>166</u>	<u>-</u>	<u>166</u>
<b>D. G. Khan Cement Limited</b>				
Dividend income	<u>466</u>	<u>746</u>	<u>466</u>	<u>746</u>
<b>Central Depository Company of Pakistan Limited</b>				
Remuneration for the period	<u>393</u>	<u>394</u>	<u>208</u>	<u>180</u>
CDC settlement charges	<u>29</u>	<u>17</u>	<u>18</u>	<u>5</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

**12.2 Balance outstanding as at the period / year end**

	<b>31 December 2014 (Unaudited) (Rupees in '000)</b>	<b>30 June 2014 (Audited)</b>
<b>MCB Arif Habib Savings and Investments Limited</b>		
Remuneration to the management company	<u>753</u>	<u>589</u>
Sind sales tax on remuneration of management company	<u>113</u>	<u>95</u>
Sales load payable	<u>87</u>	<u>30</u>
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee payable	<u>75</u>	<u>59</u>
Security deposit	<u>300</u>	<u>300</u>
<b>MCB Bank Limited</b>		
Bank deposits*	<u>53,667</u>	<u>37,784</u>
Profit receivable on bank balances	<u>309</u>	<u>132</u>
<b>Fatima Fertilizers Limited</b>		
332,000 shares held by the Fund (30 June 2014: Nil shares)	<u>11,876</u>	<u>-</u>
<b>Nishat Power Limited</b>		
Nil shares held by the Fund (30 June 2014: 237,500 shares)	<u>-</u>	<u>8,450</u>
	<b>31 December 2014 (Unaudited) (Rupees in '000)</b>	<b>30 June 2014 (Audited)</b>
<b>Arif Habib Limited</b>		
Brokerage Payable**	<u>75</u>	<u>28</u>

\* This includes Rs. 53.667 million (30 June 2014: 33.471 million) in savings accounts carrying profit at the rate of 8.5% to 9.2% (30 June 2014: 8% to 9%) per annum.

\*\* 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.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2014**

**12.3 Transactions during the period with the connected persons / related party in the units of the Fund**

	<b>Half year ended 31 December 2014</b>		<b>Half ended 31 December 2013</b>	
	<b>Units</b>	<b>(Rupees in '000)</b>	<b>Units</b>	<b>(Rupees in '000)</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
<b>Bonus units issued to:</b>				
National Logistic Cell	-	-	1,714,915	14,388
Key management personnel	-	-	2,784	23
<b>Units redeemed by:</b>				
Key management personnel	8,871	80	-	-
National Logistic Cell	-	-	12,990,887	12,991
	<b>31 December 2014 (Unaudited)</b>	<b>30 June 2014 (Audited)</b>	<b>31 December 2014 (Unaudited)</b>	<b>30 June 2014 (Audited)</b>
	<b>Units</b>		<b>(Rupees in '000)</b>	
<b>Units held by:</b>				
National Logistic Cell	-	-	-	-
Key management personnel	15,753	24,624	163	223

**13. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 02 February, 2015 by the Board of Directors of the Management Company.

  
Chief Executive Officer

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

  
Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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