

## Quarterly Report

March 31, 2014  
(Unaudited)



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

# **PAKISTAN PENSION 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 Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource 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>	Habib Metropolitan Bank Limited	
<b>Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, Karachi 75530, Pakistan	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings and Investments Limited</b> (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	AM2 - Management Quality Rating assigned by PACRA	

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund's** accounts review for the nine months ended March 31<sup>st</sup> 2014.

### ECONOMY AND MONEY MARKET OVERVIEW

Despite implementation of fiscal reforms, inflation managed to remain in the single digit with CPI averaging around 8.64% during the first nine months of current fiscal year. The Current Account balance remained in pressure posting a deficit of \$2.02 billion during the 8MFY14 as opposed to deficit of USD \$0.83 billion reported in corresponding period last year. Last year's saving grace came in the form of proceeds under Coalition Support Funds (CSF) where the country received \$1.806bn in 1HFY13 as opposed to inflows of \$675 million received during the first nine months of the current fiscal year.

During the year, the country successfully managed to enter into a three-year \$6.6 billion loan program with IMF. Out of total financing of around \$2.2 billion scheduled for FY14 under IMF Extended Fund Facility (EFF), the country received three tranches of around \$540 million each during 9MFY14. While out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$2.52 billion to IMF during 9MFY14.

The reserves remained under pressure given that the country was scheduled to repay \$4.524 billion to foreign donors during 9MFY14. However, generosity on the part of multilateral agencies and close allies helped improve reserve balance to \$9.86 billion as on 28-March-2014 from the nine-month low of \$7.59 billion touched on 7-February-2014. Not to mention, the country received \$1.5 billion from a friendly country in March 2014. Hence, the local currency managed to appreciate to Rs98 against dollar towards the end of the 3QFY14 after touching a record low of Rs108.6 against dollar on 5-December-2013.

Although the government had twice announced 50 bps hikes in the discount rate in the monetary policy held in September and November, decrease in inflationary pressures and improvement in foreign reserve balance during 3QFY14 point towards monetary easing down the line.

The Money Market was moderately short of liquidity during FY14 where on numerous occasions financial institutions utilized ceiling in order to manage liquidity efficiently. The yield curve adjusted significantly upwards during the ongoing fiscal year, with 6-month PKRV at around 10% as on 31- March 2014 as opposed to 8.92% as on 30-June- 2013.

PKRV for PIBs remained volatile during the year. Despite stable to declining interest rate outlook on account of increase in foreign reserves balance, which resulted in Rupee appreciation and appeased inflationary pressures, interest rate on PIB increased towards the end of the 3QFY14 on the back of the government's growing appetite to raise money through longer tenure papers. This can be gauged from the fact that the Government managed to raise a total of Rs 974bn through PIB auction in 3QFY14 as opposed to the target of Rs 180 billion.

M2 has expanded by 5.14% during the 9MFY14 (till 28th March) as opposed to expansion of 8.83% during the same period last year. At the same time, the net borrowing from the banking system increased by Rs 502.7 billion as opposed to Rs 856.5 billion raised during the same period last year.

### EQUITIES MARKET OVERVIEW

Stock market started FY14 on a positive note on the back of smooth political transition. Though steep rupee depreciation had kept stock market under pressure during August and September, recovery in foreign reserve balance towards the end of 3QFY14 lifted the benchmark index to 27,159.91 by the end of March, 2014, marking a growth of 29.3% since the start of the current fiscal year.

A combination of improving economic indicators, strong inherent bottom line growth and healthy payouts helped keep the investors' interest alive in the stock market. The rally remained broad based, but interest largely remained in Textile, Construction & Materials, Oil & Gas,

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

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Pharmaceuticals and Power Sectors on the heels of success in getting GSP+ status, increase in margins of cement companies, increase in oil production and significant rupee depreciation during the 1HFY14.

Foreigners remained net buyers during the period with a cumulative net inflow of \$ 22.8 million, while the average turnover stood at around 214 million shares during the 9MFY14 as opposed to 170 million shares during the same period last year.

### ***Equity Fund***

The Equity sub-fund generated a return of 34.8% while the KSE-100 increased by 29.3% during the period under review. The sub-fund increased its overall equity exposure to 96.3% from 95.6%. Sector-wise, the sub-fund maintained its exposure in Oil & Gas and Commercial Banks sectors, whilst reduced its exposure towards Construction and Material Sector.

The Net Asset of the Fund as at March 31, 2014 stood at Rs. 168.2 million as compared to Rs 124.4 million as at June 30 2013, registering a an increase of 35.1%.

The Net Asset Value (NAV) per unit as at March 31, 2013 was Rs. 245.53 as compared to opening NAV of Rs. 182.15 per unit as at June 30, 2013 registering an increase of Rs. 63.38 per unit.

### ***Debt Fund***

The debt sub-fund generated an annualized return of 7.49% during 9M FY14. The fund completely eliminated exposure in T-bills from 48% at the beginning of the period whereas exposure towards PIBs increased considerably from 36.6% to 89.4%.

The Net Asset of the Fund as at March 31, 2014 stood at Rs. 200.06 million as compared to Rs 173.72 million as at June 30 2013 registering a an increase of 15.16%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 173.04 as compared to opening NAV of Rs. 163.83 per unit as at June 30, 2013 registering an increase of Rs. 9.21 per unit.

### ***Money Market Fund***

The money market sub-fund generated a return of 6.90% during the period. The fund increased its exposure in T-bills from 97.5% to 98.7% during the period.

The Net Asset of the Fund as at March 31, 2014 stood at Rs. 124.87 million as compared to Rs 112.70 million as at June 30 2013 registering a an increase of 10.80%

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 176.78 as compared to opening NAV of Rs. 168.08 per unit as at June 30, 2013 registering an increase of Rs. 8.70 per unit.

### **FUTURE OUTLOOK**

The government expects reserve position to improve further towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies. The country is scheduled to pay more than \$1.2 billion to external official creditors in the last quarter, while the government is eyeing to raise foreign inflows through Euro bonds, 3G auction, and outstanding payments from Etisalat.

## **REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

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Earnings growth is expected to continue in E&P, Power and Cement sector, while the rupee appreciation bodes well for pharmaceutical and chemical companies. Rupee strengthening after a long slide has contributed towards a change in the outlook. The budgeted implications of a stronger rupee will unfold in the next few months. Going forward, fixed income funds are expected to strengthen on the back of widening gaps between short and mid-term yields.

### **ACKNOWLEDGMENT**

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

For and on behalf of the board



**Yasir Qadri**

Chief Executive Officer

Karachi: April 21, 2014

# CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

		----- (Un-Audited) ----- March 31, 2014				(Audited) June 30, 2013
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- (Rupees) -----						
<b>Assets</b>						
Balances with banks	5	2,058,880	1,650,390	1,485,849	5,195,119	6,308,019
Investments (as per condensed interim statement of investments by category)		164,057,333	194,850,250	124,082,270	482,989,853	399,191,110
Dividend receivable		1,480,410	-	-	1,480,410	907,040
Profit receivable		36,026	4,657,637	12,264	4,705,927	3,150,244
Deposits and other receivables	6	2,704,950	200,000	100,000	3,004,950	10,388,133
<b>Total assets</b>		<u>170,337,599</u>	<u>201,358,277</u>	<u>125,680,383</u>	<u>497,376,259</u>	<u>419,944,546</u>
<b>Liabilities</b>						
Payable to Pension Fund Manager	7	239,025	294,256	185,033	718,314	573,498
Payable to Habib Metropolitan Bank Limited - Trustee		23,572	29,020	18,248	70,840	58,070
Annual fee payable to the Securities and Exchange Commission of Pakistan		36,441	46,366	30,148	112,955	109,472
Accrued expenses and other liabilities	8	1,800,575	929,409	575,195	3,305,179	8,319,001
<b>Total liabilities</b>		<u>2,099,613</u>	<u>1,299,051</u>	<u>808,624</u>	<u>4,207,288</u>	<u>9,060,041</u>
<b>Net assets</b>		<u>168,237,986</u>	<u>200,059,226</u>	<u>124,871,759</u>	<u>493,168,971</u>	<u>410,884,505</u>
Participants' Sub-Funds (as per condensed interim Statement of Movement in Participants' sub-funds)		<u>168,237,986</u>	<u>200,059,226</u>	<u>124,871,759</u>		
----- Number of units -----						
<b>Number of units in issue</b>		<u>685,191</u>	<u>1,156,161</u>	<u>706,386</u>		
----- (Rupees) -----						
<b>Net assets value per unit</b>		<u>245.53</u>	<u>173.04</u>	<u>176.78</u>		

## Contingency

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The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director




# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

## FOR THE NINE MONTHS ENDED MARCH 31, 2014

Nine months ended March 31, 2014						Nine months ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total		
Note	(Rupees)					
<b>Income</b>						
Capital gain / (loss) on sale of investments	19,123,479	(880,970)	15,085	18,257,594	16,344,546	
Dividend income	6,895,408	-	-	6,895,408	6,048,816	
Income from Government Securities	-	12,552,449	8,200,570	20,753,019	15,175,399	
Income from Term Finance Certificates and sukuk bonds	-	900,431	-	900,431	1,610,311	
Profit on bank and other deposits	230,781	234,086	178,552	643,419	773,590	
Unrealised gain/(loss) on revaluation of investments 'at fair value through profit or loss' - net	25,419,786	1,694,557	(47,830)	27,066,513	4,834,405	
<b>Total income</b>	<b>51,669,454</b>	<b>14,500,553</b>	<b>8,346,377</b>	<b>74,516,384</b>	<b>44,787,067</b>	
Reversal of / (provision) against investments classified as 'available for sale'	-	-	-	-	417,506	
<b>Total Income - net of provision against investments</b>	<b>51,669,454</b>	<b>14,500,553</b>	<b>8,346,377</b>	<b>74,516,384</b>	<b>45,204,573</b>	
<b>Expenses</b>						
Remuneration of Pension Fund Manager	11 1,639,854	2,086,462	1,356,697	5,083,013	3,518,234	
Sindh sales tax and federal excise duty on remuneration of Pension Fund Manager	566,734	721,080	468,874	1,756,688	562,918	
Remuneration of Habib Metropolitan Bank Limited - Trustee	189,398	241,008	156,719	587,125	431,542	
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	36,441	46,366	30,149	112,956	78,181	
Auditors' Remuneration	103,790	133,528	87,277	324,595	281,515	
Custody and settlement charges	758,474	186,721	704	945,899	887,953	
Legal and professional charges	15,087	19,139	12,500	46,726	52,550	
Provision against Debt Securities	-	-	-	-	-	
Provision for Workers' Welfare Fund	983,606	230,705	127,858	1,342,169	-	
Bank charges	2,133	5,881	3,818	11,832	15,235	
<b>Total expenses</b>	<b>4,295,517</b>	<b>3,670,890</b>	<b>2,244,596</b>	<b>10,211,003</b>	<b>5,828,128</b>	
<b>Net income from operating activities</b>	<b>47,373,937</b>	<b>10,829,663</b>	<b>6,101,781</b>	<b>64,305,381</b>	<b>39,376,445</b>	
Element of income and capital gains included in prices of units issued less those redeemed	822,765	532,799	163,257	1,518,821	1,516,934	
<b>Net income for the period before taxation</b>	<b>48,196,702</b>	<b>11,362,462</b>	<b>6,265,038</b>	<b>65,824,202</b>	<b>40,893,379</b>	
Taxation	12 -	-	-	-	-	
<b>Net income for the period after taxation</b>	<b>48,196,702</b>	<b>11,362,462</b>	<b>6,265,038</b>	<b>65,824,202</b>	<b>40,893,379</b>	
<b>Other comprehensive (loss) / income for the period</b>						
Unrealised (loss) / gain on re-valuation of investments classified as 'available-for-sale' - net	10 (4,376,606)	(344,942)	-	(4,721,548)	754,243	
<b>Total comprehensive income for the period</b>	<b>43,820,096</b>	<b>11,017,520</b>	<b>6,265,038</b>	<b>61,102,654</b>	<b>41,647,622</b>	
<b>Earnings per unit</b>	13 70.97	10.19	8.96			

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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


  
Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

## FOR THE QUARTER ENDED MARCH 31, 2014

	Note	Quarter ended March 31, 2014				Quarter ended March 31, 2013
		Equity sub fund	Debt sub fund	Money market sub fund	Total	
		(Rupees)				
<b>Income</b>						
Capital gain on sale of investments		5,932,224	1,636,635	(183)	7,568,676	3,324,212
Dividend income		2,966,903	-	-	2,966,903	2,941,761
Income from Government Securities		-	4,582,074	2,976,333	7,558,407	4,698,681
Income from Term Finance Certificates and sukuk bonds		-	353,975	-	353,975	655,418
Profit on bank and other deposits		82,598	118,693	32,628	233,919	232,517
Unrealised gain on revaluation of investments at fair value through profit or loss' - net		6,198,481	1,684,237	17,869	7,900,587	(1,420,664)
<b>Total income</b>		<b>15,180,206</b>	<b>8,375,614</b>	<b>3,026,647</b>	<b>26,582,467</b>	<b>10,431,925</b>
Reversal of / (provision) against investments classified as 'available for sale'		-	-	-	-	1,253,225
<b>Total Income - net of provision against investments</b>		<b>15,180,206</b>	<b>8,375,614</b>	<b>3,026,647</b>	<b>26,582,467</b>	<b>11,685,150</b>
<b>Expenses</b>						
Remuneration of Pension Fund Manager	11	575,235	713,627	460,790	1,749,652	1,215,848
Sindh sales tax and federal excise duty on remuneration of Pension Fund Manager		198,801	246,630	159,249	604,680	194,537
Remuneration of Habib Metropolitan Bank Limited - Trustee		66,033	81,922	52,901	200,856	147,369
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		12,783	15,859	10,240	38,882	26,993
Auditors' remuneration		36,175	45,159	29,217	110,551	92,466
Custody and settlement charges		224,344	76,788	-	301,132	240,037
Legal and professional charges		3,695	4,604	3,016	11,315	17,260
Provision against Debt Securities		-	-	-	-	-
Provision for Workers' Welfare Fund		311,858	147,605	44,707	504,170	-
Bank charges		349	1,549	848	2,746	4,478
<b>Total expenses</b>		<b>1,429,273</b>	<b>1,333,743</b>	<b>760,968</b>	<b>3,523,984</b>	<b>1,938,988</b>
<b>Net income from operating activities</b>		<b>13,750,933</b>	<b>7,041,871</b>	<b>2,265,679</b>	<b>23,058,483</b>	<b>9,746,162</b>
Element of income and capital gains included in prices of units issued less those redeemed		1,530,109	210,053	(75,042)	1,665,120	2,038,703
<b>Net income for the period before taxation</b>		<b>15,281,042</b>	<b>7,251,924</b>	<b>2,190,637</b>	<b>24,723,603</b>	<b>11,784,865</b>
Taxation	12	-	-	-	-	-
<b>Net income for the period after taxation</b>		<b>15,281,042</b>	<b>7,251,924</b>	<b>2,190,637</b>	<b>24,723,603</b>	<b>11,784,865</b>
<b>Other comprehensive (loss) / income for the period</b>						
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net		(1,134,767)	(40,393)	-	(1,175,160)	(981,936)
<b>Total comprehensive income for the period</b>		<b>14,146,275</b>	<b>7,211,531</b>	<b>2,190,637</b>	<b>23,548,443</b>	<b>10,802,929</b>
<b>Earnings per unit</b>	13	<b>23.38</b>	<b>6.38</b>	<b>3.08</b>		

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
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Chief Executive Officer

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

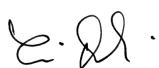
  
\_\_\_\_\_  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine months ended March 31, 2014				Nine months ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	(Rupees)				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income before taxation	48,196,702	11,362,462	6,265,038	65,824,202	40,893,378
<b>Adjustments for non cash charges and other items:</b>					
Capital (gain) / loss on sale of investments	(19,123,479)	880,970	(15,085)	(18,257,594)	(16,344,546)
Unrealised (gain) / loss on revaluation of investments at fair value through profit or loss' - net	(25,419,786)	(1,694,557)	47,830	(27,066,513)	(4,834,405)
Impairment loss on investments classified as available-for-sale'	-	-	-	-	(417,506)
Element of income and capital gains included in prices of units issued less those redeemed	(822,765)	(532,799)	(163,257)	(1,518,821)	(1,516,934)
	(45,366,030)	(1,346,386)	(130,512)	(46,842,928)	(23,113,391)
<b>(Increase) / decrease in assets</b>					
Investments - net	2,835,142	(32,180,433)	(13,850,893)	(43,196,184)	(52,177,257)
Dividend receivable	(573,370)	0	-	(573,370)	(2,630,025)
Profit receivable	(21,741)	(1,548,530)	14,588	(1,555,683)	1,257,302
Deposits and other receivables	1,147	5,786,185	1,595,851	7,383,183	22,782,552
	2,241,178	(27,942,778)	(12,240,454)	(37,942,054)	(30,767,428)
<b>Increase / (decrease) in liabilities</b>					
Payable against redemption of units	-	-	-	-	(479,358)
Payable to Pension Fund Manager	33,873	39,250	16,158	89,281	144,948
Payable to the Trustee	4,631	5,481	2,658	12,770	11,577
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	4,836	290	(1,643)	3,483	4,591
Accrued and other liabilities	(5,982,459)	626,597	397,575	(4,958,287)	(1,233,088)
	(5,939,119)	671,618	414,748	(4,852,753)	(1,551,330)
<b>Cash generated from / (used in) operating activities</b>	(867,269)	(17,255,084)	(5,691,180)	(23,813,533)	(14,538,771)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	24,689,463	38,710,334	18,630,517	82,030,314	51,279,150
Payment against withdrawal	(23,906,042)	(22,860,711)	(12,562,928)	(59,329,681)	(33,383,472)
<b>Net cash generated from financing activities</b>	783,421	15,849,623	6,067,589	22,700,633	17,895,678
<b>Net (decrease) / increase in cash and cash equivalent during the period</b>	(83,848)	(1,405,461)	376,409	(1,112,900)	3,356,907
Cash and cash equivalents at beginning of the period	2,142,728	3,055,851	1,109,440	6,308,019	5,888,838
<b>Cash and cash equivalents at end of the period</b>	2,058,880	1,650,390	1,485,849	5,195,119	9,245,746

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

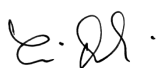
MCB-Arif Habib Savings and Investments Limited  
(formerly: Arif Habib Investments Limited)  
(Management Company)

  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2014

	Quarter ended March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Quarter ended March 31, 2013
	----- (Rupees) -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income before taxation	15,281,042	7,251,924	2,190,637	24,723,603	11,784,865
<b>Adjustments for non cash charges and other items:</b>					
Capital (loss) / gain on sale of investments	(5,932,224)	(1,636,635)	183	(7,568,676)	(3,324,212)
Unrealised (loss) / gain on revaluation of investments 'at fair value through profit or loss' - net	(6,198,481)	(1,684,237)	(17,869)	(7,900,587)	(4,595,793)
Impairment loss on investments classified as available-for-sale'	-	-	-	-	4,763,232
Element of income and capital gains included in prices of units issued less those redeemed	(1,530,109)	(210,053)	75,042	(1,665,120)	(2,038,703)
	(13,660,814)	(3,530,925)	57,356	(17,134,383)	(5,195,476)
<b>(Increase) / decrease in assets</b>					
Investments - net	(4,551,841)	(6,156,224)	(1,984,382)	(12,692,447)	(14,371,269)
Dividend receivable	(1,450,290)	-	-	(1,450,290)	(2,487,160)
Profit receivable	(25,149)	(4,146,756)	(3,167)	(4,175,072)	(46,664)
Deposits and other receivables	-	-	-	-	1,755,577
	(6,027,280)	(10,302,980)	(1,987,549)	(18,317,809)	(15,149,516)
<b>Increase / (decrease) in liabilities</b>					
Payable against redemption of units	-	-	-	-	(2,923,049)
Payable to Pension Fund Manager	18,740	16,354	1,535	36,629	28,667
Payable to the Trustee	1,702	1,427	28	3,157	5,166
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	12,783	15,858	10,239	38,880	26,995
Accrued and other liabilities	503,859	280,190	146,036	930,085	(774,994)
	537,084	313,829	157,838	1,008,751	(3,637,215)
<b>Net cash used in operating activities</b>	<b>(3,869,968)</b>	<b>(6,268,152)</b>	<b>418,282</b>	<b>(9,719,838)</b>	<b>(12,197,342)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	13,763,132	13,059,122	4,598,007	31,420,261	22,691,034
Payment against withdrawal	(9,116,305)	(6,432,431)	(6,466,788)	(22,015,524)	(6,324,508)
<b>Net cash generated from financing activities</b>	<b>4,646,827</b>	<b>6,626,691</b>	<b>(1,868,781)</b>	<b>9,404,737</b>	<b>16,366,526</b>
<b>Net (decrease) / increase in cash and cash equivalent during the period</b>	<b>776,859</b>	<b>358,539</b>	<b>(1,450,499)</b>	<b>(315,101)</b>	<b>4,169,184</b>
Cash and cash equivalents at beginning of the period	1,282,021	1,291,851	2,936,348	5,510,220	5,076,561
<b>Cash and cash equivalents at end of the period</b>	<b>2,058,880</b>	<b>1,650,390</b>	<b>1,485,849</b>	<b>5,195,119</b>	<b>9,245,746</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Nine months ended March 31, 2014				Nine months ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	(Rupees)				
Net assets at the beginning of the period	124,457,234	173,724,882	112,702,389	410,884,505	285,889,737
Amount received on issue of units	24,689,463	38,710,334	18,630,517	82,030,314	51,279,150
Amount paid on redemption of units	(23,906,042)	(22,860,711)	(12,562,928)	(59,329,681)	(33,383,472)
	783,421	15,849,623	6,067,589	22,700,633	17,895,678
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net					
Amount representing (income) / loss and realised capital (gains) / losses - net	(822,765)	(532,799)	(163,257)	(1,518,821)	(1,516,934)
Amount representing unrealised (appreciation) / diminution in fair value of investments	(790,403)	5,738,041	2,321,145	7,268,783	(6,885,444)
	(1,613,168)	5,205,242	2,157,888	5,749,962	(8,402,378)
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	(4,376,606)	(344,942)	-	(4,721,548)	754,243
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net	790,403	(5,738,041)	(2,321,145)	(7,268,783)	6,885,444
Net income after taxation for the period	48,196,702	11,362,462	6,265,038	65,824,202	40,893,378
<b>Net assets at the end of the period</b>	<b>168,237,986</b>	<b>200,059,226</b>	<b>124,871,759</b>	<b>493,168,971</b>	<b>343,916,103</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)**  
**FOR THE QUARTER ENDED March 31, 2014**

	Quarter ended March 31, 2014				Quarter ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	(Rupees)				
Net assets at the beginning of the period	150,974,993	186,431,057	124,474,861	461,880,911	318,785,327
Amount received on issue of units	13,763,132	13,059,122	4,598,007	31,420,261	22,691,034
Amount paid on redemption of units	(9,116,305)	(6,432,431)	(6,466,788)	(22,015,524)	(6,324,508)
	4,646,827	6,626,691	(1,868,781)	9,404,737	16,366,526
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net					
Amount representing (income) / loss and realised capital (gains) / losses - net	(1,530,109)	(210,053)	75,042	(1,665,120)	(2,038,703)
Amount representing unrealised (appreciation) / diminution in fair value of investments	(10,568,160)	2,485,065	(725,443)	(8,808,538)	(7,283,710)
	(12,098,269)	2,275,012	(650,401)	(10,473,658)	(9,322,413)
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	(1,134,767)	(40,393)	-	(1,175,160)	(981,914)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net	10,568,160	(2,485,065)	725,443	8,808,538	7,283,710
Net income after taxation for the period	15,281,042	7,251,924	2,190,637	24,723,603	11,784,866
Net assets at the end of the period	168,237,986	200,059,226	124,871,759	493,168,971	343,916,103

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
**Chief Executive Officer**

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

  
**Director**

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY**  
**AS AT MARCH 31, 2014**

----- (Un-Audited) -----				
March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total
	----- (Rupees) -----			
Investments 'at fair value through profit or loss'				(Audited) June 30, 2013
Listed equity securities	158,483,799	-	-	158,483,799
Pakistan Investment Bonds	-	81,396,487	-	81,396,487
Market Treasury Bills	-	-	124,082,270	124,082,270
Term Finance Certificates and Sukuk bonds	-	7,028,700	-	7,028,700
	158,483,799	88,425,187	124,082,270	370,991,256
				365,823,551
'Available-for-sale' investments				
Listed equity securities	5,573,534	-	-	5,573,534
Pakistan Investment Bonds	-	98,718,340	-	98,718,340
Term Finance Certificates and Sukuk bonds	-	2,681,223	-	2,681,223
Government Ijara Sukuk	-	5,025,500	-	5,025,500
	5,573,534	106,425,063	-	111,998,597
				33,367,559
	164,057,333	194,850,250	124,082,270	482,989,853
				399,191,110

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director





March 31, 2014      June 30, 2013  
----- (Rupees) -----

158,483,799	111,486,104
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The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Director



# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS AS AT MARCH 31, 2014

## DEBT SUB-FUND

### INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

Name of Investment	Face value			As at March 31, 2014			Market value as a % of net asset of the sub - fund
	As at July 01, 2013	Purchases during the period	Sales/ maturities during the period	As at March 31, 2014	Carrying value	Market value	Appreciation
(Rupees)							
Pakistan investment bonds	51,000,000	-	50,000,000	1,000,000	992,489	998,007	5,518
Pakistan investment bonds	-	80,000,000	-	80,000,000	78,783,641	80,398,480	1,614,839
Treasury bills	87,400,000	372,102,400	459,502,400	-	-	-	-
	138,400,000	452,102,400	509,502,400	81,000,000	79,776,130	81,396,487	1,620,357

Name of Investment	Issue Date	Number of Certificates				As at March 31, 2014			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 1, 2013	Purchases during the period	Sales/ matured during the period	As at March 31, 2014	Carrying value	Market value	Appreciation			
-----Number of Certificates----- (Rupees)----- %-----											
Term Finance Certificates (TFCs)											
Standard Chartered Bank-TFC	29-Jun-12	1,400	-	-	1,400	6,954,500	7,028,700	74,200	3.51%	3.49%	0.35%
Total		1,400	-	-	1,400	6,954,500	7,028,700	74,200	3.51%	3.49%	

Market Value of government securities  
Market Value of TFCs and Sukuk bonds

Total	
(Un-Audited)	(Audited)
March 31,	June 30, 2013
2014	2013
(Rupees)	(Rupees)
81,396,487	137,118,825
7,028,700	6,954,500
<b>88,425,187</b>	<b>144,073,325</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director

# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS AS AT MARCH 31, 2014

**DEBT SUB-FUND**  
**'AVAILABLE-FOR-SALE' INVESTMENTS**

Name of Investment	Face value				As at March 31, 2014			Market value as a % of net asset of the sub - fund
	As at July 01, 2013	Purchases during the period	Sales/ maturities during the period	As at March 31, 2014	Cost	Market value	Appreciation / (Diminution)	
	(Rupees)							
Pakistan investment bonds	10,000,000	-	5,000,000	5,000,000	4,930,724	5,096,695	165,971	2.55%
Pakistan investment bonds	-	95,000,000	-	95,000,000	93,573,385	93,621,645	48,260	46.80%
Government Ijarah Sukuk (3 years)	5,000,000	-	-	5,000,000	5,062,825	5,025,500	(37,325)	2.51%
	15,000,000	95,000,000	5,000,000	105,000,000	103,566,934	103,743,840	176,906	

Name of Investment	Issue Date	Number of Certificates				As at March 31, 2014			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 01, 2013	Purchases during the period	Sales/ matured during the period	As at March 31, 2014	Cost	Market value	Appreciation/ (Diminution)			
-----Number of Certificates----- (Rupees) ----- % -----											
Term Finance Certificates (TFCs)											
Bank Alfalah TFC-IV (Floating)	2-Dec-09	500	-	-	500	2,497,249	2,681,223	183,974	1.34%	1.33%	0.05%
Sukuk Bonds											
Pak Elektron Limited - SUKUK (28-09-2007)	8-May-08	750	-	-	750	804,614	-	(804,614)	-	-	-
Total		1,250	-	-	1,250	3,301,863	2,681,223	(620,640)	1.34%	1.33%	

Market Value of government securities  
Market Value of TFCs and Sukuk bonds

	Total	
	(Un-Audited)	(Audited)
	March 31, 2014	June 30, 2013
	(Rupees)	
Market Value of government securities	103,743,840	15,503,630
Market Value of TFCs and Sukuk bonds	2,681,223	2,624,217
	<b>106,425,063</b>	<b>18,127,847</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director

# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS AS AT MARCH 31, 2014

## MONEY MARKET SUBFUND

### INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

Name of Investment	Face value				As at March 31, 2014			Market value as a % of net asset of the sub fund
	As at July 1, 2013	Purchases during the period	Sales/ maturities during the period	As at March 31, 2014	Book value	Market value	Appreciation / (Diminution)	

(Rupees)

### 'At fair value through profit or loss'

Treasury bills	112,250,000	265,791,082	252,041,082	126,000,000	124,130,100	124,082,270	(47,830)	99.37%
	112,250,000	265,791,082	252,041,082	126,000,000	124,130,100	124,082,270	(47,830)	

----- Total -----  
(Un-Audited) (Audited)

March 31, 2014 June 30, 2013  
----- (Rupees) -----

Market value	124,082,270	110,264,122
--------------	-------------	-------------

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

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

  
Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

Contributions net of front end fee	Nine months ended March 31, 2014							Nine months ended March 31, 2013
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- (Rupees) -----							
Opening balance	683,253	63,815,403	1,060,373	134,160,840	670,540	83,291,602	281,267,845	218,419,308
Individuals - issue of units	112,808	24,689,465	233,102	38,710,334	108,403	18,630,518	82,030,317	51,279,150
- redemption of units	(110,870)	(23,906,042)	(137,314)	(22,860,711)	(72,557)	(12,562,928)	(59,329,681)	(33,383,472)
	1,938	783,423	95,788	15,849,623	35,846	6,067,590	22,700,636	17,895,678
Closing balance	685,191	64,598,826	1,156,161	150,010,463	706,386	89,359,192	303,968,481	236,314,986

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
 Chief Executive Officer

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

  
 Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2014**

Contributions net of front end fee	Quarter ended March 31, 2014							Quarter ended March 31, 2013
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- (Rupees) -----							
Opening balance	667,158	59,951,997	1,116,845	143,383,772	717,069	91,227,972	294,563,741	219,948,460
Individuals - issue of units	57,895	13,763,134	77,018	13,059,122	26,258	4,598,008	31,420,264	22,691,034
- redemption of units	(39,862)	(9,116,305)	(37,702)	(6,432,431)	(36,941)	(6,466,788)	(22,015,524)	(6,324,508)
	18,033	4,646,829	39,316	6,626,691	(10,683)	(1,868,780)	9,404,740	16,366,526
Closing balance	685,191	64,598,826	1,156,161	150,010,463	706,386	89,359,192	303,968,481	236,314,986

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

  
 Chief Executive Officer


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

  
 Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Nine months ended March 31, 2014		
	Equity sub fund	Debt sub fund	Money market sub fund
	----- No of units -----		
Total units outstanding at the beginning of the period	683,253	1,060,373	670,540
Add: Units issued during the period	112,808	233,102	108,403
Less: Units redeemed during the period	(110,870)	(137,314)	(72,557)
Total units in issue at the end of the period	<u>685,191</u>	<u>1,156,161</u>	<u>706,386</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

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

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

  
\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)  
FOR THE QUARTER ENDED March 31, 2014**

	Quarter ended March 31, 2014		
	Equity sub fund -----	Debt sub fund No. of units	Money market sub fund -----
Total units outstanding at the beginning of the period	667,158	1,116,845	717,069
Add: Units issued during the period	57,895	77,018	26,258
Less: Units redeemed during the period	(39,862)	(37,702)	(36,941)
Total units in issue at the end of the period	<u>685,191</u>	<u>1,156,161</u>	<u>706,386</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

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

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

  
\_\_\_\_\_  
Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

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

- 1.1** Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between **MCB-Arif Habib Savings and Investments Limited** (Formerly: 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 May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. The Fund is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub Fund, PPF Debt Sub Fund and PPF Money Market Sub Fund.
- 1.2** 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.
- 1.3** MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 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 Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.
- 1.5** Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as Trustee of the Fund.

**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.
- 2.2** This condensed interim financial information comprise of the condensed interim balance sheet as at December 31, 2013 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 contribution table, condensed interim statement of number of units in issue and notes forming part thereof. The disclosures made in this condensed interim financial report 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. It does not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2013. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds and condensed interim contribution table for the half year ended December 31, 2013 and the quarter ended December 31, 2013 are un-audited and has been included to facilitate comparison.
- 2.3** This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2013 except as follows:

**New and amended standards and interpretations**

During the period, following amendments, interpretations and improvements to the accounting standards became effective:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 – Presentation of Financial Statements – Presentation of items of comprehensive income – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19 – Employee Benefits – (Revised)	January 01, 2013
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The adoption of the above standards, amendments / improvements and interpretations does not have any effect on the financial statements.

**4. FINANCIAL RISK MANAGEMENT**

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the audited financial statements of the Fund for the year ended June 30, 2013.

----- (Un-audited) -----					(Audited) As at June 30, 2013
As at March 31, 2014					
Equity sub fund	Debt sub fund	Money market sub fund	Total		
----- (Rupees) -----					
5. BALANCES WITH BANKS					
Saving accounts	2,058,880	1,650,390	1,485,849	5,195,119	6,308,019
	2,058,880	1,650,390	1,485,849	5,195,119	6,308,019

Saving accounts with banks carry interest at the rates ranging from 6.50% to 7.25% (June 30, 2013: 8%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

	(Un-audited)				
	As at March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	(Audited) As at June 30, 2013
	(Rupees)				
6. DEPOSITS AND OTHER RECEIVABLES					
Considered good					
Security deposit					
- Central Depository Company of Pakistan	200,000	200,000	100,000	500,000	500,000
- National Clearing Company of Pakistan Limited	2,500,000	-	-	2,500,000	2,500,000
Receivable from Sub funds	-	-	-	-	7,382,036
Others	4,950	-	-	4,950	6,097
	2,704,950	200,000	100,000	3,004,950	10,388,133

	(Un-audited)				
	As at March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	(Audited) As at June 30, 2013
	(Rupees)				
7. PAYABLE TO PENSION FUND MANAGER					
Remuneration payable to Pension Fund Manager	206,056	253,669	159,511	619,236	494,395
Sindh sales tax payable on remuneration of Pension Fund Manager	32,969	40,587	25,522	99,078	79,103
	239,025	294,256	185,033	718,314	573,498

	(Un-audited)				
	As at March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	(Audited) As at June 30, 2013
	(Rupees)				
8. ACCRUED EXPENSES AND OTHER LIABILITIES					
Provision for federal excise duty on remuneration of Pension Fund Manager (note 8.1)	322,449	409,786	266,711	998,946	55,535
Professional charges payable	47,856	63,020	46,508	157,384	110,658
Payable to Sub Funds	-	-	-	-	7,382,036
Payable to auditors	86,311	116,850	78,062	281,223	374,965
Workers' Welfare Fund	1,182,253	312,277	161,490	1,656,020	313,850
Payable against redemption of units	-	-	22,098	22,098	941
Others	161,706	27,476	326	189,508	81,016
	1,800,575	929,409	575,195	3,305,179	8,319,001

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

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- 8.1** "The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in this condensed interim financial information aggregating to Rs. 0.999 million as at March 31, 2014. In case the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes were not recorded in the books of account of the Fund, the Net Asset Value (NAV) of the Fund would have been higher by Re.0.47 in respect of equity sub fund, Re.0.35 in respect of debt sub fund and Re.0.38 in respect of money market sub fund.

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

On July 15, 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 nature 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 year ended June 30, 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 declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per the legal counsel, the stay granted to Collective Investment Schemes (CIS) remains intact and the constitutional petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by SHC judgment.

The Pension Fund Manager as a matter of abundant caution has started making provision effective from May 10, 2013 in view of the afore mentioned developments and uncertainties created by the recent decision by Honorable Sindh High Court. The unrecognised liability for the period from July 01, 2008 to May 09, 2013 amounts to Rs.1.168 million, Rs.0.801 million and Rs.0.592 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (aggregating to Rs.2.561 million) respectively. Had the provision been made, the net asset value per unit of the fund as at March 31, 2014 would have been lower by Rs.1.71 (June 30, 2013: Rs.1.75), Re.0.69 (June 30, 2013: Re.0.76) and Re.0.84 (June 30, 2013: Re.0.89) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Moreover, provision against WWF as at March 31, 2014 amounts to Rs.1.182 million, Rs.0.312 million, Rs.0.161 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

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

	<b>----- (Un-audited) -----</b>				
	<b>As at March 31, 2014</b>				<b>(Audited)</b>
	<b>Equity</b>	<b>Debt</b>	<b>Money</b>	<b>Total</b>	<b>As at June 30,</b>
	<b>sub fund</b>	<b>sub fund</b>	<b>market sub</b>		<b>2013</b>
			<b>fund</b>		
	<b>----- (Rupees) -----</b>				
Market value	5,573,534	106,425,063	-	111,998,597	33,367,560
Average cost	(2,283,170)	(106,868,797)	-	(109,151,967)	(26,373,701)
	<u>3,290,364</u>	<u>(443,734)</u>	<u>-</u>	<u>2,846,630</u>	<u>6,993,859</u>
Impairment loss					
Opening	-	-	-	-	1,253,225
Charged during the period	-	-	-	-	-
Derecognised on sale of investments	-	-	-	-	(1,253,225)
	-	-	-	-	-
	<u>3,290,364</u>	<u>(443,734)</u>	<u>-</u>	<u>2,846,630</u>	<u>6,993,859</u>
Provision against debt securities					
Opening	-	1,510,607	-	1,510,607	366,270
Charged during the period	-	-	-	57,938	1,144,337
Derecognised on sale of investments	-	-	-	-	-
	-	1,510,607	-	1,568,545	1,510,607
Net unrealised (appreciation) / diminution in fair value of investments at the beginning of the period	<u>(7,666,970)</u>	<u>(1,411,815)</u>	<u>-</u>	<u>(9,136,723)</u>	<u>(5,755,911)</u>
For the period	<u>(4,376,606)</u>	<u>(344,942)</u>	<u>-</u>	<u>(4,721,548)</u>	<u>2,748,555</u>

**11. REMUNERATION OF PENSION FUND MANAGER**

This represents remuneration of the Pension Fund Manager at the rate of 1.5 percent of the average amount of net assets of each sub-fund calculated during the year for determining the prices of units of the sub-funds.

**12. TAXATION**

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

**PAK EARNINGS PER UNIT**

Earnings per unit (EPU) for the nine months and quarter ended March 31, 2014 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:

	<b>Nine months ended March 31, 2014</b>		
	<b>----- (Un-Audited) -----</b>		
	<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>
Weighted average number of units	679,121	1,114,969	699,407
Net income after taxation (Rupees)	48,196,702	11,362,462	6,265,038
Earnings per unit (Rupees)	<u>70.97</u>	<u>10.19</u>	<u>8.96</u>
Earnings per unit (Nine months ended March 31, 2013) (Rupees)	<u>40.74</u>	<u>11.46</u>	<u>10.30</u>

	<b>Quarter ended March 31, 2014</b>		
	<b>----- (Un-Audited) -----</b>		
	<b>Equity sub fund</b>	<b>Debt sub fund</b>	<b>Money market sub fund</b>
Weighted average number of units	653,660	1,137,032	711,136
Net income after taxation (Rupees)	15,281,042	7,251,924	2,190,637
Earnings per unit (Rupees)	<u>23.38</u>	<u>6.38</u>	<u>3.08</u>
Earnings per unit (Quarter ended March 31, 2013) (Rupees)	<u>11.46</u>	<u>3.27</u>	<u>3.39</u>

**14. TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include the Pension Fund Manager and MCB Bank Limited being the holding company of the Pension Fund Manager, Habib Metropolitan Bank Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager as Management Company and directors and key management personnel of the Pension Fund Manager.

Remuneration to the Pension Fund Manager and Trustee are determined in accordance with the provisions of VPS Rules, 2005 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Detail of transactions with connected persons during the period and balances with them at period end are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

**14.1 Transactions during the period**

	(Un-Audited)				
	Nine months ended March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Nine months ended March 31, 2013
	(Rupees)				
<b>MCB-ARIF HABIB SAVING &amp; INVESTMENTS LIMITED - Pension Fund Manager</b>					
Remuneration including indirect taxes	2,206,588	2,807,542	1,825,571	6,839,701	3,518,234
Sales Load	-	-	-	-	29,262
Redemption of 47,804 units of PPF Equity sub fund (2013: NIL)	11,100,000	-	-	11,100,000	-
<b>Habib Metropolitan Bank Limited - Trustee</b>					
Remuneration	189,398	241,008	156,719	587,125	431,542
Mark-up received	230,736	234,086	178,552	643,374	763,580
Bank charges	2,133	5,881	3,818	11,832	15,235
Next Capital Brokerage*	-	-	-	-	11,901
<b>Directors and officers</b>					
Issue of 4,513 units of PPF Equity sub fund (2013: 2,454 units)	951,942	-	-	951,942	355,540
Issue of 12,690 units of PPF Debt sub fund (2013: 36,651 units)	-	2,092,556	-	2,092,556	5,649,355
Issue of 16,087 units of PPF Money Market sub fund (2013: 45,202 units)	-	-	2,757,939	2,757,939	7,176,430
Redemption of 12,174 units of PPF Equity sub fund (2013: 31,320 units)	2,434,698	-	-	2,434,698	4,220,715
Redemption of 4,412 units of PPF Debt sub fund (2013: 51,157 units)	-	723,044	-	723,044	7,857,827
Redemption of 578 units of PPF Money Market sub fund (2013: 41,491 units)	-	-	97,317	97,317	6,585,921



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

	----- (Un-Audited) -----				
	Quarter ended March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Quarter ended March 31, 2013
	----- (Rupees) -----				
<b>MCB-ARIF HABIB SAVING &amp; INVESTMENTS LIMITED - Pension Fund Manager</b>					
Remuneration including indirect taxes	774,036	960,257	620,039	2,354,332	1,215,848
Redemption of 14,662 units of PPF Equity sub fund (2013: NIL)	3,600,000	-	-	3,600,000	-
<b>Habib Metropolitan Bank Limited - Trustee</b>					
Mark-up received	89,521	134,597	39,431	263,549	227,464
Remuneration	66,033	81,922	52,901	200,856	147,369
<b>Next Capital</b> Brokerage*	-	-	-	-	2,411
<b>Directors and officers</b>					
Issue of 948 units of PPF Equity sub fund (2013: 1,687 units)	221,992	-	-	221,992	247,436
Issue of 1,649 units of PPF Debt sub fund (2013: 11,540 units)	-	278,114	-	278,114	1,825,074
Issue of 1,872 units of PPF Money Market sub fund (2013: 9,864 units)	-	-	327,946	327,946	1,611,326
Redemption of NIL units of PPF Equity sub fund (2013: 5,814 units)	-	-	-	-	877,601
Redemption of NIL units of PPF debt sub fund (2013: 10,340 units)	-	-	-	-	1,635,485
Redemption of NIL units of PPF Money Market sub fund (2013: 6,300 units)	-	-	-	-	1,031,179

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

**14.2 Amounts outstanding as at period / year end**


	----- (Un-Audited) -----				
	As at March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Audited June 30, 2013
	----- (Rupees) -----				
<b>MCB-ARIF HABIB SAVING &amp; INVESTMENTS LIMITED - Pension Fund Manager</b>					
Remuneration payable	206,056	253,669	159,511	619,236	494,395
Sindh sales tax payable	32,969	40,587	25,522	99,078	79,103
Investment of 252,196 units as seed capital in each sub fund (June 2013: 300,000)	61,921,684	-	-	61,921,684	54,646,213
Investment of 300,000 units as seed capital in each sub fund (June 2013: 300,000)	-	51,912,000	53,034,000	104,946,000	99,573,225
<b>Habib Metropolitan Bank Limited - Trustee</b>					
Balance with bank	2,058,880	1,650,390	1,485,849	5,195,119	6,308,019
Mark-up receivable	36,026	45,680	12,265	93,971	61,335
Remuneration payable	23,572	29,020	18,248	70,840	58,070
<b>Directors and Officers</b>					
Balance as at March 31, 2014					
Investment In PPF Equity Sub Fund 29,000 units (June 2013: 36,787 units)	7,120,370	-	-	7,120,370	6,700,752
Investment In PPF Debt Sub Fund 32,534 units (June 2013: 24,290 units)	-	5,629,683	-	5,629,683	3,979,431
Investment In PPF Money Market Sub Fund 28,759 units (June, 2013: 13,250 units)	-	-	5,084,016	5,084,016	2,227,060

**15. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 21 April 2014 by the Board of Directors of the Management Company.

**16. GENERAL**

Corresponding figures have been rearranged and reclassified wherever necessary, for the purposes of comparison and better presentation. No significant changes to corresponding figures have been made during the period.

  
\_\_\_\_\_  
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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