

**PAKISTAN  
ISLAMIC PENSION FUND**

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## FUND'S INFORMATION

<b>Pension Fund Manager</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Pension Fund Manager</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 (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>Chief Financial Officer &amp; Company Secretary of the Pension Fund Manager</b>	Mr. Muhammad Saqib Saleem	
<b>Audit Committee</b>	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
<b>Trustee</b>	Habib Metropolitan Bank Limited 8th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi.	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank AL Falah Limited Bank AL-Habib Limited United Bank Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi.	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Registrar</b>	Gangjees Registrar Services (Pvt.) Limited. Room No. 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.	
<b>Rating</b>	AM2 (Positive Outlook) Management Quality Rating assigned by PACRA	

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Islamic Pension Fund's** accounts review for the first half ended December 31st 2011.

## ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, inflationary pressures have remained largely on the lower side during the period with YoY CPI inflation averaging 10.9% amid change in CPI methodology as well as high base-effect of last year. External account, however, has started deteriorating significantly with 1H FY12 current account balance posting a sizeable deficit of US\$ 2.2 billion amid higher trade deficit despite record remittances flows. On the fiscal side, the government posted a budget deficit of 1.2% of GDP during 1Q FY12 with its entire funding coming from the domestic sources. Non-realization of official flows is not only hurting the BOP position, it would continue to affect the funding profile of fiscal deficit - which would have its implications on the monetary mechanism as well as exchange rate. Citing some improvements in key macro variables, the SBP decided to ease its monetary stance by lowering its policy discount rate cumulatively by 200 bps to 12.0% during early part of the period. Significant deterioration in macroeconomic balances, however, has compelled them to keep DR unchanged during the latter part.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. Due to sizeable depletion in net foreign assets (NFA) of the banking system, market liquidity remained largely tight almost throughout the period - compelling the SBP to constantly inject significant amount of money in the system through OMOs in order to calm down the market.

## EQUITIES MARKET OVERVIEW

Bearish trend continued at the local bourses with the KSE-100 index went down by 9.2% during the period under review with abysmally low volumes. Attractive valuations were marred by the dearth of liquidity, extremely volatile global markets and fragile domestic economic and geo-political conditions. Deteriorating macroeconomic balances coupled with rising tension in the political arena restrained local investors from taking counter positions against foreigners, which remained net seller during the period with a net FIPI outflow of over US\$ 151 million. Even a cumulative reduction in DR of 200 bps by the SBP during early part of the period failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors as well as lack of clarity on political and macro fronts. Sector-wise, Chemicals and Oil & Gas sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on their respective fundamentals and valuations.

## FUND PERFORMANCE

### *Debt Fund*

The debt sub-fund generated an annualized return of 10.5% during the period under review. The sub-fund's exposure towards GoP Ijarah Sukuk was increased to around 92% while exposure towards corporate Sukuks remained largely unchanged to around 2% at period-end.

### *Money Market Fund*

The money market sub-fund generated an annualized return of 8.2% during the period under review. The asset allocation witnessed significant changes with exposure towards GOP Ijarah Sukuk increased from around 50% to 59% while its exposure towards bank deposits also went up to around 15% by period-end.

### *Equity Fund*

The Equity sub-fund generated a negative return of 2.5% while the KSE-100 Index declined by 9.2% during the period under review. The overall equities exposure increased from 89% to around 93% at period-end. The sub-fund increased its exposure in Oil & Gas and Banking sector while exposure towards General Industrial sector was significantly reduced.

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011**

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### **FUTURE OUTLOOK**

Despite continued improvement on inflation front, fragile external and fiscal accounts would continue to keep a check on the SBP's future monetary direction. We continue to flag realization of foreign flows as the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. In our opinion, the absence of foreign flows and government's greater reliance on domestic sources for fiscal funding could result in rebound of inflation and interest rates going forward.

Although the external environment may remain challenging in the near term, the stock market may find support from the December earnings season with a focus on dividend laden results including Banking, Electricity and Chemicals Sectors and could redraw attention to the fundamental strength in the listed companies. Strong earnings growth, high dividend yield and relatively cheaper valuations offer decent returns for long term investors in our opinion.

### **ACKNOWLEDGMENT**

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

On behalf of Directors,

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Yasir Qadri  
Chief Executive Officer  
Dated: January 27, 2012

## TRUSTEE REPORT TO THE UNIT HOLDERS

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### REPORT OF THE TRUSTEE PURSUANT TO RULE 31(H) OF VOLUNTARY PENSION SYSTEM RULES, 2005

Pakistan Islamic Pension Fund was established under a Trust Deed dated September 5, 2007 executed between Arif Habib Investments Limited, as the Pension Fund Manager and MCB Financial Services Limited (MCBFSL), as the Trustee.

As per amendatory trust deed of change of trustee dated June 16, 2011 MCBFSL retired as the Trustee and Habib Metropolitan Bank Limited was appointed as the Trustee of the Fund.

In our opinion, the Pension Fund Manager has in all material respects managed the Fund during the six months period ended 31 December 2011 in accordance with the provisions of the following:

- (i) investment policy prescribed by the Commission and borrowing limitations set out in the trust deed are complied with;
- (ii) methods adopted by the Pension Fund Manager in calculating the values of units of each sub fund of the pension fund were adequate and in accordance with the provisions of the trust deed or as specified by the Commission;
- (iii) the issue, redemption and cancellation of units are carried out in accordance with the trust deed and the VPS Rules, 2005; and
- (iv) any other matter required under the trust deed of the pension fund and VPS Rules, 2005

For the purpose of information, the attention to note 9 to the interim financial statements, which refer to an uncertainty relating to the future outcome of the litigation regarding contribution to Workers Welfare Fund, which is currently pending adjudication at the Honorable High Court of Sindh.

Karachi: February 23, 2012

**Azam Zaidi**  
Senior Executive Vice President  
Habib Metropolitan Bank Limited

# **AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

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## ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Islamic Pension Fund (the Fund)** as at December 31, 2011, and the related condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table and condensed interim statement of number of units in issue together with notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the six month period ended December 31, 2011. The Pension Fund Manager (Arif Habib Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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 cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim contribution table and condensed interim statement of number of units in issue for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2011.

## ***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.

## ***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, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

## ***Emphasis of matter***

We draw attention to note 9 to the interim financial information which refers to an uncertainty relating to the future outcome of litigation regarding contribution to the Workers Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh. Our opinion is not qualified in respect of this matter.

## **Chartered Accountants**

**Engagement Partner**  
**Mushtaq Ali Hirani**

**Karachi**  
**Dated: January 27, 2012**

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

		-----Unaudited-----				Audited June 30, 2011
		December 31, 2011				
Note		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----						
ASSETS						
Balances with banks	6	49,081	1,268,226	9,551,516	10,868,823	24,519,836
Investments (as per condensed interim statement of investments by category)		36,666,393	46,581,975	30,202,539	113,450,907	99,869,645
Dividend receivable		46,906	-	-	46,906	202,960
Profit receivable		49,168	1,060,343	866,429	1,975,940	2,466,602
Deposits and other receivables	7	2,738,001	624,535	321,525	3,684,061	2,951,927
TOTAL ASSETS		39,549,549	49,535,079	40,942,009	130,026,637	130,010,970
LIABILITIES						
Payable against redemption of units		282,850	489,070	42,533	814,453	1,914,352
Payable to Pension Fund Manager		58,669	72,550	60,107	191,326	156,706
Payable to the Trustee		6,673	8,242	6,827	21,742	20,672
Payable to Auditors		62,443	74,501	64,907	201,851	299,936
Annual fee payable to the Securities and Exchange Commission of Pakistan		6,797	8,103	6,717	21,617	39,374
Other liabilities	8	329,485	75,554	28,571	433,610	199,807
TOTAL LIABILITIES		746,917	728,020	209,662	1,684,599	2,630,847
NET ASSETS		38,802,632	48,807,059	40,732,347	128,342,038	127,380,123
CONTINGENCY						
Participants Sub-Funds (as per condensed interim Statement of movement in Participants' sub-funds)	9	38,802,632	48,807,059	40,732,347		
Number of units in issue		365,084	341,690	312,083		
Net asset value per unit		106.28	142.84	130.52		

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director



# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Note	Half year ended December 31, 2011				Half year ended December 31, 2010
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----					
<b>INCOME</b>					
Capital gain on sale of investments	178,871	56,250	48,000	283,121	582,196
Dividend income	1,552,017	-	-	1,552,017	1,136,522
Profit on bank deposits	52,712	83,604	381,873	518,189	640,681
Income from Government Ijarah Sukuk	-	2,836,838	1,241,021	4,077,859	2,715,585
Income from Certificates of Investment	-	-	-	-	409,483
Income from Term Deposit Receipts	-	-	438,980	438,980	120,063
Income from Term Finance Certificates - Sukuk	-	60,516	-	60,516	175,677
Impairment loss on listed equity securities classified as "available for sale"	10.1 (371,355)	-	-	(371,355)	(746,802)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	17,579	(30,093)	(4,364)	(16,878)	(126,466)
<b>Total Income</b>	1,429,824	3,007,115	2,105,510	6,542,449	4,906,939
<b>EXPENSES</b>					
Remuneration of Pension Fund Manager	305,883	364,641	302,267	972,791	856,757
Sales tax on remuneration of Pension Fund Manager	48,941	58,343	48,362	155,646	-
Remuneration of Trustee	40,352	48,060	39,837	128,249	113,564
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	6,797	8,103	6,717	21,617	19,040
Auditors' remuneration	67,166	80,042	69,707	216,915	193,546
Custody and settlement charges	13,496	4,134	1,000	18,630	11,840
Securities transaction cost	26,861	1,500	1,500	29,861	6,379
Legal and professional charges	11,064	13,192	10,935	35,191	105,291
Bank charges	1,905	1,942	4,254	8,101	4,121
Donation and charity expense	-	-	-	-	366
Amortisation of formation cost	-	-	-	-	30,387
<b>Total Expenses</b>	522,465	579,957	484,579	1,587,001	1,341,291
<b>Net income before taxation</b>	907,359	2,427,158	1,620,931	4,955,448	3,565,648
Provision for taxation - current	12 -	-	-	-	40,948
<b>Net income after taxation</b>	907,359	2,427,158	1,620,931	4,955,448	3,524,700
<b>Other comprehensive (loss) / income for the period</b>					
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net	10 (1,853,546)	27,357	214	(1,825,975)	5,394,476
<b>Total comprehensive (loss) / income for the period</b>	(946,187)	2,454,515	1,621,145	3,129,473	8,919,176
<b>Earnings per unit</b>	13 2.47	7.01	5.18		

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Note	Quarter ended December 31, 2011				Quarter ended December 31, 2010
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----					
<b>INCOME</b>					
Capital gain on sale of investments	2,363,097	56,250	48,000	2,467,347	247,960
Dividend income	943,914	-	-	943,914	684,666
Profit on bank deposits	22,296	34,519	113,575	170,390	305,035
Income from Government Ijarah Sukuk	-	1,396,845	563,859	1,960,704	1,379,562
Income from Certificates of Investment	-	-	-	-	281,620
Income from Term Deposit Receipts	-	-	422,314	422,314	-
Income from Term Finance Certificates - Sukuk	-	42,764	-	42,764	85,380
Impairment loss on listed equity securities classified as "available for sale"	(371,355)	-	-	(371,355)	(45,729)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	11,306	(26,974)	(2,899)	(18,567)	25,022
<b>Total Income</b>	2,969,258	1,503,404	1,144,849	5,617,511	2,963,516
<b>EXPENSES</b>					
Remuneration of Pension Fund Manager	154,674	184,475	152,569	491,718	436,417
Sales tax on remuneration of Pension Fund Manager	24,748	29,517	24,410	78,675	-
Remuneration of Trustee	20,409	24,298	20,093	64,800	57,800
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	3,437	4,099	3,390	10,926	9,700
Auditors' remuneration	37,542	44,738	40,373	122,653	94,525
Custody and settlement charges	6,449	1,566	-	8,015	5,989
Securities transaction cost	17,782	1,500	1,500	20,782	3,719
Donation and charity expense	-	-	-	-	366
Legal and professional charges	5,534	6,602	5,459	17,595	52,644
Bank charges	206	724	2,942	3,872	2,310
<b>Total Expenses</b>	270,781	297,519	250,736	819,036	663,470
<b>Net income before taxation</b>	2,698,477	1,205,885	894,113	4,798,475	2,300,046
Provision for taxation - current	-	-	-	-	21,130
<b>Net income after taxation</b>	2,698,477	1,205,885	894,113	4,798,475	2,278,916
<b>Other comprehensive (loss) / income for the period</b>					
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net	(5,168,610)	(17,714)	(7,797)	(5,194,121)	4,599,425
<b>Total comprehensive (loss) / income for the period</b>	(2,470,133)	1,188,171	886,316	(395,646)	6,878,341
<b>Earnings per unit</b>	7.35	3.49	2.86		

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Half year ended December 31, 2011				Half year ended December 31, 2010
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	

Rupees

## CASH FLOW FROM OPERATING ACTIVITIES

Net income before taxation	907,359	2,427,158	1,620,931	4,955,448	3,565,648
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### Adjustments for non cash items:

Amortisation of formation cost	-	-	-	-	30,387
Impairment loss on investments classified as 'available-for-sale'	371,355	-	-	371,355	746,802
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(17,579)	30,093	4,364	16,878	126,466
	353,776	30,093	4,364	388,233	903,655

### (Increase) / decrease in assets

Investments	(2,251,733)	(3,403,534)	(10,123,325)	(15,778,592)	(4,024,174)
Dividend receivable	156,054	-	-	156,054	85,400
Profit receivable	(49,168)	538,729	1,101	490,662	(33,455)
Deposits and other receivables	(2,011,083)	852,705	426,244	(732,134)	985,094
	(4,155,930)	(2,012,100)	(9,695,980)	(15,864,010)	(2,987,135)

### (Decrease) / Increase in liabilities

Payable against redemption of units	(360,578)	(332,501)	(406,820)	(1,099,899)	-
Payable to Pension Fund Manager	7,900	15,115	11,605	34,620	16,908
Payable to Trustee	(24)	665	429	1,070	2,169
Payable to Auditors	(31,388)	(35,827)	(30,870)	(98,085)	(100,954)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(5,551)	(6,368)	(5,838)	(17,757)	(15,140)
Other liabilities	248,619	11,053	(25,869)	233,803	33,318
	(141,022)	(347,863)	(457,363)	(946,248)	(63,699)
Tax paid	-	-	-	-	(42,178)

### Cash (used in) / generated from operating activities

	(3,035,817)	97,288	(8,528,048)	(11,466,577)	1,376,291
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## CASH FLOW FROM FINANCING ACTIVITIES

Receipt of contribution	1,339,346	1,225,692	238,788	2,803,826	3,764,887
Payment against redemptions	(1,932,152)	(2,355,855)	(700,255)	(4,988,262)	(2,957,078)

### Cash (used in) / generated from financing activities

	(592,806)	(1,130,163)	(461,467)	(2,184,436)	807,809
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Net (decrease) / increase in cash and cash equivalent	(3,628,623)	(1,032,875)	(8,989,515)	(13,651,013)	2,184,100
Cash and cash equivalent at beginning of the period	3,677,704	2,301,101	18,541,031	24,519,836	20,347,990
Cash and cash equivalent at end of the period	49,081	1,268,226	9,551,516	10,868,823	22,532,090

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Quarter ended December 31, 2011				Quarter ended December 31, 2010
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	

Rupees

## CASH FLOW FROM OPERATING ACTIVITIES

Net income before taxation	2,698,477	1,205,885	894,113	4,798,475	2,300,046
<b>Adjustments for non cash items:</b>					
Impairment loss on investments classified as 'available-for-sale'	371,355	-	-	371,355	45,729
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(11,306)	26,974	2,899	18,567	(25,022)
	360,049	26,974	2,899	389,922	20,707
<b>(Increase) / decrease in assets</b>					
Investments	(3,685,179)	(4,069,999)	(4,323,325)	(12,078,503)	(16,692,572)
Dividend receivable	301,924	-	-	301,924	405,081
Profit receivable	(22,296)	55,136	(481,884)	(449,044)	(1,342,931)
Deposits and other receivables	(2,461,367)	(287,617)	(118,042)	(2,867,026)	280,039
	(5,866,918)	(4,302,480)	(4,923,251)	(15,092,649)	(17,350,383)
<b>(Decrease) / Increase in liabilities</b>					
Payable against redemption of units	282,850	489,070	42,533	814,453	-
Payable to Pension Fund Manager	1,036	3,975	3,267	8,278	12,770
Payable to Trustee	121	447	365	933	1,646
Payable to Auditors	(61,012)	(71,132)	(60,204)	(192,348)	24,525
Annual fee payable to the Securities and Exchange Commission of Pakistan	3,437	4,100	3,390	10,927	9,699
Other liabilities	(1,147,999)	4,668	(38,535)	(1,181,866)	37,141
	(921,567)	431,128	(49,184)	(539,623)	85,781
Tax paid	-	-	-	-	(22,093)
<b>Cash (used in) / generated from operating activities</b>	(3,729,959)	(2,638,493)	(4,075,423)	(10,443,875)	(14,965,942)

## CASH FLOW FROM FINANCING ACTIVITIES

Receipt of contribution	876,627	1,017,240	184,840	2,078,707	1,381,222
Payment against redemptions	(1,129,021)	(1,654,671)	(285,267)	(3,068,959)	(541,948)
<b>Cash (used in) / generated from financing activities</b>	(252,394)	(637,431)	(100,427)	(990,252)	839,274
Net (decrease) / increase in cash and cash equivalent	(3,982,353)	(3,275,924)	(4,175,850)	(11,434,127)	(14,126,668)
Cash and cash equivalent at beginning of the period	4,031,434	4,544,150	13,727,366	22,302,950	36,658,758
Cash and cash equivalent at end of the period	49,081	1,268,226	9,551,516	10,868,823	22,532,090

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 1 of 2

	Half year ended December 31, 2011				Half year ended December 31, 2010
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	-----Rupees-----				
Net assets at the beginning of the period	40,359,204	47,452,614	39,568,305	127,380,123	109,801,004
Amount received on issue of units	1,339,346	1,225,692	238,788	2,803,826	3,764,887
Amount paid on redemption of units	(1,932,152)	(2,355,855)	(700,255)	(4,988,262)	(2,957,078)
	(592,806)	(1,130,163)	(461,467)	(2,184,436)	807,809
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing (income) / loss and realised (capital gains) / losses -net	(17,579)	30,093	4,364	16,878	126,466
- amount representing unrealised diminution / (appreciation) in fair value of investments	82,763	291,405	92,973	467,141	(54,269)
	65,184	321,498	97,337	484,019	72,197
Net unrealized gain / (loss) during the period in the market value of investments classified as available-for-sale	(1,853,546)	27,357	214	(1,825,975)	5,394,476
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	(82,763)	(291,405)	(92,973)	(467,141)	54,269
Net income after taxation for the period	907,359	2,427,158	1,620,931	4,955,448	3,524,700
Net assets at the end of the period	<u>38,802,632</u>	<u>48,807,059</u>	<u>40,732,347</u>	<u>128,342,038</u>	<u>119,654,455</u>

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 2 of 2

	Quarter ended December 31, 2011				Quarter ended December 31, 2010
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
Net assets at the beginning of the period	41,536,465	48,229,345	39,943,559	129,709,369	111,961,862
Amount received on issue of units	876,627	1,017,240	184,840	2,078,707	1,381,222
Amount paid on redemption of units	(1,129,021)	(1,654,671)	(285,267)	(3,068,959)	(541,948)
	(252,394)	(637,431)	(100,427)	(990,252)	839,274
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing (income) / loss and realised (capital gains) / losses -net	(11,306)	26,974	2,899	18,567	(25,022)
- amount representing unrealised diminution / (appreciation) in fair value of investments	36,650	162,303	19,979	218,932	(40,012)
	25,344	189,277	22,878	237,499	(65,034)
Net unrealized (loss) / gain during the period in the market value of investments classified as available-for-sale	(5,168,610)	(17,714)	(7,797)	(5,194,121)	4,599,425
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	(36,650)	(162,303)	(19,979)	(218,932)	40,012
Net income after taxation for the period	2,698,477	1,205,885	894,113	4,798,475	2,278,916
Net assets at the end of the period	38,802,632	48,807,059	40,732,347	128,342,038	119,654,455

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

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

## CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT DECEMBER 31, 2011

	-----Un-Audited-----				Audited June 30, 2011
	December 31, 2011				
	PIPF Equity Sub-Fund	PIPF Debt Sub- Fund	PIPF Money Market Sub-Fund	Total	
	-----Rupees-----				
Available-for-sale investments					
Listed equity securities	36,666,393	-	-	36,666,393	36,639,561
Government Ijarah - Sukuk	-	45,499,004	24,202,539	69,701,543	62,255,076
Sukuk Certificates	-	1,082,971	-	1,082,971	975,008
Investments at market value	36,666,393	46,581,975	24,202,539	107,450,907	99,869,645
Loans and receivables					
Term Deposit Receipts	-	-	6,000,000	6,000,000	-
	36,666,393	46,581,975	30,202,539	113,450,907	99,869,645

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2011

**AVAILABLE FOR SALE INVESTMENT  
PIPF EQUITY SUB- FUND  
LISTED EQUITY SECURITIES**

Name of the Investee company						----Balance as at December 31, 2011----			Market value as a % of net assets of the sub fund	% of paid up capital of the investee company
	As at July 1, 2011	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at December 31, 2011	Cost	Market value	Appreciation / (Diminution)		
(-----Number of shares-----)					-----Rupees-----			%	%	
OIL & GAS PRODUCERS										
Pakistan State Oil Company Limited	8,470	1,434	-	-	9,904	2,710,496	2,250,288	(460,208)	5.80	0.0058
Pakistan Oilfields Limited	11,876	-	-	3,651	8,225	1,970,988	2,849,551	878,563	7.34	0.0035
Oil & Gas Development Company Limited	-	15,100	-	-	15,100	2,117,766	2,289,462	171,696	5.90	0.0004
Attock Petroleum Limited	-	6,658	-	2,000	4,658	1,910,091	1,921,425	11,334	4.95	0.0079
Pakistan Petroleum Limited	16,954	4,690	1,695	-	23,339	3,272,265	3,928,420	656,155	10.12	0.0018
						11,981,606	13,239,146	1,257,540	34.12	
CHEMICALS										
Fauji Fertilizer Bin Qasim Limited	26,233	15,500	-	41,000	733	22,553	31,101	8,548	0.08	0.0001
Fauji Fertilizer Company Limited	18,875	4,000	-	-	22,875	2,001,094	3,420,728	1,419,634	8.82	0.0027
Sitara Chemicals Industries Limited	13,450	-	-	-	13,450	1,914,320	971,090	(943,230)	2.50	0.0628
						3,937,967	4,422,919	484,952	11.40	
FORESTRY AND PAPER										
Security Paper Limited	-	9,805	-	9,805	-	-	-	-	-	-
CONSTRUCTION AND MATERIALS										
Lucky Cement Limited	40,021	21,000	-	12,000	49,021	3,541,469	3,678,536	137,067	9.48	0.0152
						-	-	-	-	-
GENERAL INDUSTRIALS										
Tri-pack Films Limited	9,658	7,757	-	-	17,415	2,289,762	2,791,625	501,863	7.19	0.0581
Packages Limited	27,130	-	-	27,130	-	-	-	-	-	-
Thal Limited	19,912	-	1,874	10,539	11,247	919,491	920,006	515	2.37	0.0145
						3,209,253	3,711,631	502,378	9.57	
AUTOMOBILE AND PARTS										
Pak Suzuki Motor Company Limited	18,664	-	-	18,664	-	-	-	-	-	-
Agriauto Industries Limited	26,287	-	-	26,287	-	-	-	-	-	-
						-	-	-	-	-
PERSONAL GOODS										
Nishat Mills Limited	46,500	-	-	46,500	-	-	-	-	-	-
PHARMA AND BIO TECH										
Ferozsons Laboratories Limited	6,608	-	991	-	7,599	655,726	623,041	(32,685)	1.61	0.0264
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited 'A'	48,800	323,000	-	48,800	323,000	3,557,508	3,355,970	(201,538)	8.65	0.0086
ELECTRICITY										
The Hub Power Company Limited	86,004	50,900	-	22,000	114,904	4,206,634	3,929,717	(276,917)	10.13	0.0099
BANKS										
Meezan Bank Limited	113,201	100,000	-	-	213,201	3,634,315	3,705,433	71,118	9.55	0.0266
Total for Equity Sub-Fund						34,724,478	36,666,393	1,941,915	94.49	
-----Total-----										
Un audited Audited										
December 31, 2011 June 30, 2011										
-----Rupees-----										
Market value								36,666,393	36,639,561	

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

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

**Yasir Qadri**  
Chief Executive Officer

**Nasim Beg**  
Director



## Page 1 of 2

## Page 1 of 2

Name of Investments	Face value			As at December 31, 2011			Market value as % of net assets of the sub-fund
	As at July 1, 2011	Purchases during the period	Sales/Matured during the period	As at December 31, 2011	Cost	Appreciation	
							%
Government Ijarah Sukuk (3 years)	42,000,000	26,500,000	23,500,000	45,000,000	45,235,325	263,679	93.22
	42,000,000	26,500,000	23,500,000	45,000,000	45,235,325	263,679	93.22

Name of the Investment	Number of certificates				As at December 31, 2011			Market value as % of net assets of the sub-fund	Market value as % of total Investments	Percentage in relation to the size of the issue
	As at July 1, 2011	Purchases during the period	Sales during the period	As at June 30, 2011	Cost	Market value	Appreciation			
<b>SUKUK CERTIFICATES</b>										
Pak Electron Limited -										
SUKUK (28-09-2007)	550	-	-	550	1,011,220	1,082,971	71,751	2.22	2.32	0.08
					<b>1,011,220</b>	<b>1,082,971</b>	<b>71,751</b>			

	Un audited December 31, 2011	Audited June 30, 2011	Total
			Rupees
Market Value of Government Ijarah Sukuk	45,499,004	42,176,076	
Market Value of Sukuk Certificates	1,082,971	975,008	
<b>Total Market Value</b>	<b>46,581,975</b>	<b>43,151,084</b>	

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

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

**Yasir Qadri**  
**Chief Executive Officer**

**Nasim Beg**  
**Director**

# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2011

Page 2 of 2

## AVAILABLE FOR SALE INVESTMENT PIPF MONEY MARKET SUB- FUND

Name of Investment	Face Value			As at December 31, 2011		
	As at July 1, 2011	Purchases during the period	Sales/ Matured during the period	As at December 31, 2011	Cost	Market value as % of net assets of the sub-fund
-----Rupees-----						
<b>GOVERNMENT IJARAH SUKUK</b>						
Government Ijarah Sukuk (3 years)	20,000,000	24,000,000	20,000,000	24,000,000	24,150,325	59.42%
	20,000,000	24,000,000	20,000,000	24,000,000	24,150,325	59.42%

## 'LOANS AND RECEIVABLES'

Name of Investment	Profit / markup rate %	Maturity date	Closing balance as at December 31, 2011	Value as a percentage of net assets	Value as a percentage of total investment
Term Deposit Receipt	11.5%	March 29, 2012	6,000,000	14.73%	19.87%
<div style="display: flex; justify-content: space-between;"> <div> <b>Total</b>  Un audited December 31, 2011  Audited June 30, 2011  Rupees </div> <div> 24,202,539  6,000,000  <b>30,202,539</b> </div> <div> 20,079,000  -  <b>20,079,000</b> </div> </div>					
Market Value of Government Ijarah Sukuk					
Market Value of Term Deposit Receipt					
<b>Total Market Value</b>					

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 1 of 2

Contributions net of front end fee	Half year ended December 31, 2011							Half year ended December 31, 2010
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	370,360	36,446,919	349,777	36,033,759	315,724	31,818,994	104,299,672	99,857,763
Individuals - issue of units	12,418	1,339,346	8,692	1,225,692	1,843	238,788	2,803,826	3,764,887
- redemption of units	(17,694)	(1,932,152)	(16,779)	(2,355,855)	(5,484)	(700,255)	(4,988,262)	(2,957,078)
	(5,276)	(592,806)	(8,087)	(1,130,163)	(3,641)	(461,467)	(2,184,436)	807,809
Closing balance	365,084	35,854,113	341,690	34,903,596	312,083	31,357,527	102,115,236	100,665,572

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

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 2 of 2

Contributions net of front end fee	Quarter ended December 31, 2011							Quarter ended December 31, 2010
	PIPF Equity Sub-fund		PIPF Debt Sub-fund		PIPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	367,355	36,106,507	346,172	35,541,027	312,858	31,457,954	103,105,488	99,826,298
Individuals - issue of units	8,093	876,627	7,183	1,017,240	1,419	184,840	2,078,707	1,381,222
- redemption of units	(10,364)	(1,129,021)	(11,665)	(1,654,671)	(2,194)	(285,267)	(3,068,959)	(541,948)
	(2,271)	(252,394)	(4,482)	(637,431)	(775)	(100,427)	(990,252)	839,274
Closing balance	365,084	35,854,113	341,690	34,903,596	312,083	31,357,527	102,115,236	100,665,572

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

\_\_\_\_\_  
Yasir Qadri  
Chief Executive Officer

\_\_\_\_\_  
Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 1 of 2

Half year ended December 31, 2011		
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund
----- No of units -----		
Total units outstanding at the beginning of the period	370,360	349,777
Add: Units issued during the period	12,418	8,692
Less: Units redeemed during the period	(17,694)	(16,779)
Total units in issue at the end of the period	<u>365,084</u>	<u>341,690</u>
	<u>315,724</u>	<u>(5,484)</u>

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 2 of 2

Quarter ended December 31, 2011		
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund
----- No of units -----		
Total units outstanding at the beginning of the period	367,355	346,172
Add: Units issued during the period	8,093	7,183
Less: Units redeemed during the period	(10,364)	(11,665)
Total units in issue at the end of the period	365,084	341,690

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

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011**

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

Pakistan Islamic Pension Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 24, 2007 and was executed on September 5, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Through a revised Trust Deed dated June 16, 2011, Habib Metropolitan Bank Limited has been appointed as new Trustee in place of MCFSL which was approved by SECP on July 7, 2011. The Fund is an open-ended pension fund consisting of three sub-funds namely PIPF Equity Sub-Fund, PIPF Debt Sub-Fund and PIPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

Based on shareholders' resolutions of MCB Asset Management Company Limited and Arif Habib Investments Limited the two companies have merged as of 27 June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no.SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated 10 June 2011). Arif Habib Investments Limited being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30 July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated 27 June 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honorable Sindh High Court (SHC). The honorable Sindh High Court (SHC) has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at Techno city Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

### **2. STATEMENT OF COMPLIANCE**

**2.1** This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Trust Deed, the VPS Rules and the directives issued by SECP.

Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting' and guidelines issued by the SECP for the preparation of the quarterly reports of a pension fund.

**2.2** This condensed interim financial information comprise of the condensed interim balance sheet as at December 31, 2011 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim statement of number of units in issue and notes thereto for the half year ended December 31, 2011, which have been subject to a review but not audited.

**2.3** This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2011.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2011, except for the change in methodology as stated below:

#### **3.1 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

During the period, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement. Previously, the proportion of opening undistributed income received / paid on issue / redemption of units was being recognised in the income statement.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund.

### **4. RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2011.

### **5. STANDARDS AND INTERPRETATIONS ADOPTED WITH NO EFFECT ON THE CONDENSED INTERIM FINANCIAL INFORMATION**

#### **5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:**

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

#### **5.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:**

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.



**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

**FOR THE HALF YEAR AND  
QUARTER ENDED DECEMBER 31, 2011**

-----Unaudited-----				Audited
As at December 31, 2011				As at June 30, 2011
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

**6. BALANCES WITH BANKS**

Current accounts	24,910	-	-	24,910	393,495
Saving accounts	24,171	1,268,226	9,551,516	10,843,913	24,126,341
	49,081	1,268,226	9,551,516	10,868,823	24,519,836

Deposit accounts carry a rate of return ranging from 5% to 8%. (June 2011: 5.4% to 9%) per annum.

**7. DEPOSITS AND OTHER RECEIVABLES**

Security deposits	2,701,000	200,000	100,000	3,001,000	800,000
Other receivable	1,000	1,000	1,000	3,000	3,000
Receivable against issue of units	36,001	423,535	220,525	680,061	2,148,927
	2,738,001	624,535	321,525	3,684,061	2,951,927

**8. OTHER LIABILITIES**

Donation / charity	51,363	-	5,910	57,273	41,372
Professional fee	20,288	24,292	20,604	65,184	140,000
Tax	-	-	-	-	235
Others	257,834	51,262	2,057	311,153	18,200
	329,485	75,554	28,571	433,610	199,807

**9. CONTINGENCY**

**9.1 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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, 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 December 14, 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 period, the Honorable 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. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh. However, pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at December 31, 2011 amounted to Rs. 0.504 million (June 2011: Rs. 0.405 million).

**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

**FOR THE HALF YEAR AND  
QUARTER ENDED DECEMBER 31, 2011**

**10. NET UNREALISED (DIMINUTION) / APPRECIATION IN MARKET VALUE OF INVESTMENTS CLASSIFIED AS  
'AVAILABLE-FOR-SALE'**

	Unaudited				Audited
	As at December 31, 2011				As at June 30, 2011
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Rupees					
Market Value	36,666,393	46,581,975	24,202,539	107,450,907	99,869,645
Average Cost	(34,724,478)	(46,246,545)	(24,150,325)	(105,121,348)	(99,550,446)
	1,941,915	335,430	52,214	2,329,559	319,199
Impairment loss					
Opening	4,941,738	-	-	4,941,738	4,068,199
Charged during the period	371,355	-	-	371,355	1,868,624
Derecognised on sale of investments	(4,207,690)	-	-	(4,207,690)	(995,085)
	1,105,403	-	-	1,105,403	4,941,738
Net unrealised diminution in value of investment at the end of the period	3,047,318	335,430	52,214	3,434,962	5,260,937
Net unrealised diminution in value of investment at the beginning of the period	4,900,864	308,073	52,000	5,260,937	1,001,808
	(1,853,546)	27,357	214	(1,825,975)	4,259,129

**10.1** As at December 31, 2011, the management carried out a scrip wise analysis of impairment in respect of equity securities classified as 'available-for-sale'.

**11. SALES TAX ON REMUNERATION OF PENSION FUND MANAGER**

During the current period, the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Pension Fund Manager through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

**12. TAX**

Through Finance Act, 2011, pension funds are included in the list of entities on which provisions of section 113 regarding minimum tax shall not apply, effective from July 01, 2011. Earlier minimum tax @ 1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2001, although the income of the Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

**13. EARNINGS PER UNIT**

Earnings per unit (EPU) for the half year and quarter ended December 31, 2011 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

	Half year ended December 31, 2011		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	367,215	346,103	313,013
Net income after taxation (Rupees)	907,359	2,427,158	1,620,931
Earnings per unit	2.47	7.01	5.18

**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

**FOR THE HALF YEAR AND  
QUARTER ENDED DECEMBER 31, 2011**

	Quarter ended December 31, 2011		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	366,937	345,278	312,562
Net income after taxation (Rupees)	2,698,477	1,205,885	894,113
Earnings per unit	7.35	3.49	2.86

**14. TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include Arif Habib Investments Limited (AHI) being the Pension Fund Manager and MCB Bank Limited being the holding company of AHI, Habib Metropolitan Bank Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager as Management Company and directors and executives of the Pension Fund Manager. Uptill June 27, 2011 MCB Financial Services Limited was the trustee of the fund, therefore comparative figures have been shown with respect to the previous trustee

The transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively.

**14.1 Transactions during the period**

-----Unaudited-----				
Half year ended December 31, 2011				Half year ended December 31, 2010
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

**Arif Habib Investments Ltd - Pension Fund Manager**

Remuneration	354,824	422,984	350,629	1,128,437	856,757
Sales load	5,760	1,440	2,738	9,938	5,970

**Habib Metropolitan Bank Limited -Trustee**

Remuneration	40,352	48,060	39,837	128,249	-
Profit earned during the period	49,168	66,450	190,521	306,139	-
Investment in Term Deposit Receipt (TDR)	-	-	13,900,000	13,900,000	-
Profit earned on TDR	-	-	222,326	222,326	-

**MCB Bank Limited**

Profit earned during the period	-	-	76,912	76,912	-
Investment in TDR	-	-	7,900,000	7,900,000	-
Profit earned on TDR	-	-	216,654	216,654	-

**MCB Financial Services Limited - Former Trustee**

Trustee Fee	-	-	-	-	113,564
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**Directors and Officers**

Issue of PIPF Equity sub - fund 4,783 units (2010: 11,861 units)	513,400	-	-	513,400	1,129,515
Issue of PIPF Debt sub - fund 1,424 units (2010: 6,649 units)	-	198,606	-	198,606	846,849

**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

**FOR THE HALF YEAR AND  
QUARTER ENDED DECEMBER 31, 2011**

-----Unaudited-----				
Half year ended December 31, 2011				Half year ended December 31, 2010
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Rupees				

Issue of PIPF Money Market sub - fund 256 units (2010: 3,201 units)	-	-	32,880	32,880	380,727
Redemption of PIPF Equity sub - fund 9,365 units (2010: 7,649 units)	1,034,005	-	-	1,034,005	713,585
Redemption of PIPF Debt sub - fund 6,999 units (2010: 4,304 units)	-	967,412	-	967,412	546,798
Redemption of PIPF Money Market sub - fund 3,800 units (2010: 855 units)	-	-	480,818	480,818	101,759

-----Unaudited-----				
Quarter ended December 31, 2011				Quarter ended December 31, 2010
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----				

**Arif Habib Investments Ltd - Pension Fund Manager**

Remuneration	179,422	213,992	176,979	570,393	436,417
Sales load	2,664	666	-	3,330	3,735

**Habib Metropolitan Bank Limited -Trustee**

Remuneration	20,409	24,298	20,093	64,800	-
Profit earned during the period	22,296	34,520	71,198	128,014	-
Investment in Term Deposit Receipt	-	-	6,200,000	6,200,000	-
Profit earned on TDR	-	-	212,803	212,803	-

**MCB Bank Limited**

Profit earned during the period	-	-	263	263	-
Investment in Term Deposit Receipt	-	-	200,000	200,000	-
Profit earned on TDR	-	-	207,131	207,131	-

**MCB Financial Services Limited - Former Trustee**

Trustee Fee	-	-	-	-	57,800
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**Directors and Officers**

Issue of PIPF Equity sub - fund 1,291 units (2010: 3,988 units)	118,519	-	-	118,519	400,153
Issue of PIPF Debt sub - fund 438 units (2010: 2,034 units)	-	61,285	-	61,285	261,911
Issue of PIPF Money Market sub - fund 107 units (2010: 733 units)	-	-	13,832	13,832	88,091
Redemption of PIPF Equity sub - fund 2,074 units (2010: 2,832)	209,619	-	-	209,619	274,679
Redemption of PIPF Debt sub - fund 2,124 units (2010: 1,647)	-	288,293	-	288,293	210,595
Redemption of PIPF Money Market sub - fund 575 units (2010: 377)	-	-	69,037	69,037	45,176

**14.2 Amounts outstanding as at the period end**

-----Unaudited-----				Audited June 30, 2011
As at December 31, 2011				
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

**Arif Habib Investments Ltd - Pension Fund Manager**

Remuneration payable	58,669	72,550	60,107	191,326	156,706
Investment in seed capital 300,000 units (2011: 300,000 units)	31,885,236	42,852,052	39,155,307	113,892,595	110,991,000

**Habib Metropolitan Bank Limited**

Trustee fee payable	58,669	72,550	60,107	191,326	-
Bank balance	49,081	1,258,226	1,258,226	2,565,533	16,659,285
Profit receivable	49,168	66,450	190,521	306,139	-
Profit receivable on TDR	-	-	5,671	5,671	-

**MCB Bank Limited**

Bank balance	-	-	22,155	22,155	7,810,508
Profit receivable	-	-	75,265	75,265	-

**MCB Financial Services Limited - Former Trustee**

Remuneration payable	-	-	-	-	20,672
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**Directors and Officers**

Balance as at December 31, 2011

Investment in PIPF Equity sub - fund 20,567 units (2011: 25,149 units)	2,181,418	-	-	2,181,418	2,740,448
Investment in PIPF Debt sub - fund 10,209 units (2011: 15,784 units)	-	1,457,931	-	1,457,931	2,141,436
Investment in PIPF Money Market sub - fund 3,855 units (2011: 7,399 units)	-	-	503,230	503,230	927,370

**15. ACCOUNTING 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 reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were consistent as those that applied to financial statements as at and for the year ended June 30, 2011."

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction.

Investments are revalued at the market prices, using the appropriate method, prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not different from carrying value.

**17. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on January 27, 2012 by the Board of Directors of the Pension Fund Manager.

**18. SIGNIFICANT EVENTS AFTER THE END OF INTERIM PERIOD**

There is no significant event to report after the end of interim period ended December 31, 2011.

**19. GENERAL**

Figures have been rounded off to the nearest Rupee.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

**Yasir Qadri**  
Chief Executive Officer

**Nasim Beg**  
Director