

PAKISTAN ISLAMIC PENSION FUND



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CONTENTS

2	Fund's Information
3	Report of the Directors of the Fund Manager
5	Report of the Fund Manager
8	Auditors' Report to the Participants on Review of Condensed Interim Financial Information
9	Condensed Interim Statement of Assets and Liabilities
10	Condensed Interim Income Statement (Unaudited)
12	Condensed Interim Cash Flow Statement (Unaudited)
14	Condensed Interim Statement of Movement in Participants' Sub-Funds (Unaudited)
16	Condensed Interim Statement of Investments by Category
17	Condensed Interim Statement of Investment Portfolio (Unaudited)
18	Condensed Interim Statement of Other Investments (Unaudited)
20	Condensed Interim Contribution Table (Unaudited)
22	Condensed Interim Statement of Number of Units in Issue (Unaudited)
24	Notes to and Forming Part of the Condensed Interim Financial Statements (Unaudited)

FUNDS' INFORMATION

Pension Fund Manager

Arif Habib Investments Limited
Arif Habib Centre, 23 M. T. Khan Road,
Karachi-74000.

Board of Directors of the Pension Fund Manager

Mr. Muhammad Shafi Malik
Mr. Nasim Beg
Syed Ajaz Ahmed
Mr. Sirajuddin Cassim
Mr. Muhammad Akmal Jameel
Mr. Muhammad Kashif
Mr. S. Gulrez Yazdani
Mr. Samad A.Habib

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director (Subject to the approval of SECP)

Company Secretary & CFO of the Pension Fund Manager

Mr. Z eeshan

Audit Committee

Mr. Muhammad Shafi Malik
Syed Ajaz Ahmed
Mr. Muhammad Akmal Jameel
Mr. Samad A.Habib

Chairman
Member
Member
Member (Subject to the approval of SECP)

Trustee

MCB Financial Services Limited (MCBFSL)
3rd Floor, Adamjee House,
I.I. Chundrigar Road, Karachi.

Bankers

Bank AL Habib Limited
Summit Bank (formerly :Arif Habib Bank Limited)
Deutsche Bank A.G.
Standard Chartered Bank (Pakistan) Limited
The Bank Of Punjab

Auditors

M . Yousuf Adil Saleem & Co. - Chartered Accountants
Cavish Court, A-35, Block 7 & 8,
KCHSU, Sharae Faisal,
Karachi-75350

Legal Adviser

Bawaney & Partners
404, 4th Floor, Beaumont Plaza,
Beaumont Road, Civil Lines, Karachi-75530

Registrar

Gangjees Registrar Services (Pvt.) Limited.
Room No. 516, 5th Floor, Clifton Centre,
Kehkashan, Clifton, Karachi.

REPORT OF THE DIRECTORS OF THE FUND MANAGER FOR THE QUARTER ENDED DECEMBER 31, 2010

The Board of Directors of Arif Habib Investments Limited, the Fund Manager of Pakistan Islamic Pension Fund (PIPF), is pleased to present its report together with the Condensed Interim Financial Statements for the quarter ended December 31, 2010.

Fund Objective

The objective of the Fund is to provide a flexible retirement savings plan for individuals with customized investment choices in Shariah compliant assets.

Fund Profile

The Pakistan Islamic Pension Fund (PIPF), under the Voluntary Pension System (VPS) was launched on November 02, 2007.

PIPF is a flexible savings cum investment plan under Voluntary Pension Scheme (VPS) which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, topping up their savings with investment returns at their desired investment exposure and granting them special tax benefits, with numerous valuable options before, at and after retirement while maintaining compliance with Shariah. The scheme can be used as a replacement for any existing Provident, Pension or Gratuity funds, or can be entered into alongside these funds. Systematic transitions of the existing Provident/Gratuity/Pension schemes to the VPS are also possible in a manner that allows maximum tax credit to the concerned.

VPS carries clear advantages over existing saving funds. Most obvious ones are individualized asset allocation, double tax advantages and minimal administration cost, avoiding complications associated with Defined Benefit Schemes.

PIPF is a long only scheme and is not allowed to undertake leveraged investments.

Fund Performance during quarter ended December 31, 2010

Equity sub-fund

The net assets of the sub-fund as at December 31, 2010 stood at Rs 38.98 million as compared to Rs 32.99 million at the beginning of the quarter, registering a positive change of 18.16%.

The Net Asset Value (NAV) per unit of the sub-fund was Rs 107.03 as compared to Rs 91.84 at the beginning of the quarter, registering an increase of Rs 15.19 per unit.

Debt sub-fund

The net assets of the sub-fund as at December 31, 2010 stood at Rs 43.16 million as compared to Rs 42.11 million at the beginning of the quarter, registering a positive change of 2.49%.

The Net Asset Value (NAV) per unit of the sub-fund was Rs 129.82 as compared to Rs 127.48 at the beginning of the quarter, registering an increase of Rs. 2.34 per unit.

Money Market sub-fund

The net assets of the sub-fund as at December 31, 2010 stood at Rs 37.51 million as compared to Rs 36.86 million at the beginning of the quarter, registering a positive change of 1.76%.

The Net Asset Value (NAV) per unit of the sub-fund was Rs 120.91 as compared to Rs 119.04 as at the beginning of the quarter, registering an increase of Rs 1.87 per unit.

Explanation With Regards To Emphasis of Matter Paragraph included in the Auditor's Review Report

The explanation with regard to emphasis of matter paragraph is provided in note 9 to the condensed interim financial statements.

Future Outlook and Fund Performance

Future outlook and fund performance is fully explained in fund manager report attached to this report.

Acknowledgement

The Board of Directors of the Pension Fund Manager is thankful to the valued investors of the Fund for their reliance and trust in Arif Habib Investments Limited. The Board also likes to thank the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, MCB Financial Services Limited (the Trustee of the Fund) for their continued cooperation, guidance, substantiation and support. The Board also acknowledges the efforts put in by the team of the Pension Fund Manager for the growth and meticulous management of the Fund.

For and on behalf of the Board

Karachi
February 19, 2011

Nasim Beg
Chief Executive



REPORT OF THE FUND MANAGER FOR THE HALF YEAR ENDED DECEMBER 31, 2010

Fund Objective

The objective of the Fund is to provide a flexible retirement savings plan for individuals with customized investment choices in Shariah compliant assets.

Fund Profile

The Pakistan Islamic Pension Fund (PIPF), under the Voluntary Pension System (VPS) was launched on November 02, 2007.

PIPF is a flexible savings cum investment plan under VPS which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, topping up their savings with investment returns at their desired investment exposure and granting them special tax benefits, with numerous valuable options, before, at and after retirement while maintaining compliance with Shariah. The scheme can be used as a replacement for any existing Provident, Pension or Gratuity funds, or can be entered into alongside these funds. Systematic transition of the existing Provident/Gratuity/Pension schemes to the VPS is also possible in a manner that allows maximum tax credit to the concerned.

VPS carries clear advantages over existing saving funds. Most obvious ones are tax savings, individualized asset allocation, minimal administration and avoiding complications associated with Defined Benefit Schemes.

PIPF is a long only scheme and is not allowed to undertake leveraged investments.

Equity Sub Fund

PIPF Equity sub Fund NAV grew by 16.54% as compared to KMI 30 increase of 21.61% during 2QFY10. Underperformance was mainly attributed to the underperformance of key holdings. Searle, Pak Suzuki, AGIL, HUBC & PSO underperformed the market. On the other hand THALL, FFBL, FFC, POL, PPL & ICI outperformed. Equity exposure of the sub fund has increased to 93.02% from 89.61% at the beginning of the quarter. During the quarter, exposure in PAEL was enhanced to 5.98% of net assets from 3.03%. PSO was added in the portfolio upto 4.9% of net assets after the reduction in turnover tax to 0.5% from 1.0%.

Net assets of the sub fund were Rs 39 million at quarter end. By the end of the quarter, sub fund's major exposure was in Oil & Gas (23.7%), Chemicals (20.1%) and General Industries (12.0%).

Debt Sub Fund

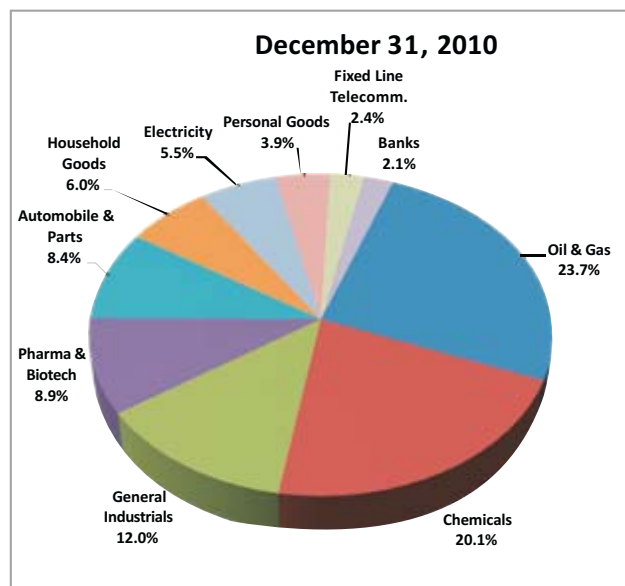
NAV of debt sub fund grew by 7.28% (annualized) during the quarter. GOP Ijarah Sukuk remained the major investments of the sub fund representing 75.11% of net assets. The remaining amount was in deposits with Islamic banks. Fund size has reached Rs 43.1 million, up 2.5% from last quarter.

Money Market Sub Fund

NAV of the sub fund grew 6.23% (annualized) in the quarter. No major change was made in the portfolio composition. At the quarter end 33% was in banks, 40% was in COIs (banks based) and remaining 27% was in GIS sukuk.

Funds under management at the end of December 31, 2010 were Rs 37.51 million, 1.7% more than the last quarter.

<i>Top 10 holdings as on December 31, 2010</i>	
Pakistan Petroleum	9.4%
Pakistan Oilfields	9.4%
Packages	8.9%
Searle Pakistan	7.4%
ICI Pakistan	6.5%
Pak Elektron	6.0%
Fauji Fertilizer Bin Qasim	5.6%
Hub Power Co.	5.5%
Agriauto Industries	5.0%
Fauji Fertilizer Co.	4.9%



Equity Market Review

The KMI 30 index gained 21.61% in the second quarter of this fiscal year, with overall 30.86% gain in the first half ended December 2010. The rally in domestic equity market has coincided with strong gains in global equities and most importantly emerging market equities. The equities have defied the negative developments on the macroeconomic front with focus turning towards relatively attractive domestic equity valuations. Given the 50% average lower earnings multiples and higher dividend yields, foreigners have been aggressively bidding up the prices, by making net investments of USD 144 million in the second quarter compared to USD 106 million in the preceding quarter. Oil and gas sectors have been at the forefront of strong market performance, with all leading stocks in the exploration, refinery and oil marketing sub sectors showing strong gains. This sector outperformed amidst rising oil prices and better production prospects. Fertilizer stocks recorded strong gains amid expectations of improvement in manufacturers' margins and higher profits as fertilizer demand picked up following heavy floods in August. During the quarter, average daily turnover increased to 124 million compared to that of 62 million in the first quarter of FY11. Volumes have been gradually on the rise, with activity in the month of December picking up amid expectations of introduction of new margin trading system in the near future.

Economic review

IHFY11 continued to bring some key challenges for the restoration of a stable economy; continued rising government expenditure amid falling tax/GDP ratio and high inflation in a soaring interest rate scenario. SBP has responded by using a tight monetary policy, thus raising the discount rate by 150 bps to 14% in the last three consecutive Monetary Policy Statements (MPS).

Fiscal Side

Fiscal account figures released by the Finance Ministry for July - September 2010 posted a deficit of 1.6% (Rs 276 billion) of GDP against a full year target of 4.7%. Given the persistent high government borrowing due to shortfall in revenue collection and higher expenditures on account of floods and electricity sector subsidies, we could see fiscal deficit for FY11 crossing 6.5% of GDP. Tax collection figures for July - November, 2010 showed a growth of 8.8% to Rs 500.07 billion over the corresponding period of last year which is way below the revised target of Rs1604 billion for the full FY11. The delay in the implementation of RGST has reduced the prospects of meeting the revenue targets for the current fiscal year. Furthermore, government has been unable to pass on the rise in international oil prices due to political pressure, which has adversely affected the petroleum levy account of the government. According to some official sources, the subsidy elimination on power of 2% monthly has also been delayed for an indefinite period of time which will result in further slippage of an already fragile fiscal account.

Monetary Sector

Money supply (M2) for 1HFY11 has grown compared to the same period last year, but this expansion is majorly due to high government borrowing from the SBP. M2 expanded by Rs 550 billion as compared to an increase of Rs 300 billion in 1HFY10. Net Foreign Assets (NFA) of the banking system increased by Rs 131 billion on the back of better external account position. Net Domestic Assets (NDA) also increased by Rs 419 billion from July - December 2010 against an increase of Rs 295 billion in the same period of preceding year. This growth was merely due to elevated government borrowing which contributed Rs 291 billion to NDA.

Inflation

CPI inflation, after starting off at 12.34%, climbed up to 15.46% YoY in December, 2010 due to high government borrowing and structural adjustments (subsidy elimination). The economy also witnessed serious supply side issues due to destruction of crop and infrastructure amid flood crisis. On the other hand Non-food Non-Energy (NFNE) inflation has been consistent at 9.5% which is 80 bps lower than what it was in July, 2010(10.3%). Going forward, inflation is expected to be persistent due to high government borrowing, elevated prices of agriculture commodities and higher international oil prices. With CPI inflation range of 15%-16% for FY 2011 along with higher fiscal deficit up to 6.5%, interest rates are expected to remain high and a possible further monetary tightening in the form of hike in the discount rate by 100 bps from the existing 14%.

Real Sector

Growth in large scale manufacturing sectors was negative 2.3% in the first five months of this fiscal year compared to the corresponding period of last year mainly due to devastating floods in August 2010. Cement production fell by 11.2%, followed by a negative 10.6% production in petroleum products, -10.1% in textile sector and lastly 5.0% contraction in fertilizer sector, while automobile sector enjoyed a positive growth of 12.9% along with Chemicals sector which produced 1.8% more over the same period of previous year. Overall domestic demand is likely to improve in the coming months due to two factors; first rehabilitation/reconstruction in flood affected areas and second, improvement in agriculture and rural income on account of expected higher wheat and other agriculture outputs/prices. However, prevailing inflationary pressures (15%+), higher interest rates (lending rates in excess of 16%) along with crippling electricity/gas shortages amid increasing tariffs are hurting the prospects of a significant rebound in manufacturing sector growth in the near future.

External Side

External side has seen marked improvement during the first half of this fiscal year, with current account position showing a surplus of US\$26 million (against a deficit of USD\$ 2570 million in the same period last year) mainly on account of reduction in trade deficit and higher remittances. Exports have increased by 21% to US\$ 11.071 billion on the back of strong performance of textiles exports. At the same time, imports have increased by 20% to US\$ 19.149 billion mostly due to higher international oil prices. Estimates for total exports and remittances have been revised upward to US\$ 22 billion and US\$10 respectively for the fiscal year ending June 2011. Overall, Pakistan's foreign exchange reserves increased from US\$ 16.48 billion to US\$ 17.197 billion from July - January FY11. While external side is expected to be comfortable in the near term, Pakistan still requires to remain under the umbrella of IMF funding support given the weak fiscal position, declining direct foreign investments and vulnerability on account of high external debt.

IMF support and RGST implementation

IMF has stopped the disbursement of last two tranches of US\$ 3.4 billion as the Government of Pakistan reneged on its commitment to implement the reformed general sales tax amid strong opposition from the coalition partners of the government and opposition parties. Given the severity of fiscal situation, the government has no choice but to increase the tax revenue base and therefore, political consensus is likely to be achieved for the implementation of RGST not later than next annual budget of the government. Overall we expect that IMF will disburse the last tranches of the existing Standby arrangement (SBA) and Pakistan will negotiate for another SBA post FY 11.

Future outlook

At present local equities are trading at an average PE of 9.8x, lower than the emerging market PE that is in the range of 14.2x - 23.8x. Therefore, foreign liquidity driven rally billion may continue in the near future given the relatively lower valuations of Pakistani stocks in general. However, there are lingering serious macroeconomic concerns most particularly rising budget deficit, higher inflation/interest rates, electricity shortages and slow manufacturing sector growth. As a result, equity risk premium for Pakistani equities is expected to remain high compared to other emerging markets. Furthermore, interest rates are expected to increase further during the next quarter amid high inflation numbers, heavy government borrowing and fiscal imbalances.

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Islamic Pension Fund (the fund) as at December 31, 2010, and the related condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds and condensed interim statement of investment by category, condensed interim statement of investment portfolio, condensed interim statement of other investment, condensed interim contribution table and condensed interim statement of number of units in issue together with notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Pension Fund Manager (Arif Habib Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim financial information for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

We draw attention to note 9 to the condensed interim financial information which refers to an uncertainty relating to the future outcome of litigation regarding contribution to the Workers Welfare Fund. The case is currently pending adjudication at the Honorable High Court of Sindh.

Other Matter

The financial statements of the Fund for the year ended June 30, 2010 were audited by another firm of Chartered Accountants who vide their report dated August 03, 2010 issued a qualified opinion on a basis of not making provision of Worker Welfare Fund as discussed in the conclusion paragraph above.

Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi

Dated: February 19, 2011

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2010

	-----Unaudited----- -----December 31, 2010-----			Audited	
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	June 30, 2010
Note					
Assets					
----- Rupees -----					
Balances with banks	2,681,752	8,148,683	11,701,655	22,532,090	20,347,990
Investments (as per condensed interim statement of investments by category)	36,264,212	33,785,387	25,092,000	95,141,599	86,469,751
Dividend receivable	-	-	-	-	85,400
Profit receivable	4,935	1,209,711	674,452	1,889,098	1,855,643
Formation cost	-	-	-	-	30,387
Deposits and other receivables	201,000	201,000	201,000	603,000	1,588,094
Taxation refundable	-	624	282	906	-
Total assets	39,151,899	43,345,405	37,669,389	120,166,693	110,377,265
Liabilities					
Payable to Pension Fund Manager	47,881	54,752	47,636	150,269	133,361
Payable to the Trustee	6,336	7,245	6,303	19,884	17,715
Payable to auditors	58,594	72,252	63,201	194,047	295,001
Annual fee payable to the Securities and Exchange Commission of Pakistan	5,756	7,089	6,194	19,039	34,179
Accrued and other liabilities	49,600	39,217	40,177	128,994	95,676
Taxation payable	5	-	-	5	329
Total Liabilities	168,172	180,555	163,511	512,238	576,261
NET ASSETS	<u>38,983,727</u>	<u>43,164,850</u>	<u>37,505,878</u>	<u>119,654,455</u>	<u>109,801,004</u>
CONTINGENCY	9				
Participants Sub-Funds (as per Statement of movement in Participants' sub-funds)	<u>38,983,727</u>	<u>43,164,850</u>	<u>37,505,878</u>		
Number of units in issue	<u>364,240</u>	<u>332,489</u>	<u>310,209</u>		
Net asset value per unit	<u>107.03</u>	<u>129.82</u>	<u>120.91</u>		

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

For Arif Habib Investments Limited
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 1 of 2

-----Half year ended December 31, 2010-----					
Note	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	Half year ended December 31, 2009
----- Rupees -----					
Income					
Capital gain on sale of investments - net	582,196	-	-	582,196	1,650,286
Dividend income	1,136,522	-	-	1,136,522	860,939
Income from investment in government securities	-	2,058,120	657,465	2,715,585	2,226,591
Profit on bank deposits	10,001	230,099	400,581	640,681	1,182,302
Income from Certificates of Investment	-	-	409,483	409,483	-
Income from Term Deposit Receipts	-	-	120,063	120,063	-
Income from Term Finance Certificates - Sukuk	-	175,677	-	175,677	-
Impairment loss on investments classified as 'available-for-sale'	8.1 (746,802)	-	-	(746,802)	(167,303)
Element of (loss) / income and capital (losses) / income included in prices of units issued less those in units redeemed - net	(96,105)	(37,539)	7,178	(126,466)	(105,366)
Total Income	885,812	2,426,357	1,594,770	4,906,939	5,647,449
Operating expenses					
Remuneration to Pension Fund Manager	259,007	319,025	278,725	856,757	744,123
Remuneration to the Trustee	34,330	42,288	36,946	113,564	99,195
Annual fee - Securities and Exchange Commission of Pakistan	5,756	7,090	6,194	19,040	16,536
Auditors' remuneration	58,422	72,073	63,051	193,546	190,691
Custody and settlement charges	5,666	3,174	3,000	11,840	11,299
Securities transaction cost	6,379	-	-	6,379	16,459
Donation and charity expense	366	-	-	366	-
Legal and professional charges	31,807	39,217	34,267	105,291	35,288
Bank charges	317	3,317	487	4,121	2,318
Amortisation of formation cost	10,129	10,129	10,129	30,387	75,546
Total operating expenses	412,179	496,313	432,799	1,341,291	1,191,455
Net income before taxation	473,633	1,930,044	1,161,971	3,565,648	4,455,994
Taxation	196	24,765	15,987	40,948	17,045
Net income after taxation	473,437	1,905,279	1,145,984	3,524,700	4,438,949
Other comprehensive income for the period					
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale' - net	5,624,322	(229,846)	-	5,394,476	4,554,044
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	59,670	(5,566)	165	54,269	72,610
	5,683,992	(235,412)	165	5,448,745	4,626,654
Total comprehensive income for the period	6,157,429	1,669,867	1,146,149	8,973,445	9,065,603
Earnings per unit	11 1.32	5.74	3.72		

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

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

Chief Executive

Director
PAKISTAN ISLAMIC PENSION FUND
Managed by: ARIF HABIB INVESTMENTS LIMITED

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 2 of 2

Note	-----Quarter ended December 31, 2010-----				Quarter ended December 31, 2009
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Income					
Capital gain on sale of investments - net	247,960	-	-	247,960	827,616
Dividend income	684,666	-	-	684,666	307,599
Income from investment in government securities	-	1,045,020	334,542	1,379,562	1,359,059
Profit on bank deposits	5,003	119,475	180,557	305,035	516,936
Income from Certificates of Investment	-	-	281,620	281,620	-
Income from Term Finance Certificates - Sukuk	-	85,380	-	85,380	-
Impairment loss on investments classified as 'available-for-sale'	(45,729)	-	-	(45,729)	(167,303)
Element of (loss) / income and capital (losses) / income included in prices of units issued less those in units redeemed - net	(43,106)	57,546	10,582	25,022	(37,566)
Total Income	848,794	1,307,421	807,301	2,963,516	2,806,341
Operating expenses					
Remuneration to Pension Fund Manager	135,019	160,835	140,563	436,417	381,019
Remuneration to the Trustee	17,881	21,302	18,617	57,800	50,780
Annual fee - Securities and Exchange Commission of Pakistan	3,001	3,575	3,124	9,700	8,467
Auditors' remuneration	29,229	34,841	30,455	94,525	100,800
Custody and settlement charges	2,902	1,587	1,500	5,989	5,702
Securities transaction cost	3,719	-	-	3,719	7,772
Donation and charity expense	366	-	-	366	-
Legal and professional charges	16,280	19,402	16,962	52,644	17,643
Bank charges	88	1,964	258	2,310	1,220
Amortisation of formation cost	-	-	-	-	37,773
Total operating expenses	208,485	243,506	211,479	663,470	611,176
Net income before taxation	640,309	1,063,915	595,822	2,300,046	2,195,165
Taxation	146	12,908	8,076	21,130	9,380
Net income after taxation	640,163	1,051,007	587,746	2,278,916	2,185,785
Other comprehensive income for the period					
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale' - net	4,816,781	(217,356)	-	4,599,425	(280,864)
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	34,949	4,781	282	40,012	50,905
	4,851,730	(212,575)	282	4,639,437	(229,959)
Total comprehensive income for the period	5,491,893	838,432	588,028	6,918,353	1,955,826
Earnings per unit	1.77	3.17	1.90		

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

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

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

Page 1 of 2

	-----Half year ended December 31, 2010-----				Half year ended December 31, 2009
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
Cash Flows From Operating Activities					
Net income before taxation	473,633	1,930,044	1,161,971	3,565,648	4,455,994
Adjustments for:					
Amortisation of formation cost	10,129	10,129	10,129	30,387	75,546
Impairment loss on investments classified as 'available-for-sale'	746,802	-	-	746,802	167,303
Element of loss / (income) and capital losses / (gains) in prices of units issued less those in units redeemed - net	96,105	37,539	(7,178)	126,466	105,366
	853,036	47,668	2,951	903,655	348,215
(Increase) / Decrease in assets					
Investments	(3,631,242)	337,068	(730,000)	(4,024,174)	(19,053,850)
Dividend receivable	85,400	-	-	85,400	(17,286)
Profit receivable	(262)	(11,491)	(21,702)	(33,455)	(794,497)
Deposits and other receivables	985,094	-	-	985,094	(300,000)
	(2,561,010)	325,577	(751,702)	(2,987,135)	(20,165,633)
(Decrease) / Increase in liabilities					
Payable to Pension Fund Manager	9,142	4,526	3,240	16,908	(77,782)
Payable to the Trustee	1,190	573	406	2,169	2,367
Annual fee payable to the Securities and Exchange Commission of Pakistan	(4,243)	(5,512)	(5,385)	(15,140)	(12,561)
Payable to auditors	(27,957)	(36,444)	(36,553)	(100,954)	(43,312)
Accrued and other liabilities	(18,074)	39,217	12,175	33,318	132,362
	(39,942)	2,360	(26,117)	(63,699)	1,074
Tax paid	(191)	(25,551)	(16,436)	(42,178)	(7,665)
Cash (used in) / generated from operating activities	(1,274,474)	2,280,098	370,667	1,376,291	(15,368,015)
Cash Flows From Financing Activities					
Receipt of contribution	1,880,568	1,455,659	428,660	3,764,887	1,309,513
Payment against withdrawal	(871,630)	(1,693,598)	(391,850)	(2,957,078)	(354,716)
Cash generated from / (used in) financing activities	1,008,938	(237,939)	36,810	807,809	954,797
Net (decrease) / increase in cash and cash equivalents	(265,536)	2,042,159	407,477	2,184,100	(14,413,218)
Cash and cash equivalents at beginning of the period	2,947,288	6,106,524	11,294,178	20,347,990	43,463,250
Cash and cash equivalents at end of the period	2,681,752	8,148,683	11,701,655	22,532,090	29,050,032

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

Page 2 of 2

	-----Quarter ended December 31, 2010-----				Quarter ended December 31, 2009
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
Cash Flows From Operating Activities					
Net income before taxation	640,309	1,063,915	595,822	2,300,046	2,195,165
Adjustments for:					
Amortisation of formation cost	-	-	-	-	37,773
Impairment loss on investments classified as 'available-for-sale'	45,729	-	-	45,729	167,303
Element of loss / (income) and capital losses / (gains) in prices of units issued less those in units redeemed - net	43,106	(57,546)	(10,582)	(25,022)	37,566
	88,835	(57,546)	(10,582)	20,707	242,642
(Increase) / Decrease in assets					
Investments	(1,931,105)	168,533	(14,930,000)	(16,692,572)	(2,196,538)
Dividend receivable	405,081	-	-	405,081	147,204
Profit receivable	(37)	(973,308)	(369,586)	(1,342,931)	(1,205,155)
Deposits and other receivables	169,635	82,540	27,864	280,039	-
	(1,356,426)	(722,235)	(15,271,722)	(17,350,383)	(3,254,489)
Increase / (decrease) in liabilities					
Payable to Pension Fund Manager	7,220	3,135	2,415	12,770	33,565
Payable to the Trustee	943	398	305	1,646	971
Annual fee payable to the Securities and Exchange Commission of Pakistan	3,001	3,574	3,124	9,699	8,467
Payable to auditors	8,417	9,111	6,997	24,525	25,798
Accrued and other liabilities	27,996	(13,726)	22,871	37,141	225,668
	47,577	2,492	35,712	85,781	294,469
Tax paid	(141)	(13,594)	(8,358)	(22,093)	(7,665)
Cash (used in) / generated from operating activities	(579,846)	273,032	(14,659,128)	(14,965,942)	(529,878)
Cash Flows From Financing Activities					
Receipt of contribution	768,508	490,802	121,912	1,381,222	782,323
Payment against withdrawal	(274,679)	(210,594)	(56,675)	(541,948)	-
Cash generated from financing activities	493,829	280,208	65,237	839,274	782,323
Net (decrease) / increase in cash and cash equivalents	(86,017)	553,240	(14,593,891)	(14,126,668)	252,445
Cash and cash equivalents at beginning of the period	2,767,769	7,595,443	26,295,546	36,658,758	28,797,587
Cash and cash equivalents at end of the period	2,681,752	8,148,683	11,701,655	22,532,090	29,050,032

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 1 of 2

	-----Half year ended December 31, 2010-----				Half year ended December 31, 2009
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	31,780,925	41,689,817	36,330,262	109,801,004	92,245,298
Amount received on issue of units	1,880,568	1,455,659	428,660	3,764,887	1,309,513
Amount paid on redemption of units	(871,630)	(1,693,598)	(391,850)	(2,957,078)	(354,716)
	1,008,938	(237,939)	36,810	807,809	954,797
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net					
- amount representing loss / (income) and realised losses / (capital gains) -net	96,105	37,539	(7,178)	126,466	105,366
- amount representing unrealised (appreciation) / diminution in fair value of investments -net	(59,670)	5,566	(165)	(54,269)	(72,610)
	36,435	43,105	(7,343)	72,197	32,756
Total comprehensive income	6,157,429	1,669,867	1,146,149	8,973,445	9,065,603
Net assets at the end of the period	38,983,727	43,164,850	37,505,878	119,654,455	102,298,454

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 2 of 2

-----Quarter ended December 31, 2010-----

	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Sub-Fund	Total	Quarter ended December 31, 2009
	----- Rupees -----				
Net assets at the beginning of the period	32,989,848	42,108,537	36,863,477	111,961,862	99,573,644
Amount received on issue of units	768,508	490,802	121,912	1,381,222	782,323
Amount paid on redemption of units	(274,679)	(210,594)	(56,675)	(541,948)	-
	493,829	280,208	65,237	839,274	782,323
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net					
- amount representing loss / (income) and realised losses / (capital gains) -net	43,106	(57,546)	(10,582)	(25,022)	37,566
- amount representing unrealised (appreciation) / diminution in fair value of investments -net	(34,949)	(4,781)	(282)	(40,012)	(50,905)
	8,157	(62,327)	(10,864)	(65,034)	(13,339)
Total comprehensive income	5,491,893	838,432	588,028	6,918,353	1,955,826
Net assets at the end of the period	38,983,727	43,164,850	37,505,878	119,654,455	102,298,454

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY
AS AT DECEMBER 31, 2010**

	-----Un-Audited-----			Audited	
	-----December 31, 2010-----				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	June 30, 2010
	----- Rupees -----				
Available-for-sale investments (as per Statement of Investment Portfolio)					
- Listed equity securities	36,264,212	-	-	36,264,212	27,755,450
- Government Ijarah Sukuks	-	32,419,528	10,162,000	42,581,528	42,781,532
- Sukuk Certificates	-	1,365,859	-	1,365,859	1,732,769
- Certificates of Investment	-	-	14,930,000	14,930,000	7,100,000
- Term Deposit Receipts	-	-	-	-	7,100,000
Investments at market value	<u>36,264,212</u>	<u>33,785,387</u>	<u>25,092,000</u>	<u>95,141,599</u>	<u>86,469,751</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2010

**PIPF EQUITY SUB-FUND
LISTED SHARES - 'AVAILABLE-FOR-SALE'**

Name of the Investee Company	Number of shares					Balance as at December 31, 2010			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2010	Purchases during the period	Bonus/ Right Issue during the period	Sales during the period	As at December 31, 2010	Cost less impairment	Market value	Appreciation/ (Diminution)		
-----Rupees-----										
OIL AND GAS										
Pakistan State Oil Company Limited	-	6,470	-	-	6,470	1,823,924	1,909,815	85,891	4.90	0.0038
Pakistan Oil Field Limited	11,266	3,000	-	1,990	12,276	1,790,725	3,633,205	1,842,480	9.32	0.0052
Pakistan Petroleum Limited	13,770	3,693	2,717	3,226	16,954	2,487,218	3,681,561	1,194,343	9.44	0.0014
						6,101,867	9,224,581	3,122,714	23.66	
CHEMICALS										
Fauji Fertilizer Bin Qasim Limited	97,500	-	-	37,567	59,933	1,378,399	2,141,406	763,007	5.49	0.0064
Fauji Fertilizer Company Limited	17,700	-	-	2,600	15,100	1,306,019	1,900,486	594,467	4.88	0.0022
ICI Pakistan Limited	16,145	1,416	-	-	17,561	2,174,929	2,532,999	358,069	6.50	0.0127
Sitara Chemical Industries Limited	9,000	-	450	-	9,450	1,505,610	1,207,238	(298,372)	3.10	0.0441
						6,364,957	7,782,128	1,417,171	19.96	
GENERAL INDUSTRIALS										
Tri-Pack Films Limited	9,658	-	-	-	9,658	1,015,265	1,179,821	164,556	3.03	0.0322
Packages Limited	23,730	3,400	-	-	27,130	3,477,613	3,489,189	11,576	8.95	0.0322
						4,492,879	4,669,011	176,132	11.98	
AUTOMOBILE AND PARTS										
Pak Suzuki Motor Company Limited	18,664	-	-	-	18,664	642,036	1,303,120	661,084	3.34	0.0227
Agriauto Industries Limited	26,287	-	-	-	26,287	1,922,040	2,003,069	81,030	5.14	0.0913
						2,564,076	3,306,190	742,114	8.48	
INDUSTRIAL ENGINEERING										
Alghazi Tractors Limited	-	6,000	-	6,000	-	-	-	-	-	-
HOSEHOLD GOODS										
Pak Elektron Limited	71,309	94,624	-	-	165,933	2,175,498	2,329,699	154,201	5.98	0.1413
						2,175,498	2,329,699	154,201	5.98	
PERSONAL GOODS										
Thal Limited	10,000	-	2,000	-	12,000	901,331	1,563,000	661,669	4.01	0.0195
						901,331	1,563,000	661,669	4.01	
PHARMA AND BIOTEC										
Searle Pakistan Limited	41,400	6,298	-	-	47,698	2,613,400	2,862,357	248,957	7.34	0.1557
Feroz Sons Laboratories Limited	5,507	-	1,101	-	6,608	655,726	575,755	(79,971)	1.48	0.0264
						3,269,126	3,438,112	168,986	8.82	
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited A	48,800	-	-	-	48,800	709	947,696	946,987	2.43	0.0013
						709	947,696	946,987	2.43	
ELECTRICITY										
Hub Power Company Limited	58,000	-	-	-	58,000	1,864,633	2,169,780	305,147	5.57	0.0050
						1,864,633	2,169,780	305,147	5.57	
BANKS										
Meezan Bank Limited	49,350	-	-	-	49,350	754,182	834,015	79,833	2.14	0.0071
						754,182	834,015	79,833	2.14	
Total for equity sub fund						28,489,257	36,264,212	7,774,955	93.02	
									-----Total-----	
									Un-audited	Audited
									December 31,	June 30,
									2010	2010
									-----Rupees-----	
Market Value									36,264,212	27,755,450

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

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

**CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED)
AS AT DECEMBER 31, 2010**

Page 1 of 2

'AVAILABLE-FOR-SALE'

Name of Investments	Face value				As at December 31, 2010			Market value as % of net assets of the sub - fund
	As at July 1, 2010	Purchases during the period	Sales/ maturities during the period	As at December 31, 2010	Cost	Market value	Appreciation	
-----Rupees-----								
PIPF DEBT SUB-FUND								
Government Ijarah Sukuks	32,000,000	-	-	32,000,000	32,000,325	32,419,528	419,203	75.11
	32,000,000	-	-	32,000,000	32,000,325	32,419,528	419,203	75.11
PIPF MONEY MARKET SUB FUND								
Government Ijarah Sukuks	10,000,000	-	-	10,000,000	10,000,000	10,162,000	162,000	27.09
	10,000,000	-	-	10,000,000	10,000,000	10,162,000	162,000	27.09
Total	42,000,000	-	-	42,000,000	42,000,325	42,581,528		

-----Total-----

Un-audited Audited
December 31, June 30,
2010 2010

-----Rupees-----

Market Value

42,581,528 42,781,532

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED)
AS AT DECEMBER 31, 2010**

Page 2 of 2

'AVAILABLE-FOR-SALE'

Name of Investee Company	Number of Certificates				As at December 31, 2010			Market value as % of net assets of the sub-fund	Market value as % of total Investments
	As at July 1, 2010	Purchases during the period	Sales during the period	As at December 31, 2010	Cost	Market value	Appreciation		

-----Rupees-----

PIPF DEBT SUB-FUND

Pakistan Electron Limited - SUKUK (28-09-2007)	550	-	-	550	1,179,755	1,365,859	186,104	3.16	1.44
Total	550	-	-	550	1,179,755	1,365,859	186,104	3.16	

-----Total-----

Un-audited Audited
December 31, June 30,
2010 2010

-----Rupees-----

Market Value

1,365,859 1,732,769

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

For Arif Habib Investments Limited
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 1 of 2

Contributions net of front end fee	Half year ended December 31, 2010							Half year ended December 31, 2009
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund		Total	Rupees
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	
Opening balance	353,786	34,793,489	334,436	33,960,806	309,914	31,103,468	99,857,763	94,155,770
Individuals - Issue of units	19,773	1,880,568	11,476	1,455,659	3,607	428,660	3,764,887	1,309,513
- redemption of units	(9,319)	(871,630)	(13,423)	(1,693,598)	(3,312)	(391,850)	(2,957,078)	(354,716)
	10,454	1,008,938	(1,947)	(237,939)	295	36,810	807,809	954,797
Closing balance	364,240	35,802,427	332,489	33,722,867	310,209	31,140,278	100,665,572	95,110,567

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

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

Chief Executive

Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 2 of 2

Contributions net of front end fee	Quarter ended December 31, 2010							Quarter ended December 31, 2009
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	
Opening balance	359,220	35,308,598	330,311	33,442,659	309,665	31,075,041	99,826,298	94,328,244
Individuals - Issue of units	7,852	768,508	3,825	490,802	1,017	121,912	1,381,222	782,323
- redemption of units	(2,832)	(274,679)	(1,646)	(210,594)	(473)	(56,675)	(541,948)	-
	5,020	493,829	2,178	280,208	544	65,237	839,274	782,323
Closing balance	364,240	35,802,427	332,489	33,722,867	310,209	31,140,278	100,665,572	95,110,567

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

For Arif Habib Investments Limited
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 1 of 2

	Half year ended December 31, 2010		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	----- No of units -----		
Total Units outstanding at the beginning of the period	353,786	334,436	309,914
Add: Units issued during the period	19,773	11,476	3,607
Less: Units redeemed during the period	(9,319)	(13,423)	(3,312)
Total units in issue at the end of the period	<u>364,240</u>	<u>332,489</u>	<u>310,209</u>

The annexed notes form an intergral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Page 2 of 2

	Quarter ended December 31, 2010		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	----- No of units -----		
Total Units outstanding at the beginning of the period	359,220	330,311	309,665
Add: Units issued during the period	7,852	3,825	1,017
Less: Units redeemed during the period	(2,832)	(1,646)	(473)
Total units in issue at the end of the period	364,240	332,489	310,209

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

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

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan Islamic Pension Fund (PIPF) (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHI) as Pension Fund Manager and MCB Financial Services Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 24, 2007 and was executed on September 5, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). PIPF is an open-ended pension fund consisting of three sub-funds namely PIPF Equity Sub-Fund, PIPF Debt Sub-Fund and PIPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any Sub-Fund purchased out of contributions depends on the Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan.

Title of the assets of the Fund is held in the name of Trustee.

2. STATEMENT OF COMPLIANCE

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

Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence. The disclosures made in this condensed interim financial 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.

2.2 This condensed interim financial report comprise of the condensed interim statement of assets and liabilities as at December 31, 2010 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investment by category, condensed interim statement of investment portfolio, condensed interim statement of other investment, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the half year ended December 31, 2010, which have been subject to a review but not audited.

2.3 These condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2010.

4. RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2010.

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

In the current period, the fund has adopted all new Standards issued by the IASB and as notified by the Securities and Exchange Commission of Pakistan that are effective for fund's accounting period beginning on July 01, 2010.

	Effective for accounting period beginning on or after
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	January 01, 2010
- IFRS 2 - Share based Payment	January 01, 2010
- IAS 7 - Statement of Cash Flows	January 01, 2010
- IAS 24 - Related Party Disclosures	January 01, 2010

Adoption of above mentioned new standards will have no material impact on the fund's financial information.

New accounting standards and IFRS interpretations that are not yet effective

- IFRS 9 - Financial Instruments	January 01, 2013
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IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value. The adoption of this standard would affect the recognition and classification of existing financial assets.

The directors of Pension Fund Manager anticipate that these amendments will be adopted in the fund's financial statements on the effective date.

6. DEPOSITS AND OTHER RECEIVABLES

	-----Unaudited-----				Audited
	As at December 31, 2010				As at June 30, 2010
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Security deposit - CDC	200,000	200,000	200,000	600,000	600,000
Other receivables	1,000	1,000	1,000	3,000	3,000
Receivable against sale of investments	-	-	-	-	985,094
	201,000	201,000	201,000	603,000	1,588,094

7. ACCRUED AND OTHER LIABILITIES

Donation / charity	17,594	-	5,910	23,504	92,922
Professional charges	31,807	39,217	34,267	105,291	-
CDS charges	199	-	-	199	2,754
	49,600	39,217	40,177	128,994	95,676

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

	-----Unaudited-----				Audited
	As at December 31, 2010				As at June 30, 2010
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	-----Rupees-----				
Fair value of investments	36,264,212	33,785,387	10,162,000	80,211,599	72,269,751
Less: Cost less impairment	(28,489,257)	(33,180,080)	(10,000,000)	(71,669,337)	(72,391,620)
	7,774,955	605,307	162,000	8,542,262	(121,869)
Impairment loss on investments classified as 'available-for-sale'	746,802	-	-	746,802	1,123,677
Reclassification of impairment on sale of impaired securities	(2,892,780)	-	-	(2,892,780)	-
	(2,145,978)	-	-	(2,145,978)	1,123,677
	5,628,977	605,307	162,000	6,396,284	1,001,808
Net unrealised diminution in fair value of investments at the beginning of the period	(4,655)	(835,153)	(162,000)	(1,001,808)	117,226
	5,624,322	(229,846)	-	5,394,476	1,119,034

- 8.1** As at December 31, 2010, the management carried out a scrip wise analysis of impairment in respect of equity securities classified as 'available-for-sale' and has determined that an impairment loss amounted to Rs 746,802 for the half year ended December 31, 2010 to be charged to the condensed interim income statement.

9. CONTINGENCY

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the WWF. The honorable court has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response a petition has been filed with the SHC by some of Mutual Funds through their Trustees along with few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income of Mutual Fund(s), the product being sold, is exempted under the law *ibid.*"

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry filed its response contesting the said petition. The legal proceedings in respect of the aforementioned petition are currently in progress.

Based on the advice of the legal counsel handling the case, the Management Company is of the view that notwithstanding the show cause notices issued to a number of mutual funds, WWF is not applicable to the Funds due to the clarification issued by the Ministry which creates vested right, hence no provision of Re 0.29, Re 0.34 and Re 0.22 per unit for the equity, debt and money market sub-fund respectively has been made in respect of WWF.

10. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited (AHI) being the Pension Fund Manager and Arif Habib Corporation (formerly: Arif Habib Securities Limited) being the holding company of AHI, Arif Habib Limited, Thatta Cement Limited being companies under common control. Summit Bank Limited (formerly :Arif Habib Bank Limited) and Pak Arab Fertilizer being companies under common directorship and MCB Financial Services Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manger as Management Company and directors and executives of the Pension Fund Manager.

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

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

10.1 Transactions during the period

-----Unaudited-----				
Half year ended December 31, 2010				Half year ended December 31, 2009
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	

-----Rupees-----

Pension Fund Manager

Remuneration	259,007	319,025	278,725	856,757	744,123
Sales load	4,776	1,194	-	5,970	2,517

MCB Financial Services Limited -Trustee

Trustee Fee	34,330	42,288	36,946	113,564	99,195
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Directors and Officers

Issue of 11,861 units (2009: 6,716 units)	1,129,515	-	-	1,129,515	585,017
Issue of 6,649 units (2009: 4,812 units)	-	846,849	-	846,849	553,152
Issue of 3,201 units (2009: 2,431 units)	-	-	380,727	380,727	271,077
Redemption of 7,649 units (2009: 53 units)	713,585	-	-	713,585	4,039
Redemption of 4,304 units (2009: 28 units)	-	546,798	-	546,798	3,128
Redemption of 855 units (2009: 7 units)	-	-	101,759	101,759	782

-----Unaudited-----				
Quarter ended December 31, 2010				Quarter ended December 31, 2009
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	

-----Rupees-----

Pension Fund Manager

Remuneration	135,019	160,835	140,563	436,417	381,019
Sales load	2,988	747	-	3,735	1,767

MCB Financial Services Limited -Trustee

Trustee fee	17,881	21,302	18,617	57,800	50,780
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Directors and Officers

Issue of 3,988 units (2009: 3,182 units)	400,153	-	-	400,153	286,417
Issue of 2,034 units (2009: 2,168 units)	-	261,911	-	261,911	252,932
Issue of 733 units (2009: 891 units)	-	-	88,091	88,091	100,472
Redemption of 2,832 units (2009: Nil units)	274,679	-	-	274,679	-
Redemption of 1,647 units (2009: Nil units)	-	210,595	-	210,595	-
Redemption of 377 units (2009: Nil units)	-	-	45,176	45,176	-

10.2 Amounts outstanding as at the period end

	Unaudited				Audited June 30, 2010
	As at December 31, 2010				
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----					
Pension Fund Manager					
Remuneration payable	47,881	54,752	47,636	150,269	133,361
Investment of 300,000 units as seed capital in each sub-fund (2010: 300,000)	32,109,000	38,946,000	36,273,000	107,328,000	99,516,000
Summit Bank Limited (formerly :Arif Habib Bank Limited)					
Bank Balances	2,454,275	265,532	148,979	2,868,786	15,119,151
MCB Financial Services Limited -Trustee					
Trustee fee payable	6,336	7,245	6,303	19,884	17,715
Directors and Officers					
Investment- 25,339 units (2010: 21,127 units)	2,711,970	-	-	2,711,970	1,897,804
Investment - 14,379 units (2010: 12,033 units)	-	1,866,729	-	1,866,729	1,500,059
Investment -7,435 units (2010: 5,089 units)	-	-	898,931	898,931	596,634

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended December 31, 2010 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, 2010		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Net income after taxation	473,437	1,905,279	1,145,984
Weighted average number of units	357,927	331,806	307,996
Earnings per unit	1.32	5.74	3.72
	Quarter ended December 31, 2010		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Net income after taxation	640,163	1,051,007	587,746
Weighted average number of units	361,474	331,433	309,920
Earnings per unit	1.77	3.17	1.90

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on February 19, 2011 by the Board of Directors of the Pension Fund Manager.

14. GENERAL

Figures have been rounded off to the nearest Rupee.

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

Chief Executive

Director

Asset Manager Rating
'AM2' Positive Outlook (by PACRA)



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