



**Bachat** ka Doosra Naam

# Quarterly Report September 30, 2013 (Unaudited)



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

**PAKISTAN  
CASH MANAGEMENT FUND**

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## FUND'S INFORMATION

<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(subject to the approval of SECP) Executive Vice Chairman Chief Executive Officer (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
<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>	Habib Metropolitan Bank Limited 8th Floor, HBZ Building I.I. Chundrigar Road, Karachi.	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Allied Bank Limited Faysal 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 DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Cash Management Fund's accounts review for the first quarter ended September 30th 2013.

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

On the macroeconomic front, inflation has remained slightly higher during the period with CPI averaging around 8.06% amid implementation of tax reforms and higher food prices. The current account balance remained in pressure posting a deficit of \$632 million during 2MFY14 as opposed to surplus of \$582 million during the same period last fiscal year. During the last year, saving grace came in the form of proceeds under the account of Coalition support funds in August, 2012 amounting to \$1.18 bn. On the other hand, financial account registered a surplus of \$401 million in 2MFY14 as compared to deficit of \$271 million during the corresponding period last year.

Out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$850 million to IMF in the 1QFY14. This along with delay in Coalition Support Funds and higher oil payments has reduced reserve balance to around \$ 9.9 billion as on 27-Sep-13, from \$11 billion at the start of the FY14. Consequently, the local currency fell by more than 6% against USD during 1QFY14.

During the quarter, the country successfully managed to enter into 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 first tranche of around \$543 million in 1QFY14.

Moreover, Fiscal side has remained a cause of concern for policy makers with FY13 deficit touching a level of around 8% of GDP (Rs 1.83 trillion deficit size in absolute terms) as opposed to the budgeted deficit of around 6.5%.

Keeping in view that inflation is likely to increase going forward and to arrest decline in foreign reserves balance, the government announced 50 bps hike in the discount rate in the last monetary policy, sending a strong signal that the discount rate will be used to keep inflation rate under check. A combination of higher power tariffs, rise in oil prices and rupee depreciation is likely to keep inflationary pressure on the higher side during the year.

In the money market, short term market rates remained on the higher side amid tight liquidity in the system. Despite Rs 94 billion net growth in Net Domestic Assets during the quarter (till 27th Sep), money supply (M2) has contracted due to reduction in Net Foreign Assets by around Rs 150 billion. Hence, M2 has contracted by 0.63% in the 1QFY14 (till 27th Sep) as opposed to expansion of 0.58% during the same period last year. While Borrowing from SBP increased by Rs444 billion as opposed to net decline in borrowing of around Rs 372 billion during the same period last year.

Given an upward trajectory in YoY CPI inflation coupled with monetary tightening scenario, the yield curve has adjusted significantly upwards during the period. Hence 1 year PKRV adjusted upwards by 77 bps to 9.71 %, while longer tenure year 10 year PKRV adjusted upwards by 203 bps to 12.96 % during the quarter under review.

### **FUND PERFORMANCE**

During the quarter under review, the fund generated an annualized return of 7.6% as against its benchmark return of 8.49%, an under performance of 0.89%.

The exposure towards Treasury Bills witnessed a decrease from 76.6% to 69.8% by quarter end with increased allocation towards cash and bank accounts to 30.3% adjusting to the interest rate movement and monetary tightening by SBP.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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The Net Asset of the Fund as at September 30, 2013 stood at Rs. 3,005 million as compared to Rs 2,557 million as at June 30 2013 registering an increase of 17.52%. The Net Asset Value (NAV) per unit as at September 30, 2013 stood at Rs. 50.0488.

### Income Distribution

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

Date of distribution	per unit distribution
25-Jul-2013	0.2743
25-Aug-2013	0.3047
25-Sep-2013	0.3228

### FUTURE OUTLOOK

We will continue to closely monitor foreign inflows in the presence of higher oil prices and debt repayment to international donors. We believe that the sustainability of external account, in the presence of higher inflationary pressures, would be a key factor shaping up interest rate direction. The foreign reserve balance will continue to remain in the limelight, with the country scheduled to repay more than \$2.3 billion to IMF during the next three quarters. As a result, the local currency is likely to remain under pressure.


The reserve position is likely to improve towards the later half of the ongoing fiscal year, with the government expecting significant improvement in foreign direct investments and materialization of pledges made by multilateral agencies. In addition to projected CSF inflow of around \$1.2 billion, the country is eyeing inflow of \$2.7 billion during the next three quarters under the umbrella of program financing.

While the economic environment is challenging, corporate earnings are by and large expected to continue to improve. Earnings growth is expected to continue in E&P, Textile, Power and cement sector. The rupee depreciation bodes well for textile, E&P and power sector, while higher allocation in PSDP will increase demand for cement.

### 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

Karachi: October 23, 2013

# **FINANCIAL STATEMENTS**

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2013**

	Note	30 September 2013 (Unaudited) ------(Rupees in '000)-----	30 June 2013 (Audited)
<b>Assets</b>			
Bank Balances		911,585	601,898
Investments	4	2,115,317	1,977,423
Profit receivable		3,774	158
Other receivables		131	860
<b>Total assets</b>		<b>3,030,807</b>	<b>2,580,339</b>
<b>Liabilities</b>			
Payable to Management Company		2,989	2,584
Accrued expenses and other liabilities		22,867	20,844
<b>Total liabilities</b>		<b>25,856</b>	<b>23,428</b>
<b>Net assets</b>		<b>3,004,951</b>	<b>2,556,911</b>
Unit holders' fund		<b>3,004,951</b>	<b>2,556,911</b>
		<b>(Number of Units)</b>	
<b>Number of units in issue (face value of units is Rs. 50 each)</b>		<b>60,040,372</b>	<b>50,631,960</b>
		<b>(Rupees)</b>	
<b>Net Asset Value per unit</b>		<b>50.0488</b>	<b>50.4999</b>

The annexed notes form an integral part of these financial statements.

  
\_\_\_\_\_  
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 QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Quarter ended	
		30 September 2013	30 September 2012
------(Rupees in '000)-----			
<b>Income</b>			
Capital gain on sale of investments - net		(99)	5,059
Income from government securities		59,198	84,019
Profit on bank deposits		6,375	1,455
Back End Load		1	-
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' - net	4.1	370	246
<b>Total income</b>		<b>65,845</b>	<b>90,779</b>
<b>Expenses</b>			
Management Company Performance Fee		9,092	10,530
Securities transaction cost		69	16
Legal and professional charges		17	19
Amortisation of preliminary expenses and floatation costs		-	50
<b>Total expenses</b>		<b>9,178</b>	<b>10,615</b>
<b>Net operating income for the period</b>		<b>56,667</b>	<b>80,164</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed		(180)	(2,276)
Provision for Workers welfare fund	5	(1,130)	(1,558)
<b>Net income for the period before taxation</b>		<b>55,357</b>	<b>76,330</b>
Taxation	6	-	-
<b>Net income for the period after taxation</b>		<b>55,357</b>	<b>76,330</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>55,357</b>	<b>76,330</b>
Earnings per unit	7		

The annexed notes form an integral part of these financial statements.

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Quarter ended	
		30 September 2013	30 September 2012
----- (Rupees in '000) -----			
Undistributed income brought forward		25,323	6,075
Total comprehensive income for the period		55,357	76,330
Element of (loss) / income and (losses) / capital gains included in prices of units issued less those in units redeemed - amount amount form part of the unit holders' fund		(180)	(1,434)
<b>Distributions to the unit holders of the Fund:</b>			
Final Distribution at the rate of Rs. 0.5000 (2012 : Rs. Nil) per unit declared on 05 July, 2013			
- Bonus distribution		(25,316)	-
- Cash distribution		-	-
Interim distributions for the period ended 30 September:			
- Bonus distribution	8	(52,422)	(72,635)
- Cash distribution		-	(246)
Undistributed income carried forward		<u>2,762</u>	<u>8,090</u>

The annexed notes form an integral part of these financial statements.

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

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

  
\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Note	Quarter ended	
	30 September 2013	30 September 2012
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	2,556,911	3,834,263
Issue of 44,195,911 units ( 2012: 10,895,954 units)	2,215,990	1,322,128
Redemption of 36,342,261 units ( 2012: 25,329,411 units)	(1,823,487)	(2,303,627)
	392,503	(981,500)
Element of income and capital gains included in prices of units issued less those in units repurchased	180	2,276
Capital gain/(loss) on sale of investments	(385)	(385)
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	370	246
Other net income for the period	55,372	76,469
Final Distribution at the rate of Rs. 0.5000 (2012 : Rs. Nil) per unit declared on 05 July, 2013		
- Bonus distribution	(25,316)	-
- Cash distribution	-	-
Interim distributions for the period ended 30 September:		
- Bonus distribution	(52,422)	(72,635)
- Cash distribution		(246)
	(22,381)	3,449
Bonus distribution for the period ended September 30:	77,738	72,635
Net assets as at the end of the period	<b>3,004,951</b>	<b>2,931,123</b>

The annexed notes form an integral part of these financial statements.

  
\_\_\_\_\_  
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 QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended	
	30 September 2013	30 September 2012
	------(Rupees in '000)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	55,357	76,330
<b>Adjustments</b>		
Unrealised diminution in value of investments-net	(370)	(246)
Element of income and capital gains included in prices of units less those in units repurchased	180	2,276
Amortisation of preliminary expenses and floatation costs	-	50
Net cash used in operations before working capital changes	<u>55,167</u>	<u>78,410</u>
<b>Working capital changes</b>		
<b>(Increase) / decrease in assets</b>		
Receivable against sale of units	-	(25,412)
Profit receivable	(3,616)	206
Investments	(137,524)	981,762
Receivable against reverse repurchase transactions	-	-
Other receivables	729	(15)
	<u>(140,411)</u>	<u>956,541</u>
<b>Increase / (decrease) liabilities</b>		
Payable to Management Company	405	(2,079)
Accrued expenses and other liabilities	2,023	2,017
	<u>2,428</u>	<u>(62)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(82,816)</u>	<u>1,034,889</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from sale and repurchase of units	392,503	(981,499)
Cash dividend paid	-	(246)
<b>Net cash generated / (used in) from financing activities</b>	<u>392,503</u>	<u>(981,745)</u>
Net increase / (decrease) in cash and cash equivalents	<u>309,687</u>	<u>53,144</u>
Cash and cash equivalents at beginning of the period	<u>601,898</u>	<u>42,836</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>911,585</u></u>	<u><u>95,980</u></u>

The annexed notes form an integral part of these financial statements.

  
\_\_\_\_\_  
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 (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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

Pakistan Cash Management Fund (PCF) "the Fund" was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (formerly Arif Habib Investments Limited), the Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008 and was executed on February 8, 2008.

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

The Fund is an open-ended mutual fund and is listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as a "money market scheme" by the Management Company.

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

Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of AM2 to the management company and AAA(f) as stability rating to the Fund.

Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as trustee of the Fund.

The Board of Directors have approved that the Fund should be categorised as "Money Market Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information are unaudited. The Directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

**2.2 Basis of measurement**

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

**2.3 Functional and presentation currency**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2013.

4 INVESTMENTS	Note	Unaudited September 30, 2013 (Rupees in '000)	Audited June 30, 2012
In government securities at fair value through profit or loss- held for trading	4.1	2,115,317	1,977,423
		<u>2,115,317</u>	<u>1,977,423</u>

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

	Tenor	Face Value				Balance as at September 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
		Balance as at July 1, 2013	Purchases during the period	Sales / matured during the period	Balance as at September 30, 2013	Cost	Market value	Appreciation / (Diminution)		
(Rupees in '000')										
<b>Market Treasury Bills</b>										
	3 Months	1,351,000	4,676,300	4,028,000	1,999,300	1,965,519	1,965,922	403	65.42	92.94
	6 Months	5,500	-	5,500	-	-	-	-	-	-
	12 Months	634,000	3,303,900	3,787,900	150,000	149,428	149,395	(33)	4.97	7.06
Total as at September 30, 2013						<u>2,114,947</u>	<u>2,115,317</u>	<u>370</u>		
Total as at June 30, 2013						<u>3,811,409</u>	<u>3,810,872</u>	<u>(537)</u>		

**5. CONTRIBUTION TO WORKERS WELFARE FUND**

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.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010, the Ministry filed its response against the Constitutional Petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended 30 June 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions filed by companies other than mutual funds declared that amendments brought

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

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

In view of the afore mentioned developments and uncertainties created by the recent decision by Honourable Sindh High Court, the Management company, as a matter of abundant precaution, has decided to retain the entire provision for WWF. During the quarter the Fund charged Rs.1.129 million on account of WWF. The aggregate amount of WWF charged as on September 30, 2013 is Rs. 21.776 million. If the same were not made the NAV of the fund would have been higher by Rs. 0.3627 per unit.

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

**7 Earning per Unit**

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

**8 INTERIM DISTRIBUTIONS**

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

Date	Rate	Bonus *		Cash Distribution Distribution **	Total
		Units	Amount		
------(Rupees in '000)-----					
25 <sup>th</sup> July 2012	0.2743	278,067	13,903	-	13,903
25 <sup>th</sup> August 2012	0.3047	379,469	18,973	-	18,973
25 <sup>th</sup> September 2012	0.3238	390,906	19,545	-	19,545
		<b>1,048,442</b>	<b>52,422</b>	<b>-</b>	<b>52,422</b>

\* Bonus units have been distributed to unit holders under plan A

\*\* Cash dividend have been distributed to unit holder under plan B

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

**9. TRANSACTIONS WITH CONNECTED PERSONS**

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

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

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

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

		<b>Unaudited</b>	
		<b>September 30,</b>	<b>September 30,</b>
		<b>2013</b>	<b>2012</b>
		<b>(Rupees in '000)</b>	
<b>9.5</b>	<b>Transactions with connected persons/related parties</b>		
	<i>Management Company</i>		
	Performance fee for the period	<u>9,092</u>	<u>8,413</u>
	Investment in the Fund Nil Units (2011: 1,025,031 units)	<u>-</u>	<u>51,821</u>
	Redemption from the Fund Nil Units (2012: 779,859 units)	<u>-</u>	<u>39,233</u>
	Bonus units distributed nil units (2012: 16,072 units)	<u>-</u>	<u>805</u>
	<i>Habib Metropolitan Bank Limited - Trustee</i>		
	Mark-up for the period	<u>130</u>	<u>863</u>
	<i>MCB Bank Limited</i>		
	Mark-up for the period	<u>191</u>	<u>592</u>
	<i>Directors, Officers and employees of the Management Company</i>		
	Investment in the Fund Nil units (2012: 107,912)	<u>-</u>	<u>5,423</u>
	Redemption from the Fund 32,381 units (2012: 96,824)	<u>1,670</u>	<u>4,857</u>
	Bonus units distributed 1,589 units (2012: 2,117 units)	<u>106</u>	<u>106</u>
	<i>Arif Habib Reit Management Limited</i>		
	Investment in the Fund units (2012: 49,867 units)	<u>-</u>	<u>2,500</u>
	Redemption from the Fund units (2012: 48,968 units)	<u>50</u>	<u>2,460</u>
	Bonus units distributed 10 (2012: 379 units)	<u>2</u>	<u>19</u>
	<i>Cyan Limited</i>		
	Investment in the Fund 4,311,725 units (2012: NIL units)	<u>215,800</u>	<u>-</u>
	Redemption from the Fund 10,407,757 units (2012: NIL)	<u>523,000</u>	<u>-</u>
	Bonus units distributed 125,671 units (2012: NIL)	<u>6,283</u>	<u>-</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

		<b>Unaudited</b>	
		<b>September 30, 2013</b>	September 30, 2012
		<b>(Rupees in '000)</b>	
<b><i>Central Depository Company of Pakistan Limited</i></b>			
	Investment in the Fund 13,030,352 units (2012: NIL units)	<u>652,664</u>	-
	Redemption from the Fund 10,435,694 units (2012: NIL)	<u>522,664</u>	-
	Bonus units distributed 261,193 units (2012: NIL)	<u>13,059</u>	-
<b><i>Adamjee Life assurance Company Limited</i></b>			
	Investment in the Fund 4,539,968 units (2012: NIL units)	<u>288,102</u>	-
	Redemption from the Fund 2,567,931 units (2012: NIL)	<u>129,100</u>	-
	Bonus units distributed 43,710 units (2012: NIL)	<u>2,186</u>	-
<b>9.6</b>	<b>Balances with related parties</b>	<b>Unaudited September 30, 2013</b>	<b>Audited June 30, 2012</b>
		<b>(Rupees in '000)</b>	
<b><i>Management Company</i></b>			
	Payable to Management Company	<u>2,989</u>	<u>2,584</u>
<b><i>Habib Metropolitan Bank Limited - Trustee</i></b>			
	Bank Balance	<u>64,873</u>	<u>12,505</u>
<b><i>MCB Bank Limited</i></b>			
	Bank Balance	<u>41,710</u>	6,448
	Profit receivable on bank deposits	<u>191</u>	<u>16</u>
<b><i>Directors, Officers and employees of the Management Company</i></b>			
	Units held 44,095 units (June 30, 2013: 75,869 units)	<u>2,207</u>	<u>3,831</u>
<b><i>Central Depository Company of Pakistan Limited</i></b>			
	Units held 10,402,506 units (June 30, 2013: Nil units)	<u>520,633</u>	-
<b><i>Arif Habib Reit Management Limited</i></b>			
	Units held 1,385 units (June 30, 2013: Nil units)	<u>7</u>	-
<b><i>Cyan Limited</i></b>			
	Units held 1,059,488.6156 units (June 30, 2013: Nil units)	<u>5,301</u>	-
<b><i>Adamjee Life assurance Company Limited</i></b>			
	Units held 2,493,522 units (June 30, 2013: Nil units)	<u>124,798</u>	-

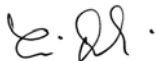
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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**10. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 23, 2013 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)*

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