



Bachat ka Doosra Naam

Half Year Report December 31, 2013 (Unaudited)



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

Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	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
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib	Chairman Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Habib Metropolitan Bank Limited 8th Floor, HBZ Building I.I. Chundrigar Road, Karachi.	
Bankers	Habib Metropolitan Bank Limited Bank Al Falah Limited	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, Karachi 75530, Pakistan	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

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

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 2013.

ECONOMY AND MONEY MARKET OVERVIEW

Amid implementation of fiscal reforms and volatile food prices, inflation remained volatile with CPI averaging around 8.9% during the 1HFY13. The current account balance remained in pressure posting a deficit of \$1.58 billion during 1HY14 as opposed to deficit of \$0.083 billion reported in corresponding period last year. Last year's saving grace came in the form of proceeds under Coalition Support Funds (CSF) where the country received USD 1.806bn in 1HFY14.

During the period under review, the country successfully managed to enter into a three-year \$6.6 billion loan program with IMF. Out of total financing of around \$2.2 billion scheduled for FY14 under IMF Extended Fund Facility (EFF), the country received two tranches of around \$540 million each in 1HFY14. While out of total \$3 billion repayments to IMF due in FY14, the government repaid around \$1.89 billion to IMF in the 1HFY14.

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

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

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

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

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

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

EQUITIES MARKET OVERVIEW

Stock market started FY14 on a positive note on the back of smooth political transition. Steep rupee depreciation kept stock market under pressure in the months of August and September. However material recovery in Rupee and Pakistan's success of getting GSP+ status brought market on rails again and KSE100 index touched its all time high of 25,579.33 on 20th December 2013. KSE100 index closed half year with an index on 25,261.14 which translates into 20% return for HY14. Foreigners remained net sellers during the period with a cumulative net outflow of US\$ 9.3 million. In terms of sectors interest remained concentrated in Textile, Construction & Materials, Oil & Gas, Pharmaceuticals and Power Sectors on the heels of strong inherent bottom line growth and healthy payouts.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 8.7% during the period under review. The sub-fund's exposure from GoP Ijarah Sukuk decreased to 87.7% from 84.4%.

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

The Net Asset of the Fund as at December 31, 2013 stood at Rs.94.10 million as compared to Rs.79.93 million as at June 30 2013 registering an increase of 17.72%.

The Net Asset Value (NAV) per unit as at December 31, 2013 was Rs.163.39 as compared to opening NAV of Rs.157.15 per unit as at June 30, 2013 registering an increase of Rs.6.24 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 7.4% during the period under review. The sub-fund realized capital gains by shedding some of its exposure from GOP Ijarah Sukuks, which at period end stood at around 71.2%. Exposure in Cash increased to 27.2% from 13.4% at the beginning of the period.

The Net Asset of the Fund as at December 31, 2013 stood at Rs.60.48 million as compared to Rs.55.05 million as at June 30 2013 registering an increase of 9.86%.

The Net Asset Value (NAV) per unit as at December 31, 2013 was Rs.151.48 as compared to opening NAV of Rs.146.27 per unit as at June 30, 2013 registering an increase of Rs.5.21 per unit.

Equity Fund

The Equity sub-fund generated a return of 18.32% while the KSE-100 posted a return of 20.26%. The sub-fund increased exposure to equities from 88.8% to 93% during the period. The sub-fund increased its exposure towards Commercial Banks while decreased its exposure towards Chemicals and Oil & Gas.

The Net Asset of the Fund as at December 31, 2013 stood at Rs.99.57 million as compared to Rs.83.33 million as at June 30 2013 registering an increase of 19.49%.

The Net Asset Value (NAV) per unit as at December 31, 2013 was Rs.228.08 as compared to opening NAV of Rs.192.77 per unit as at June 30, 2013 registering an increase of Rs.35.31 per unit.

FUTURE OUTLOOK

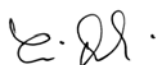
Foreign reserves are expected to remain under pressure as Pakistan is scheduled to pay more than \$2.1 billion to external official creditors during the next two quarters. However, the government expects reserve position to improve towards the end of the ongoing fiscal year on the back of significant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

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

ACKNOWLEDGMENT

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

For and on behalf of the board



Yasir Qadri

Chief Executive Office

Karachi: February 06, 2014

TRUSTEE REPORT THE PARTICIPANTS



HABIBMETRO

TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN ISLAMIC PENSION FUND

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.

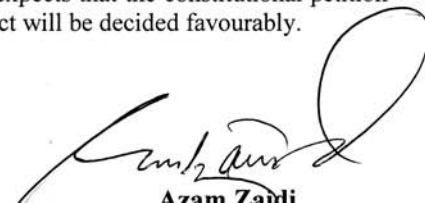
As per amendatory trust deed of change of trustee dated June 16, 2011 MCBFSL retired as the Trustee and Habib Metropolitan Bank Limited was appointed as the Trustee of the Fund.

In our opinion, the Pension Fund Manager has in all material respects managed the Fund during the six month period ended 31 December 2013 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, we draw attention to note 9 to the interim financial statements, which explains the contingency with respect to the contribution for Workers' Welfare Fund aggregating to Rs. 1.295 million. In this regard, the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favourably.

Karachi: February 7, 2014



Azam Zaidi
Senior Executive Vice President



Habib Metropolitan Bank Ltd.
[Subsidiary of Habib Bank AG Zurich]

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



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

Introduction

We have reviewed the accompanying condensed interim Balance Sheet of **Pakistan Islamic Pension Fund** (the Fund) as at **31 December 2013**, and the related condensed interim Income Statement, condensed interim Statement of Cash Flows, condensed interim Statement of Movement in Participants' Sub-Funds, condensed interim Statement of Investments by Category, condensed interim Statement of Investments Portfolio, condensed interim Statement of other investments, condensed interim Contribution Table and condensed interim Statement of Number of Units in Issue for the half-year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). The Pension Fund Manager is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

on

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



-: 2 :-

Emphasis of matter

We draw attention to note 9 to the accompanying condensed interim financial information which explains the contingency with respect to the contribution for Workers' Welfare Fund aggregating to Rs.1.295 million. In this regard, the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably.

Our conclusion is not qualified in respect of the above matter.

Other matter

The condensed interim financial information of the Fund for the half year ended 31 December 2012 and the financial statements for the year ended 30 June 2013 were reviewed and audited respectively by another firm of chartered accountants whose review report, dated 04 February 2013, and audit report, dated 05 August 2013, included an emphasis of matter paragraph regarding the uncertainty pertaining to the future outcome of the litigation pending in respect of contribution to Workers' Welfare Fund.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 06 February 2014

Karachi

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013**

		----- (Un-Audited) -----				
		December 31, 2013				
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	(Audited) June 30, 2013
Note		----- (Rupees) -----				
Assets						
	5	4,264,313	9,991,589	16,520,201	30,776,103	15,353,802
		93,681,950	82,968,001	43,324,370	219,974,321	195,222,567
		-	-	-	-	115,972
		41,680	1,463,203	880,873	2,385,756	2,235,533
	6	2,707,371	201,000	101,000	3,009,371	8,752,356
		100,695,314	94,623,793	60,826,444	256,145,551	221,680,230
Liabilities						
	7	143,755	137,619	89,007	370,381	304,030
		15,840	15,165	9,808	40,813	33,917
		15,149	14,350	9,652	39,151	60,980
	8	946,489	357,297	239,913	1,543,699	2,970,169
		1,121,233	524,431	348,380	1,994,044	3,369,096
		99,574,081	94,099,362	60,478,064	254,151,507	218,311,134
Net assets						
		99,574,081	94,099,362	60,478,064		
----- Number of units -----						
		436,572	575,931	399,261		
----- (Rupees) -----						
		228.08	163.39	151.48		
Contingency						
	9					

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)

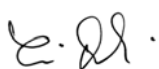


Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Half year ended December 31, 2013			Half year ended December 31, 2012	
		Equity sub fund	Debt sub fund	Money market sub fund		Total
		(Rupees)				
Income						
Capital gain on sale of investments		8,163,843	-	-	8,163,843	5,980,129
Dividend income		2,914,974	-	-	2,914,974	2,601,063
Income from Government Securities		-	3,462,968	2,242,097	5,705,065	5,256,575
Income from Term Finance Certificates and sukuk bonds		-	33,420	-	33,420	81,436
Profit on bank and other deposits		55,720	299,098	333,048	687,866	660,093
Unrealised gain on revaluation of investments at fair value through profit or loss' - net		10,993,113	568,866	216,390	11,778,369	4,353,129
Total income		22,127,650	4,364,352	2,791,535	29,283,537	18,932,425
Expenses						
Remuneration of Pension Fund Manager	11	681,701	645,738	434,329	1,761,768	1,311,341
Sindh sales tax and federal excise duty on remuneration of Pension Fund Manager		235,596	223,167	150,105	608,868	209,812
Remuneration of Habib Metropolitan Bank Limited - Trustee		87,636	83,012	55,838	226,486	171,143
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		15,149	14,350	9,652	39,151	29,035
Auditors' Remuneration		103,988	97,814	67,568	269,370	226,126
Custody and settlement charges		423,501	(33,840)	590	390,251	385,784
Legal and professional charges		13,655	12,931	8,704	35,290	35,143
Provision against Debt Securities		-	-	-	-	583,280
Provision for Workers' Welfare Fund		415,402	70,760	42,566	528,728	-
Bank charges		2,745	3,763	3,511	10,019	9,366
Donation and charity expense		41,915	-	-	41,915	39,312
Total expenses		2,021,288	1,117,695	772,863	3,911,845	3,000,342
Net income from operating activities		20,106,362	3,246,657	2,018,671	25,371,692	15,932,083
Element of income and capital gains included in prices of units issued less those redeemed		248,352	248,929	67,059	564,340	78,976
Net income for the period before taxation		20,354,714	3,495,586	2,085,730	25,936,032	16,011,059
Taxation	12	-	-	-	-	-
Net income for the period after taxation		20,354,714	3,495,586	2,085,730	25,936,032	16,011,059
Other comprehensive (loss) / income for the period to be reclassified to profit and loss						
Unrealised (loss) / gain on re-valuation of investments classified as 'available-for-sale' - net	10	(4,753,132)	116,500	-	(4,636,632)	324,842
Total comprehensive income for the period		15,601,582	3,612,086	2,085,730	21,299,400	16,335,901
Earnings per unit	13	47.01	6.55	5.40		

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 DECEMBER 31, 2013

	Note	Quarter ended December 31, 2013			Quarter ended	
		Equity sub fund	Debt sub fund	Money market sub fund	December 31, 2012	
		(Rupees)				
Income						
Capital gain on sale of investments		1,269,098	-	-	1,269,098	4,211,754
Dividend income		1,202,443	-	-	1,202,443	1,619,487
Income from Government Securities		-	1,743,342	1,106,470	2,849,812	2,856,154
Income from Term Finance Certificates and sukuk bonds		-	-	-	-	(377,578)
Profit on bank and other deposits		24,169	150,929	185,057	360,155	369,714
Unrealised gain on revaluation of investments at fair value through profit or loss' - net		12,772,369	549,225	199,720	13,521,314	736,677
Total income		15,268,079	2,443,496	1,491,247	19,202,822	9,416,208
Expenses						
Remuneration of Pension Fund Manager	10	342,385	335,370	222,582	900,337	670,173
Sindh sales tax and federal excise duty on remuneration of Pension Fund Manager		118,329	115,904	76,924	311,157	107,228
Remuneration of Habib Metropolitan Bank Limited - Trustee		43,940	43,043	28,569	115,552	87,409
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		7,609	7,453	4,946	20,008	14,893
Auditors' remuneration		54,079	52,993	36,174	143,246	122,388
Custody and settlement charges		221,981	3,566	590	226,137	217,303
Legal and professional charges		6,705	6,573	4,366	17,644	17,645
Provision against Debt Securities		-	-	-	-	406,494
Provision for Workers' Welfare Fund		293,864	41,023	23,187	358,074	-
Bank charges		2,049	3,063	2,765	7,877	7,979
Donation and charity expense		19,932	-	-	19,932	39,312
Total expenses		1,110,873	608,988	400,103	2,119,964	1,690,824
Net income from operating activities		14,157,206	1,834,508	1,091,144	17,082,858	7,725,384
Element of income and capital gains included in prices of units issued less those redeemed		242,117	189,763	45,023	476,903	31,805
Net income for the period before taxation		14,399,323	2,024,271	1,136,167	17,559,761	7,757,189
Taxation	11	-	-	-	-	-
Net income for the period after taxation		14,399,323	2,024,271	1,136,167	17,559,761	7,757,189
Other comprehensive (loss) / income for the period						
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net		(51,512)	103,152	-	51,640	(1,449,839)
Total comprehensive income for the period		14,347,811	2,127,423	1,136,167	17,611,401	6,307,350
Earnings per unit	12	33.22	3.69	2.90		

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 HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31, 2013			Half year ended December 31, 2012	
	Equity sub fund	Debt sub fund	Money market sub fund (Rupees)		Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation	20,354,714	3,495,586	2,085,730	25,936,030	16,011,059
Adjustments for non cash items:					
Capital (gain) / loss on sale of investments	(8,163,843)	-	-	(8,163,843)	(5,980,129)
Unrealised (gain) on revaluation of investments at fair value through profit or loss' - net	(10,993,113)	(568,866)	(216,390)	(11,778,369)	(4,353,129)
Impairment loss on Investment as 'available-for-sale'	-	-	-	-	583,280
Element of income and capital gains included in prices of units issued less those redeemed	(248,352)	(248,929)	(67,059)	(564,340)	(78,976)
	(19,405,308)	(817,795)	(283,449)	(20,506,552)	(9,828,954)
(Increase) / decrease in assets					
Investments - net	(2,905,825)	(10,102,799)	3,562,450	(9,446,174)	(15,630,603)
Dividend receivable	115,972	-	-	115,972	(129,444)
Profit receivable	(5,874)	(140,478)	(3,871)	(150,223)	88,568
Deposits and other receivables	3,799,999	1,671,511	271,475	5,742,985	4,350,709
	1,004,272	(8,571,766)	3,830,054	(3,737,440)	(11,320,770)
Increase / (decrease) in liabilities					
Payable against redemption of units	-	-	-	-	293,947
Payable to Pension Fund Manager	12,975	19,318	4,705	36,998	303,881
Payable to the Trustee	2,533	3,131	1,232	6,896	34,400
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	(7,009)	(7,701)	(7,119)	(21,829)	(16,321)
Accrued and other liabilities	(1,572,170)	103,097	71,956	(1,397,117)	(1,696,375)
	(1,563,671)	117,845	70,774	(1,375,052)	(1,080,468)
Cash (used in) / generated from operating activities	390,007	(5,776,130)	5,703,109	316,986	(6,219,133)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	5,694,705	11,779,895	3,897,435	21,372,035	5,857,498
Payment against redemptions	(4,804,444)	(976,759)	(485,517)	(6,266,720)	(1,830,957)
Net cash generated from financing activities	890,261	10,803,136	3,411,918	15,105,315	4,026,541
Net (decrease) / increase in cash and cash equivalent during the period	1,280,268	5,027,006	9,115,027	15,422,301	(2,192,592)
Cash and cash equivalents at beginning of the period	2,984,045	4,964,583	7,405,174	15,353,802	15,035,972
Cash and cash equivalents at end of the period	4,264,313	9,991,589	16,520,201	30,776,103	12,843,380

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 DECEMBER 31, 2013**

	Quarter ended December 31, 2013				Quarter ended December 31, 2012
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation	14,399,323	2,024,271	1,136,167	17,559,761	7,757,189
Adjustments for non cash items:					
Capital (loss) / gain on sale of investments	(1,269,098)	-	-	(1,269,098)	(4,211,754)
Unrealised (loss) / gain on revaluation of investments 'at fair value through profit or loss' - net	(12,772,369)	(549,225)	(199,720)	(13,521,314)	(736,677)
Impairment loss on Investment as 'available-for-sale'	-	-	-	-	406,494
Element of income and capital gains included in prices of units issued less those redeemed	(242,117)	(189,763)	(45,023)	(476,903)	(31,805)
	(14,283,584)	(738,988)	(244,743)	(15,267,315)	(4,573,742)
(Increase) / decrease in assets					
Investments - net	(3,838,589)	(5,102,799)	11,084,201	2,142,813	(10,022,913)
Dividend receivable	1,351,004	-	-	1,351,004	852,132
Profit receivable	(24,088)	332,590	823,186	1,131,688	2,010,479
Deposits and other receivables	(1)	-	1	-	(938,916)
	(2,511,674)	(4,770,209)	11,907,388	4,625,505	(8,099,218)
Increase / (decrease) in liabilities					
Payable against redemption of units	-	-	-	-	287,968
Payable to Pension Fund Manager	18,963	17,773	7,800	44,536	271,050
Payable to the Trustee	1,986	1,860	793	4,639	31,328
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	7,608	7,453	4,946	20,007	14,893
Accrued and other liabilities	294,796	35,803	8,180	338,779	6,886
	323,353	62,889	21,719	407,961	612,125
Cash used in operating activities	(2,072,582)	(3,422,037)	12,820,531	7,325,912	(4,303,646)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	3,770,198	7,548,033	2,075,550	13,393,781	2,504,629
Payment against redemptions	(2,535,606)	(448,290)	(232,754)	(3,216,650)	(1,813,187)
Net cash generated from financing activities	1,234,592	7,099,743	1,842,796	10,177,131	691,442
Net (decrease) / increase in cash and cash equivalent during the period	(837,990)	3,677,706	14,663,327	17,503,043	(3,612,204)
Cash and cash equivalents at beginning of the period	5,102,303	6,313,883	1,856,874	13,273,060	16,455,585
Cash and cash equivalents at end of the period	4,264,313	9,991,589	16,520,201	30,776,103	12,843,381

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 HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31, 2013			Total	Half year ended December 31, 2012
	Equity sub fund	Debt sub fund	Money market sub fund		
	----- (Rupees) -----				
Net assets at the beginning of the period	83,330,590	79,933,069	55,047,475	218,311,134	161,326,444
Amount received on issue of units	5,694,705	11,779,895	3,897,435	21,372,035	5,857,498
Amount paid on redemption of units	(4,804,444)	(976,759)	(485,517)	(6,266,720)	(1,830,957)
	890,261	10,803,136	3,411,918	15,105,315	4,026,541
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	(248,352)	(248,929)	(67,059)	(564,340)	(78,976)
Amount representing unrealised (appreciation) / diminution in fair value of investments	212,968	3,826,187	1,054,163	5,093,318	1,202,103
	(35,384)	3,577,258	987,104	4,528,978	1,123,127
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	(4,753,132)	116,500	-	(4,636,632)	324,842
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	(212,968)	(3,826,187)	(1,054,163)	(5,093,318)	(1,202,103)
Net income after taxation for the period	20,354,714	3,495,586	2,085,730	25,936,030	16,011,059
Net assets at the end of the period	99,574,081	94,099,362	60,478,064	254,151,507	181,609,911

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 DECEMBER 31, 2013**

	Quarter ended December 31, 2013			Total	Quarter ended December 31, 2012
	Equity sub fund	Debt sub fund	Money market sub fund		
	----- (Rupees) -----				
Net assets at the beginning of the period	84,233,795	85,061,959	57,544,124	226,839,878	174,642,925
Amount received on issue of units	3,770,198	7,548,033	2,075,550	13,393,781	2,504,628
Amount paid on redemption of units	(2,535,606)	(448,290)	(232,754)	(3,216,650)	(1,813,187)
	1,234,592	7,099,743	1,842,796	10,177,131	691,441
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	(242,117)	(189,763)	(45,023)	(476,903)	(31,805)
Amount representing unrealised (appreciation) / diminution in fair value of investments	444,369	2,515,537	590,563	3,550,469	2,206,376
	202,252	2,325,774	545,540	3,073,566	2,174,571
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	(51,512)	103,152	-	51,640	(1,449,839)
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	(444,369)	(2,515,537)	(590,563)	(3,550,469)	(2,206,376)
Net income after taxation for the period	14,399,323	2,024,271	1,136,167	17,559,761	7,757,189
Net assets at the end of the period	99,574,081	94,099,362	60,478,064	254,151,507	181,609,911

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
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(Management Company)



Director

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY
AS AT DECEMBER 31, 2013**

	----- (Un-Audited) -----				
	December 31, 2013				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	(Audited) June 30, 2013
	----- (Rupees) -----				
Investment 'at fair value through profit or loss'					
Listed equity securities	93,124,156	-	-	93,124,156	67,243,817
Government Ijarah Sukuks	-	65,373,176	43,324,370	108,697,546	97,301,941
	93,124,156	65,373,176	43,324,370	201,821,702	164,545,758
'Available-for-sale' investments					
Listed equity securities	557,794	-	-	557,794	9,128,484
Government Ijara Sukuk	-	17,594,825	-	17,594,825	21,548,325
Sukuk Certificates	-	-	-	-	-
	557,794	17,594,825	-	18,152,619	30,676,809
	93,681,950	82,968,001	43,324,370	219,974,321	195,222,567

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 PORTFOLIO AS AT DECEMBER 31, 2013

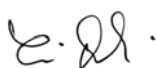
EQUITY SUB FUND LISTED SHARES-INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

Name of the Investee Company	Number of shares				As at December 31, 2013			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company	
	As at July 01, 2013	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at December 31, 2013	Cost	Market value			Appreciation / (Diminution)
	(Number of shares)					(Rupees)			%	
Oil and gas										
* Pakistan State Oil Company Limited	19,304	15,200	-	12,300	22,204	6,789,147	7,376,613	587,466	7.4082	0.0090%
Shell Pakistan Limited	5,000	-	-	5,000	-	-	-	-	-	0.0000%
Pakistan Oilfield Limited	15,670	25,600	-	22,500	18,770	8,486,291	9,342,017	855,726	9.3820	0.0219%
Oil & Gas Development Company Limited	28,500	3,500	-	32,000	-	-	-	-	-	0.0000%
Pakistan Petroleum Limited	16,912	18,402	5,782	-	41,096	7,710,578	8,792,900	1,082,322	8.8305	0.0021%
Attock Petroleum Limited	-	17,300	2,360	14,160	5,500	2,805,000	2,748,295	(56,705)	2.7601	0.0066%
						<u>25,791,016</u>	<u>28,259,825</u>	<u>2,468,809</u>	<u>28.3808</u>	
Chemicals										
Fauji Fertilizer Company Limited	5,100	49,800	-	32,900	22,000	2,355,099	2,463,120	108,021	2.4737	0.0017%
ICI Pakistan Limited	-	24,100	-	11,000	13,100	2,171,343	3,314,562	1,143,219	3.3287	0.0142%
Fauji Fertilizer Bin Qasim Limited	98,500	-	-	22,000	76,500	2,871,810	3,351,465	479,655	3.3658	0.0819%
Sitara Chemical Industries Limited	19,000	-	-	19,000	-	-	-	-	-	-
						<u>7,398,252</u>	<u>9,129,147</u>	<u>1,730,895</u>	<u>9.1682</u>	
Forestry and paper										
Pakistan Paper Products Limited	14,000	-	-	-	14,000	614,460	722,540	108,080	0.7256	0.2333%
						<u>614,460</u>	<u>722,540</u>	<u>108,080</u>	<u>0.7256</u>	
Household goods										
Tariq Glass Industries	-	108,000	-	108,000	-	-	-	-	-	0.0000%
Personal goods										
Gadoon Textile	-	4,500	-	4,500	-	-	-	-	-	0.0000%
Bata Pakistan Limited	300	1,560	-	-	1,860	3,213,100	5,193,976	1,980,876	5.2162	0.0246%
						<u>3,213,100</u>	<u>5,193,976</u>	<u>1,980,876</u>	<u>5.2162</u>	
Automobile and parts										
Pak Suzuki Motor Company Limited	18,000	-	-	18,000	-	-	-	-	-	0.0000%
Indus Motors Company Limited	-	3,300	-	-	3,300	1,091,900	1,098,900	7,000	1.1036	0.0042%
						<u>1,091,900</u>	<u>1,098,900</u>	<u>7,000</u>	<u>1.1036</u>	
Construction and materials										
Maple Leaf Cement	-	211,000	-	17,000	194,000	4,821,530	5,321,420	499,890	5.3442	0.0368%
Lucky Cement Limited	5,000	19,400	-	10,700	13,700	3,436,253	4,108,219	671,966	4.1258	0.0042%
Attock Cement Pakistan Limited	19,750	-	1,462	21,200	12	1,377	1,712	335	0.0017	0.0000%
Cherat Cement Company Limited	40,000	-	-	8,000	32,000	1,862,080	2,025,280	163,200	2.0339	0.0335%
Lafarge Pakistan Cement Limited	-	128,500	-	128,500	-	-	-	-	-	-
Fecto Cement Company Limited	58,500	-	-	58,500	-	-	-	-	-	-
Kohat Cement Company Limited	50,000	-	10,000	20,500	39,500	2,768,214	3,861,915	1,093,701	3.8784	0.0256%
						<u>12,889,454</u>	<u>15,318,546</u>	<u>2,429,092</u>	<u>15.3840</u>	
General industrials										
Packages Limited	-	18,500	-	-	18,500	4,925,810	5,043,655	117,845	5.0652	0.0219%
						<u>4,925,810</u>	<u>5,043,655</u>	<u>117,845</u>	<u>5.0652</u>	
Industrial engineering										
Millat Tractors Limited	55	-	-	55	-	-	-	-	-	0.0000%
Industrial transportation										
Pakistan National Shipping Corporation	-	30,000	-	30,000	-	-	-	-	-	0.0000%
Pharma and bio tech										
Searl Pakistan Limited	-	14,500	-	14,500	-	-	-	-	-	0.0000%
Ferozsons Laboratories Limited	4,200	18,500	-	597	22,103	2,417,216	3,504,431	1,087,215	3.5194	0.0732%
						<u>2,417,216</u>	<u>3,504,431</u>	<u>1,087,215</u>	<u>3.5194</u>	
Fixed line telecommunication										
Pakistan Telecommunication Company Limited	53,000	254,000	-	173,000	134,000	3,490,790	3,810,960	320,170	3.8273	0.0036%
						<u>3,490,790</u>	<u>3,810,960</u>	<u>320,170</u>	<u>3.8273</u>	
Electricity										
* The Hub Power Company Limited	85,484	82,000	-	23,500	143,984	9,355,907	8,742,708	(613,199)	8.7801	0.0124%
Kot Addu Power Company Limited	-	121,000	-	121,000	-	-	-	-	-	0.0000%
						<u>9,355,907</u>	<u>8,742,708</u>	<u>(613,199)</u>	<u>8.7801</u>	
Food producers										
National Foods Limited	20	-	-	20	-	-	-	-	-	0.0000%
Engro Foods Limited	12,000	-	-	12,000	-	-	-	-	-	0.0000%
Banks										
BankIslami Pakistan Limited	489,000	487,000	-	489,000	487,000	3,506,475	3,379,780	(126,695)	3.3942	0.0922%
Meezan Bank Limited	132,003	94,500	-	-	226,503	7,436,662	8,919,688	1,483,026	8.9578	0.0226%
						<u>10,943,137</u>	<u>12,299,468</u>	<u>1,356,331</u>	<u>12.3520</u>	
Total for Equity Sub-Fund						<u>82,131,042</u>	<u>93,124,156</u>	<u>10,993,113</u>	<u>93</u>	
									Total	
									(Un-Audited)	(Audited)
									December 31,	June 30,
									2013	2013
									(Rupees)	
									<u>93,124,156</u>	<u>67,243,817</u>

* The above include shares with a market value aggregating to Rs. 3.368 million (June 2013: Rs. 3.403 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO AS AT DECEMBER 31, 2013

EQUITY SUB FUND LISTED SHARES 'AVAILABLE FOR SALE' INVESTMENTS

Name of the Investee Company	Number of shares					As at December 31, 2013			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company	
	As at July 01, 2013	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at December 31, 2013	Cost	Market value	Appreciation / (Diminution)			
						----- (Rupees) -----			%	%	
Oil and gas											
Pakistan Petroleum Limited	16,173	-	434	14,000	2,607	243,740	557,794	314,054	0.5602	0.0001%	
						243,740	557,794	314,054	0.5602		
Construction and materials											
Lucky Cement Limited	23,821	-	-	23,821	-	-	-	-	-	-	
						-	-	-	-	-	
Pharma and bio tech											
Ferozsons Laboratories Limited	6,403	-	-	6,403	-	-	-	-	-	-	
						-	-	-	-	-	
Total for Equity Sub-Fund						243,740	557,794	314,054	0.56		
									----- Total -----		
									(Un-Audited)	(Audited)	
									December 31,	June 30, 2013	
									2013	2013	
									----- (Rupees) -----		
Market value										<u>557,794</u>	<u>9,128,484</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
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(Management Company)



Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS AS AT DECEMBER 31, 2013

**PIPF DEBT SUB-FUND
GOVERNMENT IJARAH SUKUK**

Name of Investments	Face value				As at December 31, 2013			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 December 31, 2013	Carrying value	Market value	Appreciation		
----- (Rupees) -----									
'At fair value through profit or loss'									
Government Ijarah Sukuk (3 years)	50,600,000	26,550,000	12,500,000	64,650,000	64,804,309	65,373,176	568,867	69.47	
	50,600,000	26,550,000	12,500,000	64,650,000	64,804,309	65,373,176	568,867		
'Available-for-sale' investments'									
Government Ijarah Sukuk (3 years)	21,500,000	-	4,000,000	17,500,000	17,665,000	17,594,825	(70,175)	0.21	
	21,500,000	-	4,000,000	17,500,000	17,665,000	17,594,825	(70,175)		
----- Total -----									
(Un-Audited) (Audited)									
December 31, 2013 June 30, 2013									
----- (Rupees) -----									
Market value								82,968,001	72,179,836

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 (UN-AUDITED)
AS AT DECEMBER 31, 2013**

PIPF DEBT SUB-FUND
SUKUK CERTIFICATES

Name of Investment	Issue Date	Number of Certificates				As at December 31, 2013			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 December 31, 2013	Cost	Market value	Appreciation / (Diminution)			
----- (Rupees) -----											
'Available-for-sale' investments'											
Pak Elektron Limited - SUKUK (28-09-2007)	8-May-08	550	-	-	550	1,011,223	-	(1,011,223)	-	-	0.229%
		550	-	-	550	1,011,223	-	(1,011,223)			

----- Total -----
(Un-Audited) (Audited)
December 31, June 30,
2013 2013
----- (Rupees) -----

Market value

----- - -----

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 (UN-AUDITED)
AS AT DECEMBER 31, 2013**

PIPF MONEY MARKET SUB-FUND
GOVERNMENT IJARAH SUKUK

Name of Investments	Face value				As at December 31, 2013			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 December 31, 2013	Carrying value	Market value	Appreciation	

'At fair value through profit or loss'

Government Ijarah Sukuk (3 years)	46,600,000	13,400,000	17,000,000	43,000,000	43,107,980	43,324,370	216,390	0.46
	46,600,000	13,400,000	17,000,000	43,000,000	43,107,980	43,324,370	216,390	

----- Total -----
(Un-Audited) (Audited)
December 31, June 30,
2013 2013
----- (Rupees) -----

Market value

43,324,370 46,670,430

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 HALF YEAR ENDED DECEMBER 31, 2013**

Contributions net of front end fee	Half year ended December 31, 2013							Half year ended December 31, 2012
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	432,282	46,413,250	508,651	60,162,956	376,354	40,246,936	146,823,142	120,703,759
Individuals - issue of units	27,472	5,694,705	73,396	11,779,895	26,174	3,897,435	21,372,035	5,857,498
- redemption of units	(23,182)	(4,804,444)	(6,116)	(976,759)	(3,267)	(485,517)	(6,266,720)	(1,830,957)
	4,290	890,261	67,280	10,803,136	22,907	3,411,918	15,105,315	4,026,541
Closing balance	436,572	47,303,511	575,931	70,966,092	399,261	43,658,854	161,928,457	124,730,300

----- (Rupees) -----

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
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(Management Company)



Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2013**

Contributions net of front end fee	Quarter ended December 31, 2013							Quarter ended December 31, 2012
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	431,090	46,068,923	531,987	63,866,349	386,968	41,816,058	151,751,330	124,038,858
Individuals - issue of units	18,043	3,770,194	46,729	7,548,033	13,844	2,075,550	13,393,777	2,504,629
- redemption of units	(12,561)	(2,535,606)	(2,785)	(448,290)	(1,551)	(232,754)	(3,216,650)	(1,813,187)
	5,482	1,234,588	43,944	7,099,743	12,293	1,842,796	10,177,127	691,442
Closing balance	436,572	47,303,511	575,931	70,966,092	399,261	43,658,854	161,928,457	124,730,300

----- (Rupees) -----

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
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(Management Company)



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31, 2013		
	Equity sub fund ----- No. of units	Debt sub fund ----- No. of units	Money market sub fund ----- No. of units
Total units outstanding at the beginning of the period	432,282	508,651	376,354
Add: Units issued during the period	27,472	73,396	26,174
Less: Units redeemed during the period	(23,182)	(6,116)	(3,267)
Total units in issue at the end of the period	<u>436,572</u>	<u>575,931</u>	<u>399,261</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 DECEMBER 31, 2013**

	Quarter ended December 31, 2013		
	Equity sub fund ----- No. of units	Debt sub fund ----- No. of units	Money market sub fund ----- No. of units
Total units outstanding at the beginning of the period	431,090	531,987	386,968
Add: Units issued during the period	18,043	46,729	13,844
Less: Units redeemed during the period	(12,561)	(2,785)	(1,551)
Total units in issue at the end of the period	<u>436,572</u>	<u>575,931</u>	<u>399,261</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 HALF YEAR ENDED DECEMBER 31, 2013**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Islamic 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 have been included to facilitate comparison.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

2.3 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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 as at and for the year ended June 30, 2013.

----- (Un-audited) -----				
As at December 31, 2013				
Equity sub fund	Debt sub fund	Money market sub fund	Total	Audited As at June 30, 2013
----- (Rupees) -----				

5. BALANCES WITH BANKS

Current accounts	1,428,716	-	-	1,428,716	38,183
Saving accounts	2,835,597	9,991,589	16,520,201	29,347,387	15,315,619
	<u>4,264,313</u>	<u>9,991,589</u>	<u>16,520,201</u>	<u>30,776,103</u>	<u>15,353,802</u>

Saving accounts carry a rate of return ranging from 4.73% to 9.38% (June 30, 2013: 8%) per annum.

6. DEPOSITS AND OTHER RECEIVABLES

Security deposit - Central Depository Company of Pakistan	200,000	200,000	100,000	500,000	500,000
Security deposit - National Clearing Company of Pakistan Limited	2,501,000	-	-	2,501,000	2,501,000
Receivable against sale of investments	-	-	-	-	3,799,999
Receivable from sub funds	-	-	-	-	1,942,986
Others	6,371	1,000	1,000	8,371	8,371
	<u>2,707,371</u>	<u>201,000</u>	<u>101,000</u>	<u>3,009,371</u>	<u>8,752,356</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	----- (Un-audited) -----			Audited As at June 30, 2013	
	As at December 31, 2013				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
7. PAYABLE TO PENSION FUND MANAGER					
Remuneration payable to Pension Fund Manager	123,927	118,637	76,730	319,294	262,095
Sindh sales tax payable on remuneration of Pension Fund Manager	19,828	18,982	12,277	51,087	41,935
	<u>143,755</u>	<u>137,619</u>	<u>89,007</u>	<u>370,381</u>	<u>304,030</u>
8. ACCRUED EXPENSES AND OTHER LIABILITIES					
Provision for federal excise duty on remuneration of Pension Fund Manager (note 8.1)	138,021	130,277	88,036	356,334	29,353
Professional fee payable	49,309	51,026	40,188	140,523	105,236
Donation / charity payable	41,915	-	-	41,915	168,433
Payable to sub funds	-	-	-	-	1,942,986
Payable to auditors	88,566	83,872	56,433	228,871	450,000
Workers' Welfare Fund	550,973	92,122	55,024	698,119	169,391
Others	77,705	-	232	77,937	104,770
	<u>946,489</u>	<u>357,297</u>	<u>239,913</u>	<u>1,543,699</u>	<u>2,970,169</u>

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 asset management companies. In this regard, a Constitutional Petition has been filed by certain collective investment schemes (CISs) and Pension Funds 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 these condensed interim financial statements aggregating to Rs.0.356 million as at December 31, 2013. In case the suit is decided against the Fund, the same would be paid to the Pension Fund Manager, who will be responsible for submitting the same to the authorities. Had the said provision of FED and related taxes were not been recorded in the books of account of the Fund, the Net Asset Value (NAV) of the Fund would have been higher by Re.0.32 in respect of equity sub fund, Re.0.23 in respect of debt sub fund and Re.0.22 in respect of money market sub fund as at December 31, 2013.

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

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 constitution 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.0.697 million, Rs.0.353 million and Rs.0.245 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (aggregating to Rs.1.298 million) respectively. Had the provision been made, the net asset value per unit of the fund as at December 31, 2013 would have been lower by Rs.1.60 (June 30, 2013: Rs.1.62), Re.0.61 (June 30, 2013: Re.0.69) and Re.0.61 (June 30, 2013: Re.0.65) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Moreover, provision against WWF as at December 31, 2013 amounts to Rs.0.551 million, Rs.0.092 million, Rs.0.055 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

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

	----- (Un-audited) -----				
	As at December 31, 2013				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Audited As at June 30, 2013
	----- (Rupees) -----				
Market Value	557,794	17,594,825	-	18,152,619	30,676,809
Average Cost	(243,740)	(18,676,223)	-	(18,919,963)	(26,807,843)
	314,054	(1,081,398)	-	(767,344)	3,868,966
Impairment loss					
Opening	-	-	-	-	107,772
Charged during the period	-	-	-	-	-
Reversal / derecognised	-	-	-	-	(107,772)
	-	-	-	-	-
Surplus / (deficit) net of impairment loss	314,054	(1,081,398)	-	(767,344)	3,868,966
Provision against debt securities					
Opening	-	1,093,601	-	1,093,601	268,597
Charged during the period	-	-	-	-	825,004
Reversal / derecognised	-	-	-	-	-
	-	1,093,601	-	1,093,601	1,093,601
Reversal during the period			-	-	-
Less: Net unrealised (appreciation) in value of investment at the beginning of the period	(5,067,186)	104,297	-	(4,962,889)	(5,485,734)
	(4,753,132)	116,500	-	(4,636,632)	(523,167)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

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.

13. EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended December 31, 2013 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, 2013		
	----- (Un-Audited) -----		
	Equity sub fund	Debt sub fund	Money market sub fund
Weighted average number of units	432,993	533,420	386,079
Net income after taxation (Rupees)	20,354,714	3,495,586	2,085,730
Earnings per unit (Rupees)	<u>47.01</u>	<u>6.55</u>	<u>5.40</u>
Earnings per unit (Half year ended December 31, 2012) (Rupees)	<u>28.93</u>	<u>5.39</u>	<u>6.28</u>

	Quarter ended December 31, 2013		
	----- (Un-Audited) -----		
	Equity sub fund	Debt sub fund	Money market sub fund
Weighted average number of units	433,490	549,086	392,437
Net income after taxation (Rupees)	14,399,323	2,024,271	1,136,167
Earnings per unit (Rupees)	<u>33.22</u>	<u>3.69</u>	<u>2.90</u>
Earnings per unit (Quarter ended December 31, 2012) (Rupees)	<u>15.25</u>	<u>1.86</u>	<u>2.52</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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

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

14.1 Transactions during the period

	----- (Un-Audited) -----				Half year ended December 31, 2012
	Half year ended December 31, 2013				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	917,297	868,905	584,434	2,370,636	1,521,153
Issue of PIPF Equity sub fund 5,520 units (2012: nil units)	1,000,000	-	-	1,000,000	-
Habib Metropolitan Bank Limited - Trustee					
Remuneration	87,636	83,012	55,838	226,486	171,143
Profit received on saving bank accounts	49,555	73,292	60,991	183,838	286,658
Bank charges	2,745	3,763	3,511	10,019	5,766
Directors and officers					
Issue of PIPF Equity sub fund 3,249 units (2012: 561 units)	681,633	-	-	681,633	86,600
Issue of PIPF Debt sub fund 3,326 units (2012: 255 units)	-	534,114	-	534,114	38,480
Issue of PIPF Money Market sub fund 2,062 units (2012: 44 units)	-	-	308,503	308,503	6,120
Redemption of PIPF Equity sub fund 1,297 units (2012: 3,393 units)	256,924	-	-	256,924	528,868
Redemption of PIPF Debt sub fund 695 units (2012: 2,495 units)	-	110,969.11	-	110,969	376,558
Redemption of PIPF Money Market sub fund 472 units (2012: 676 units)	-	-	69,463	69,463	94,574

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	----- (Un-Audited) -----				Quarter ended December 31, 2012
	Quarter ended December 31, 2013				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	460,714	451,274	299,506	1,211,494	777,401
Issue of PIPF Equity sub fund 5,520 units (2012: nil units)	1,000,000	-	-	1,000,000	-
Habib Metropolitan Bank Limited - Trustee					
Remuneration	43,940	43,043	28,569	115,552	87,409
Profit received on saving bank accounts	-	-	-	-	90,206
Bank charges	2,049	3,063	2,765	7,877	4,211
Directors and Officers					
Issue of PIPF Equity sub fund 1,631 units (2012: 172 units)	344,669	-	-	344,669	27,300
Issue of PIPF Debt sub fund 2,174 units (2012: 100 units)	-	350,893	-	350,893	15,240
Issue of PIPF Money Market sub fund 1,860 units (2012: 22 units)	-	-	278,629	278,629	3,060
Redemption of PIPF Equity sub fund 1,297 units (2012: 561 units)	256,924	-	-	256,924	528,868
Redemption of PIPF Debt sub fund 402 units (2012: 2,495 units)	-	64,683	-	64,683	376,558
Redemption of PIPF Money Market sub fund Nil units (2012: 44 units)	-	-	-	-	94,574

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

14.2 Amounts outstanding as at the period / year end

	----- (Un-Audited) -----			Total	(Audited) June 30, 2013
	Equity sub fund	Debt sub fund	Money market sub fund		
	As at December 31, 2013				
	----- (Rupees) -----				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	123,927	118,637	76,730	319,294	262,095
Sindh sales tax payable	19,828	18,982	12,277	51,087	41,935
Investment in seed capital 305,520 units (June 2013: 300,000 units)	69,683,002	-	-	69,683,002	57,830,715
Investment in seed capital 300,000 units (June 2013: 300,000 units)	-	49,017,000	45,444,000	94,461,000	91,023,699
Habib Metropolitan Bank Limited - Trustee					
Remuneration payable	15,840	15,165	9,808	40,813	33,917
Balances with banks	4,264,313	2,088,552	5,964,037	12,316,902	9,359,263
Profit receivable on saving bank accounts	41,680	152,195	120,244	314,119	135,092
Directors and Officers					
Balance as at December 31, 2013					
Investment in PIPF Equity sub fund 13,628 units (June 2013: 11,677 units)	3,108,274	-	-	3,108,274	2,250,964
Investment in PIPF Debt sub fund 12,299 units (2013: 9,669 units)	-	2,009,697	-	2,009,697	1,519,456
Investment in PIPF Money Market sub fund 3,891 units (2013: 2,302 units)	-	-	589,409	589,409	336,702

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on 06 February, 2014 by the Board of Directors of the Pension Fund Manager.

16. GENERAL

16.1 Figures for the quarter ended December 31, 2013 and the corresponding figures for the quarter ended December 31, 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

16.2 Figures have been rounded off to the nearest Rupee.



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**

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(formerly: Arif Habib Investments Limited)

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