

Half Year Report

December 31, 2012
(Unaudited)



**PAKISTAN
ISLAMIC PENSION FUND**

CONTENTS

Fund's Information	362
Report of the Directors of the Pension Fund Manager	363
Trustee Report to the Participants	364
Auditors' Report to the Participants on Review of Condensed Interim Financial Information	365
Condensed Interim Balance Sheet	367
Condensed Interim Income Statement	368
Condensed Interim Cash Flow Statement	370
Condensed Interim Statement of Movement in Participants' Sub-funds	372
Condensed Interim Statement of Investments by Category	374
Condensed Interim Statement of Investment Portfolio	375
Condensed Interim Contribution Table	378
Condensed Interim Statement of Number of Units in Issue	380
Notes to and forming part of the Condensed Interim Financial Informations (Un-audited)	382

FUND'S INFORMATION

Pension Fund Manager	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive Officer (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member 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	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountant Cavish Court, 8-35 Block 7-8 KUSHU, Shara-e-Faisal Karachi	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Islamic Pension Fund's accounts review for the half year ended December 31st 2012.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, CPI inflation continued to maintain its downward trajectory amid lower food inflation and downward adjustments in gas prices with 1H FY13 CPI inflation averaging at 8.3%. Although current account balance remained comfortable during 1H FY13 with a decent surplus of US\$ 250 million courtesy release of two tranches of Coalition Support Fund proceeds by the US worth around US\$ 1.9 billion, weaker financial account coupled with sizeable repayments (including IMF) continued to put significant pressure on the FX reserves, which eventually came down to a level of around US\$ 13.5 billion. On the fiscal front, the government has continued to rely on domestic sources of funding with YTD GoP borrowing from banking system has risen to PKR 644 billion by Dec'28 2012. Despite highlighting concerns on the external and fiscal accounts, the State Bank of Pakistan took comfort from declining inflationary trend and lowered its policy discount rate cumulatively by 250 bps to 9.5% during the period under review.

In the money market, short term market rates remained largely on the higher side amid tight liquidity scenario in the system with few exceptions where the market witnessed floors also. The SBP continued to inject significant amount of liquidity in the system through OMOs during the period. Given a downward trajectory in YoY CPI inflation coupled with SBP monetary easing stance, the yield curve has adjusted significantly downwards during the period. 1 year PKRV adjusted downwards by 267 bps to 9.3%, while longer tenure 10 year PKRV adjusted downwards by 180 bps to 11.5% during the period under review.

EQUITIES MARKET OVERVIEW

The KSE-100 index made an impressive start in FY13 as well and posted a return of 22.5% during the first half of FY13, outperforming most of the regional players. Although the market remained strong as far as returns are concerned, activity remained dull in terms of both volumes and turnover. Foreigners, however, made a strong return to the local market with a cumulative net inflow of around US\$ 157 million during the period under review.

Major interest during the period remained in Construction & Materials, Consumer and Electricity Sectors where strong inherent bottom line growth, healthy payouts and favorable projected impact of fall in interest rates thrived investor interest. Highly levered companies were also remained in the limelight during the period amid aggressive policy rate cut of cumulative 250 bps by the SBP during the period. Strong corporate results as well as healthy payouts by key companies served to keep the positive momentum intact in the market.

FUND PERFORMANCE

Equity Fund

The Equity sub-fund generated a return of 21.5% while the KSE-100 posted a return of 22.5%. The sub-fund increased exposure to equities from 83.7% to 93.9% during the period. The sub-fund reduced its exposure significantly from Pharma & Bio Tech, General Industries and Construction & Materials while increasing its exposure towards Chemicals, Oil & Gas and Commercial Banks.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 65.997 million as compared to Rs 54.068 million as at June 30 2012 registering an increase of 22.06%.

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 165.15 as compared to opening NAV of Rs. 135.91 per unit as at June 30, 2012 registering an increase of Rs. 29.24 per unit.

Debt Fund

The debt sub-fund generated an annualized return of 7.6% during the period under review. The sub-funds exposure towards GoP Ijarah Sukuk increased to 94.8% while the exposure towards Corporate Sukuk largely remained unchanged.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 65.285 million as compared to Rs 60.427 million as at June 30 2012 registering an increase of 8.04%.

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 152.74 as compared to opening NAV of Rs. 147.11 per unit as at June 30, 2012 registering an increase of Rs. 5.63 per unit

Money Market Fund

The money market sub-fund generated an annualized return of 9.0% during the period under review. The sub-fund realized capital gains by shedding some of its exposure towards GOP Ijarah Sukuks, which at period end stood at around 74.6%. Exposure in Cash increased to 23.1% from 18.6% at the beginning of the period.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 50.329 million as compared to Rs 46.831 million as at June 30 2012 registering an increase of 7.47%.

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 141.95 as compared to opening NAV of Rs. 135.81 per unit as at June 30, 2012 registering an increase of Rs. 6.14 per unit.

FUTURE OUTLOOK

Despite receiving another tranche of CSF as well as continued lower range of CPI inflation, we believe that further rate cut would be difficult given deteriorating fiscal and external accounts, significant IMF repayments ahead and alarming monetary growth - while the potential return to the IMF would result in a cycle of monetary tightening by 2Q CY13 in our opinion. The Government bond market, which remained active for last few months on the back of soft inflation numbers and expected monetary easing, has started to become inactive or relatively less active with the anticipation of no rate cut and possible rate hikes in the next 4-6 months. In this backdrop, the activities are expected to be concentrated at short-end papers going forward.

On the equities front, investors are pinning hopes on Dec-end results, expecting strong payout from Commercial Banks, Electricity, Chemicals, and Oil & Gas sectors. However, on the account of mounting political uncertainty and precarious macroeconomic position especially on the external front reflected through depleting FX reserves and steady depreciation of Pak Rupee, the market could correct itself in the shorter term. We therefore prefer to remain vigilant of fading triggers on macro front and potential opportunities arising out of micro dynamics in stock and sector allocation.

ACKNOWLEDGMENT

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

On behalf of Directors,

Yasir Qadri
Chief Executive Officer
February 04th 2013

TRUSTEE REPORT TO 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

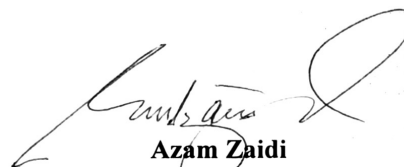
Pakistan Islamic Pension Fund was established under a Trust Deed dated September 5, 2007 executed between Arif Habib Investments Limited, as the Pension Fund Manager and MCB Financial Services Limited (MCBFSL), as the Trustee.

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 2012 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 8 to the interim financial statements, which refers to uncertainty relating to the future outcome of the litigation regarding contribution to Workers' Welfare Fund, which is currently pending adjudication at the Honorable High Court of Sindh.


Azam Zaidi
Senior Executive Vice President
Habib Metropolitan Bank Limited

Karachi: February 14, 2013

Habib Metropolitan Bank Ltd.
(Subsidiary of Habib Bank AG Zurich)

Trustee Division: HBZ Plaza 8th Floor, I.I. Chundrigar Road, Karachi
Tel: (92 21) 3263 3311-30 | Fax: (92 21) 3227 4768, 3263 0495
www.habibmetro.com

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



M. Yousuf Adil Saleem & Co

Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

Phone: +92 (0) 21- 3454 6494-7

Fax: +92 (0) 21- 3454 1314

Web: www.deloitte.com

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, 2012, and the related condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investments portfolio, condensed interim contribution table and condensed interim statement of number of units in issue together with notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2012. The Pension Fund Manager (Arif Habib Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim contribution table and condensed interim statement of number of units in issue for the quarters ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Member of
Deloitte Touche Tohmatsu Limited

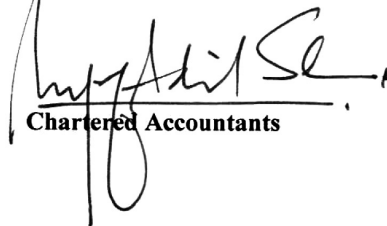
AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Emphasis of matter

We draw attention to note 8 to the interim financial information which refers to an uncertainty relating to the future outcome of matter regarding contribution to the Workers Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh. Our conclusion is not qualified in respect of this matter.



Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

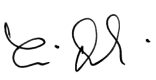
Karachi
Dated: February 4, 2013

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	-----Un-audited-----				Audited June 30, 2012
		December 31, 2012				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----						
ASSETS						
Balances with banks	5	93,520	1,039,294	11,710,566	12,843,380	15,035,972
Investments (as per condensed interim statement of investments by category)		62,813,525	62,706,218	37,816,700	163,336,443	137,631,020
Dividend receivable		552,262	-	-	552,262	422,818
Profit receivable		26,031	1,125,585	705,855	1,857,471	1,946,039
Deposits and other receivables	6	3,437,345	1,074,548	448,305	4,960,198	9,310,907
TOTAL ASSETS		66,922,683	65,945,645	50,681,426	183,549,754	164,346,756
LIABILITIES						
Payable against redemption of units		204,414	128,333	6,864	339,611	45,664
Payable to Arif Habib Investments Limited - Pesnion Fund Manager		186,714	187,851	150,670	525,235	221,354
Payable to Habib Metropolitan Bank Limited - Trustee		21,301	21,445	16,644	59,390	24,990
Payable to Auditors		102,320	94,189	79,695	276,204	325,076
Annual fee payable to the Securities and Exchange Commission of Pakistan		10,291	10,532	8,211	29,034	45,355
Accrued expenses and other liabilities	7	400,994	218,707	90,669	710,370	2,357,873
TOTAL LIABILITIES		926,034	661,057	352,753	1,939,844	3,020,312
NET ASSETS		65,996,649	65,284,588	50,328,673	181,609,910	161,326,444
Participants' Sub-Funds (as per condensed interim Statement of Movement in Participants' sub-funds)		65,996,649	65,284,588	50,328,673		
CONTINGENCY						
	8	-----Number of units-----				
Number of Units in issue		399,621	427,411	354,559		
-----Amount in Rupees-----						
Net Asset Value per unit		165.15	152.74	141.95		

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

Note	Half year ended December 31, 2012				Half year ended December 31, 2011
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Rupees					
INCOME					
Capital gain on sale of investments	5,817,679	78,750	83,700	5,980,129	283,121
Dividend income	2,601,063	-	-	2,601,063	1,552,017
Income from Government Ijarah Sukuk	-	3,159,878	2,096,697	5,256,575	4,077,859
Income from Sukuk Certificates	-	81,436	-	81,436	60,516
Profit on bank and other deposits	43,804	156,913	459,376	660,093	518,189
Income from Term Deposit Receipts	-	-	-	-	438,980
Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - net	4,057,379	185,300	110,450	4,353,129	-
Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed	27,385	33,506	18,085	78,976	(16,878)
Total Income	12,547,310	3,695,783	2,768,308	19,011,401	6,913,804
Reversal / (provision) against investments classified as 'available for sale'	9 29,581	(612,861)	-	(583,280)	(371,355)
Total Income - net of impairment / (provision) against investments	12,576,891	3,082,922	2,768,308	18,428,121	6,542,449
EXPENSES					
Remuneration of the Arif Habib Investments Limited - Pesnion Fund Manager	10 462,898	479,069	369,374	1,311,341	972,791
Sales tax on remuneration of Pension Fund Manager	74,062	76,651	59,099	209,812	155,646
Remuneration of Habib Metropolitan Bank Limited - Trustee	60,413	62,523	48,207	171,143	128,249
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	10,291	10,532	8,212	29,035	21,617
Auditors' remuneration	86,353	75,693	64,080	226,126	216,915
Custody and settlement charges	6,529	92,356	-	98,885	18,630
Securities transaction cost	285,249	750	900	286,899	29,861
Legal and professional charges	12,454	12,745	9,944	35,143	35,191
Bank charges	1,137	5,194	3,035	9,366	8,101
Donation and charity expense	39,312	-	-	39,312	-
Total Expenses	1,038,698	815,513	562,851	2,417,062	1,587,001
Net income before taxation	11,538,193	2,267,409	2,205,457	16,011,059	4,955,448
Provision for taxation - current	11 -	-	-	-	-
Net income after taxation	11,538,193	2,267,409	2,205,457	16,011,059	4,955,448
Other comprehensive income / (loss)for the period					
Unrealised gain / (loss) on re-valuation of investments classified as 'available for sale' - net	9 144,942	179,900	-	324,842	(1,825,975)
Total comprehensive income for the period	11,683,135	2,447,309	2,205,457	16,335,901	3,129,473
Earnings per unit	12 28.93	5.39	6.28		

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

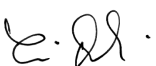
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED DECEMBER 31, 2012

	Note	Quarter ended December 31, 2012				Quarter ended December 31, 2011
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----						
INCOME						
Capital gain on sale of investments		4,207,554	-	4,200	4,211,754	2,467,347
Dividend income		1,619,487	-	-	1,619,487	943,914
Income from Government Ijarah Sukuk		-	1,934,689	921,465	2,856,154	1,960,704
Income from Sukuk Certificates		-	(377,578)	-	(377,578)	42,764
Profit on bank and other deposits		13,106	63,340	293,268	369,714	170,390
Income from Term Deposit Receipts		-	-	-	-	422,314
Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - net		795,277	(4,950)	(53,650)	736,677	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(91)	20,130	11,766	31,805	(18,567)
Total Income		6,635,333	1,635,631	1,177,049	9,448,013	5,988,866
Reversal of / (provision) against investments classified as 'available for sale'		29,581	(436,075)	-	(406,494)	(371,355)
Total Income - net of impairment / (provision) against investments		6,664,914	1,199,556	1,177,049	9,041,519	5,617,511
Remuneration of the Arif Habib Investments Limited - Psnion Fund Manager	10	239,721	242,804	187,648	670,173	491,718
Sales tax on remuneration of Pension Fund Manager		38,355	38,849	30,024	107,228	78,675
Remuneration of Habib Metropolitan Bank Limited - Trustee		31,266	31,668	24,475	87,409	64,800
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		5,327	5,396	4,170	14,893	10,926
Auditors' remuneration		49,938	38,037	34,413	122,388	122,653
Custody and settlement charges		2,894	46,414	-	49,308	8,015
Securities transaction cost		167,995	-	-	167,995	20,782
Legal and professional charges		6,311	6,393	4,941	17,645	17,595
Bank charges		1,137	4,533	2,309	7,979	3,872
Donation and charity expense		39,312	-	-	39,312	-
Total Expenses		582,256	414,094	287,980	1,284,330	819,036
Net income before taxation		6,082,658	785,462	889,069	7,757,189	4,798,475
Provision for taxation - current	11	-	-	-	-	-
Net income after taxation		6,082,658	785,462	889,069	7,757,189	4,798,475
Other comprehensive income / (loss) for the period						
Unrealised (loss) on re-valuation of investments classified as 'available for sale' - net		(1,426,088)	(19,551)	(4,200)	(1,449,839)	(5,194,121)
Total comprehensive income / (loss) for the period		4,656,570	765,911	884,869	6,307,350	(395,646)
Earnings per unit	12	15.25	1.86	2.52		

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Half year ended December 31, 2012				Half year ended December 31, 2011
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	11,538,193	2,267,409	2,205,457	16,011,059	4,955,448
Adjustments for non cash items:					
Capital gain on sale of investments	(5,817,679)	(78,750)	(83,700)	(5,980,129)	(283,121)
Unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss' - net	(4,057,379)	(185,300)	(110,450)	(4,353,129)	-
(Reversal) of / provision against investments classified as 'available for sale'	(29,581)	612,861	-	583,280	371,355
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(27,385)	(33,506)	(18,085)	(78,976)	16,878
	(9,932,024)	315,305	(212,235)	(9,828,954)	105,112
(Increase) / decrease in assets					
Investments-net	(5,500,103)	(8,524,750)	(1,605,750)	(15,630,603)	(15,495,471)
Dividend receivable	(129,444)	-	-	(129,444)	156,054
Profit receivable	(8,666)	1,326	95,908	88,568	490,662
Deposits and other receivables	797,572	2,471,277	1,081,860	4,350,709	(732,134)
	(4,840,641)	(6,052,147)	(427,982)	(11,320,770)	(15,580,889)
Increase / (decrease) in liabilities					
Payable against redemption of units	167,321	119,762	6,864	293,947	(1,099,899)
Payable to Arif Habib Investments Limited - Pension Fund Manager	111,015	106,746	86,120	303,881	34,620
Payable to Habib Metropolitan Bank Limited - Trustee	12,756	12,288	9,356	34,400	1,070
Payable to Auditors	(3,329)	(26,235)	(19,308)	(48,872)	(98,085)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(4,502)	(6,250)	(5,569)	(16,321)	(17,757)
Accrued expenses and other liabilities	(1,790,753)	122,361	20,889	(1,647,503)	233,803
	(1,507,492)	328,672	98,352	(1,080,468)	(946,248)
Cash (used in) / generated from operating activities	(4,741,964)	(3,140,761)	1,663,592	(6,219,133)	(11,466,577)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	1,239,983	3,152,889	1,464,626	5,857,498	2,803,826
Payment against redemptions	(967,155)	(709,038)	(154,764)	(1,830,957)	(4,988,262)
Cash generated / (used in) from financing activities	272,828	2,443,851	1,309,862	4,026,541	(2,184,436)
Net (decrease) / increase in cash and cash equivalent	(4,469,136)	(696,910)	2,973,454	(2,192,592)	(13,651,013)
Cash and cash equivalent at beginning of the period	4,562,656	1,736,204	8,737,112	15,035,972	24,519,836
Cash and cash equivalent at end of the period	93,520	1,039,294	11,710,566	12,843,380	10,868,823

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED DECEMBER 31, 2012

	Quarter ended December 31, 2012				Quarter ended December 31, 2011
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	6,082,658	785,462	889,069	7,757,189	4,798,475
Adjustments for non cash items:					
Capital gain on sale of investments	(4,207,554)	-	(4,200)	(4,211,754)	(2,467,347)
Unrealised gain on revaluation of investment 'at fair value through profit or loss'	(795,277)	4,950	53,650	(736,677)	-
(Reversal) of / provision against investments classified as 'available for sale'	(29,581)	436,075	-	406,494	371,355
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	91	(20,130)	(11,766)	(31,805)	18,567
	(5,032,321)	420,895	37,684	(4,573,742)	(2,077,425)
(Increase) / decrease in assets					
Investments-net	(2,468,162)	(4,029,501)	(3,525,250)	(10,022,913)	(9,611,156)
Dividend receivable	852,132	-	-	852,132	301,924
Profit receivable	(13,087)	951,526	1,072,041	2,010,479	(449,044)
Deposits and other receivables	(373,432)	(344,154)	(221,330)	(938,916)	(2,867,026)
	(2,002,549)	(3,422,130)	(2,674,539)	(8,099,218)	(12,625,302)
Increase / (decrease) in liabilities					
Payable against redemption of units	166,207	118,766	2,994	287,968	814,453
Payable to Arif Habib Investments Limited - Pension Fund Manager	98,759	96,553	75,737	271,050	8,278
Payable to Habib Metropolitan Bank Limited - Trustee	11,406	11,175	8,747	31,328	933
Payable to Auditors	(39,745)	(63,891)	(48,975)	(152,610)	(192,348)
Annual fee payable to the Securities and Exchange Commission of Pakistan	5,328	5,396	4,170	14,893	10,927
Accrued expenses and other liabilities	102,791	51,763	4,942	159,496	(1,181,866)
	344,747	219,763	47,615	612,125	(539,623)
Cash used in operating activities	(607,466)	(1,996,010)	(1,700,171)	(4,303,647)	(10,443,875)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	829,297	1,241,371	433,961	2,504,629	2,078,707
Payment against redemptions	(959,671)	(700,810)	(152,706)	(1,813,187)	(3,068,959)
Cash (used in) / generated from financing activities	(130,374)	540,561	281,255	691,442	(990,252)
Net decrease in cash and cash equivalent	(737,840)	(1,455,449)	(1,418,916)	(3,612,205)	(11,434,127)
Cash and cash equivalent at beginning of the period	831,360	2,494,743	13,129,482	16,455,585	22,302,950
Cash and cash equivalent at end of the period	93,520	1,039,294	11,710,566	12,843,380	10,868,823

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Half year ended December 31, 2012				Half year ended December 31, 2011
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	Rupees				
Net assets at the beginning of the period	54,068,071	60,426,934	46,831,439	161,326,444	127,380,123
Amount received on issue of units	1,239,983	3,152,889	1,464,626	5,857,498	2,803,826
Amount paid on redemption of units	(967,155)	(709,038)	(154,764)	(1,830,957)	(4,988,262)
	272,828	2,443,851	1,309,862	4,026,541	(2,184,436)
Element of (income) / loss and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing (income) / loss and realised (capital gains) / losses -net	(27,385)	(33,506)	(18,085)	(78,976)	16,878
- amount representing unrealised diminution / (appreciation) in fair value of investments	66,069	787,825	348,209	1,202,103	467,141
	38,684	754,319	330,124	1,123,127	484,019
Net unrealized gain / (loss) during the period in the market value of investments classified as 'available-for-sale'	144,942	179,900	-	324,842	(1,825,975)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	(66,069)	(787,825)	(348,209)	(1,202,103)	(467,141)
Net income after taxation for the period	11,538,193	2,267,409	2,205,457	16,011,059	4,955,448
Net assets at the end of the period	65,996,649	65,284,588	50,328,673	181,609,910	128,342,038

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2012

	Quarter ended December 31, 2012				Quarter ended December 31, 2011
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	61,470,363	63,998,246	49,174,316	174,642,925	129,709,369
Amount received on issue of units	829,297	1,241,372	433,960	2,504,628	2,078,707
Amount paid on redemption of units	(959,671)	(700,810)	(152,706)	(1,813,187)	(3,068,959)
	(130,375)	540,562	281,254	691,441	(990,252)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing (income) / loss and realised (capital gains) / losses -net	91	(20,130)	(11,766)	(31,805)	18,567
- amount representing unrealised diminution / (appreciation) in fair value of investments	172,621	1,408,293	625,462	2,206,376	218,932
	172,712	1,388,163	613,696	2,174,571	237,499
Net unrealized (loss) / gain during the period in the market value of investments classified as available-for-sale	(1,426,088)	(19,551)	(4,200)	(1,449,839)	(5,194,121)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	(172,621)	(1,408,293)	(625,462)	(2,206,376)	(218,932)
Net income after taxation for the period	6,082,658	785,462	889,069	7,757,189	4,798,475
Net assets at the end of the period	65,996,649	65,284,589	50,328,673	181,609,911	128,342,038

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT DECEMBER 31, 2012

-----Un-audited-----				Audited June 30, 2012
December 31, 2012				
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----				

Investments 'At fair value through profit or loss'

- Listed equity securities	48,404,439	-	-	48,404,439	29,249,490
- Government Ijarah Sukuks		40,793,050	37,816,700	78,609,750	20,510,250
	48,404,439	40,793,050	37,816,700	127,014,189	49,759,740

'Available for sale investments'

- Listed equity securities	14,409,086	-	-	14,409,086	18,014,351
- Government Ijarah Sukuks	-	21,701,025	-	21,701,025	69,031,925
- Sukuk Certificates	-	212,143	-	212,143	825,004
	14,409,086	21,913,168	-	36,322,254	87,871,280

<u>62,813,525</u>	<u>62,706,218</u>	<u>37,816,700</u>	<u>163,336,443</u>	<u>137,631,020</u>
-------------------	-------------------	-------------------	--------------------	--------------------

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2012

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

Page 1 of 3

Name of the Investee company						---- As at December 31, 2012----			Market value as a % of net assets of the sub fund	Percentage of issued capital of the investee company
	As at 01, July 2012	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at December 31, 2012	Carrying value	Market value	Appreciation / (Diminution)		
	(-----Number of shares-----)					-----Rupees-----			%	%
OIL & GAS PRODUCERS										
* Pakistan State Oil Company Limited	6,504	8,500	2,300	-	17,304	3,587,549	4,018,162	430,613	6.0884	0.0084
Pakistan Oilfields Limited	8,870	-	-	1,500	7,370	2,704,348	3,224,670	520,322	4.8861	0.0031
Oil & Gas Development Company Limited	11,000	32,700	-	20,000	23,700	4,257,591	4,564,857	307,266	6.9168	0.0006
Attock Petroleum Limited	-	7,500	-	2,600	4,900	2,401,000	2,508,751	107,751	3.8013	0.0071
Pakistan Petroleum Limited	1,750	2,500	1,062	-	5,312	823,005	939,108	116,103	1.4230	0.0003
National Refinery Limited	-	5,000	-	5,000	-	-	-	-	-	-
						13,773,493	15,255,548	1,482,055	23.1156	
CHEMICALS										
Fauji Fertilizer Company Limited	34,000	72,200	-	59,000	47,200	5,376,112	5,529,008	152,896	8.3777	0.0037
ICI Pakistan Limited	-	14,300	-	14,300	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	105,000	-	105,000	-	-	-	-	-	-
Clariant Pakistan Limited	-	8,700	-	-	8,700	2,200,950	2,246,340	45,390	3.4037	0.0255
						7,577,062	7,775,348	198,286	11.7814	
FORESTRY AND PAPER										
Pakistan Paper Products Limited	25,417	-	5,083	-	30,500	1,232,216	1,220,000	(12,216)	1.8486	0.5083
						1,232,216	1,220,000	(12,216)	1.8486	
CONSTRUCTION AND MATERIALS										
Attock Cement Pakistan Limited	32,000	-	3,750	32,000	3,750	265,565	374,288	108,723	0.5671	0.0038
Lucky Cement Limited	-	5,000	-	-	5,000	648,030	757,700	109,670	1.1481	0.0015
Kohat Cement Limited	-	56,000	-	36,000	20,000	1,152,393	1,412,600	260,207	2.1404	0.0155
Fecto Cement Limited	-	30,500	-	30,500	-	-	-	-	-	-
DG Khan Cement Limited	-	8,000	-	8,000	-	-	-	-	-	-
						2,065,988	2,544,588	478,600	3.8556	-
GENERAL INDUSTRIALS										
Ghani Glass Limited	-	1,500	150	1,650	-	-	-	-	-	-
Thal Limited	27,000	-	2,700	-	29,700	2,511,000	3,174,039	663,039	4.8094	0.0367
Packages Limited	-	7,000	-	7,000	-	-	-	-	-	-
						2,511,000	3,174,039	663,039	4.8094	
INDUSTRIAL ENGINEERING										
Millat Tractors Limited	7,050	-	-	300	6,750	3,259,238	3,810,780	551,542	5.7742	0.0184
Al Ghazi Tractors Limited	-	7,100	-	-	7,100	1,600,175	1,692,498	92,323	2.5645	0.0165
						4,859,413	5,503,278	643,865	8.3387	
PHARMA AND BIO TECH										
GlaxoSmithKline Pakistan Limited	33,000	2,221	-	35,221	-	-	-	-	-	-
Abbott Laboratories (Pakistan) Limited	21,500	-	-	21,500	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	18,500	200	14,500	4,200	372,038	336,462	(35,576)	0.5098	0.0139
						372,038	336,462	(35,576)	0.5098	
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited	-	100,000	-	100,000	-	-	-	-	-	-
						-	-	-	-	-
ELECTRICITY										
* The Hub Power Company Limited	90,780	10,800	-	-	101,580	4,290,048	4,595,479	305,431	6.9632	0.0088
						4,290,048	4,595,479	305,431	6.9632	
FOOD PRODUCERS										
National Foods Limited	2,020	2,200	-	500	3,720	883,513	1,074,857	191,344	1.6287	0.0090
Uni Lever Pakistan Limited	-	425	-	420	5	49,604	50,500	896	0.0765	0.0000
Engro Foods Limited	-	10,000	-	10,000	-	-	-	-	-	-
						933,117	1,125,357	192,240	1.7052	-
BANKS										
BankIslami Pakistan Limited	-	356,500	-	-	356,500	3,215,735	3,283,365	67,630	4.9750	0.0675
Meezan Bank Limited	-	119,500	-	-	119,500	3,516,950	3,590,975	74,025	5.4411	0.0132
						6,732,685	6,874,340	141,655	10.4162	-
Total for Equity Sub-Fund						44,347,060	48,404,439	4,057,379	73.3438	

-----Total-----
Unaudited December 31, 2012 Audited June 30, 2012
-----Rupees-----
48,404,439 29,249,490

* The above include shares with a market value aggregating to Rs. 2,494 million (June 2012: Rs. 2,33 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 form an integral part of this condensed interim financial information.

**For Arif Habib Investment Limited
(Management Company)**

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT DECEMBER 31, 2012

AVAILABLE FOR SALE' INVESTMENTS
PIPF EQUITY SUB- FUND
LISTED EQUITY SECURITIES

Page 2 of 3

Name of the Investee company						---- As at December 31, 2012----			Market value as a % of net assets of the sub fund	Percentage of issued capital of the investee company
	As at July 01, 2012	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at December 31, 2012	Carrying value	Market value	Appreciation / (Diminution)		
(-----Number of shares-----)						-----Rupees-----			%	%
OIL & GAS PRODUCERS										
Pakistan Oilfields Limited	5,475	-	-	1,500	3,975	952,545	1,739,222	786,677	2.6353	0.0017
Pakistan Petroleum Limited	23,339	-	5,834	-	29,173	3,272,265	5,157,495	1,885,230	7.8148	0.0018
						4,224,810	6,896,717	2,671,907	10.4501	
CHEMICALS										
Fauji Fertilizer Company Limited	2	-	-	2	-	-	-	-	-	-
CONSTRUCTION AND MATERIALS										
Lucky Cement Limited	38,621	-	-	14,800	23,821	1,720,922	3,609,834	1,888,912	5.4697	0.0074
GENERAL INDUSTRIES										
Tri-pack Films Limited	13,415	-	-	13,415	-	-	-	-	-	-
PHARMA AND BIO TECH										
Ferozsons Laboratories Limited	7,599	-	304	1,500	6,403	526,181	512,944	(13,237)	0.7772	0.0212
ELECTRICITY										
The Hub Power Company Limited	51,904	-	-	12,500	39,404	1,442,580	1,782,637	340,057	2.7011	0.0034
BANKS										
Meezan Bank Limited	53,476	-	-	-	53,476	810,289	1,606,954	796,665	2.4349	0.0059
Total for Equity Sub-Fund						8,724,782	14,409,086	5,684,304	21.8331	

-----Total-----	
Unaudited December 31, 2012	Audited June 30, 2012
-----Rupees-----	
14,409,086	18,014,351

Market value

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

For Arif Habib Investment Limited
(Management Company)



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2012

INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

Page 3 of 3

Name of Investments	Face value				As at December 31, 2012			Market value as % of net assets of the sub-fund
	As at July 1, 2012	Purchases during the period	Sales during the period	As at December 31, 2012	Carrying Value	Market value	Appreciation	
	-----Rupees-----							%
Government Ijarah Sukuk (3 years)								
Debt Sub-Fund	8,500,000	32,000,000	-	40,500,000	40,607,750	40,793,050	185,300	62.48
Money Market Sub-Fund	12,000,000	25,500,000	-	37,500,000	37,706,250	37,816,700	110,450	75.14
	<u>20,500,000</u>	<u>57,500,000</u>	<u>-</u>	<u>78,000,000</u>	<u>78,314,000</u>	<u>78,609,750</u>	<u>295,750</u>	

Un-audited
December 31,
2012
----- Rupees -----
Audited
June 30,
2012

Market value of Government Ijarah Sukuk (3 years)

Debt Sub-Fund	40,793,050	8,504,250
Money Market Sub-Fund	37,816,700	12,006,000
Total Market Value	<u>78,609,750</u>	<u>20,510,250</u>

'AVAILABLE FOR SALE' INVESTMENTS

Name of Investments	Face value				As at December 31, 2012			Market value as % of net assets of the sub-fund	Market value as % of total Investments	Percentage in relation to the size of the issue
	As at July 1, 2012	Purchases during the period	Sales / matured during the period	As at December 31, 2012	Cost	Market value	(Diminution)			
	-----Rupees-----							%		
Government Ijarah Sukuk (3 years)										
Debt Sub-Fund	45,000,000	-	23,500,000	21,500,000	21,735,325	21,701,025	(34,300)	33.24	-	-
Money Market Sub-Fund	24,000,000	-	24,000,000	-	-	-	-	-	-	-
	<u>69,000,000</u>	<u>-</u>	<u>47,500,000</u>	<u>21,500,000</u>	<u>21,735,325</u>	<u>21,701,025</u>	<u>(34,300)</u>			
SUKUK CERTIFICATES										
Debt Sub-Fund										
Pak Electron Limited - SUKUK (28-09-2007)	550	-	-	550	1,011,220	212,143	(799,077)	0.32	0.34	0.08
	<u>69,000,550</u>	<u>-</u>	<u>47,500,000</u>	<u>21,500,550</u>	<u>22,746,545</u>	<u>21,913,168</u>	<u>(833,377)</u>			

Un-audited
December 31,
2012
----- Rupees -----
Audited
June 30,
2012

Market value of Government Ijarah Sukuk (3 years)

Debt Sub-Fund	21,701,025	45,021,125
Money Market Sub-Fund	-	24,010,800

Market value of Sukuk Certificate

Debt Sub-Fund	212,143	825,004
Total Market Value	<u>21,913,168</u>	<u>69,856,929</u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

Contributions net of front end fee	Half year ended December 31, 2012							Half year ended December 31, 2011
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	397,822	40,039,639	410,753	44,950,900	344,835	35,713,220	120,703,759	104,299,672
Individuals - issue of units	6,831	1,239,983	21,351	3,152,889	10,830	1,464,626	5,857,498	2,803,826
- redemption of units	(5,032)	(967,155)	(4,693)	(709,038)	(1,106)	(154,764)	(1,830,957)	(4,988,262)
	1,799	272,828	16,658	2,443,851	9,724	1,309,862	4,026,541	(2,184,436)
Closing balance	399,621	40,312,467	427,411	47,394,751	354,559	37,023,082	124,730,300	102,115,236

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2012**

Contributions net of front end fee	Quarter ended December 31, 2012							Quarter ended December 31, 2011
	PIPF Equity Sub-fund		PIPF Debt Sub-fund		PIPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	400,519	40,442,841	423,880	46,854,190	352,573	36,741,827	124,038,858	103,105,488
Individuals - issue of units	4,083	829,297	8,168	1,241,371	3,077	433,961	2,504,629	2,078,707
- redemption of units	(4,981)	(959,671)	(4,637)	(700,810)	(1,091)	(152,706)	(1,813,187)	(3,068,959)
	(898)	(130,374)	3,531	540,561	1,986	281,255	691,442	(990,252)
Closing balance	399,621	40,312,467	427,411	47,394,751	354,559	37,023,082	124,730,300	102,115,236

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

	Half year ended December 31, 2012		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund
	----- Number of units -----		
Total units outstanding at the beginning of the period	397,822	410,753	344,835
Add: Units issued during the period	6,831	21,351	10,830
Less: Units redeemed during the period	(5,032)	(4,693)	(1,106)
Total units in issue at the end of the period	<u>399,621</u>	<u>427,411</u>	<u>354,559</u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2012**

	Quarter ended December 31, 2012		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund
	----- Number of units -----		
Total units outstanding at the beginning of the period	400,519	423,880	352,573
Add: Units issued during the period	4,083	8,168	3,077
Less: Units redeemed during the period	(4,981)	(4,637)	(1,091)
Total units in issue at the end of the period	<u>399,621</u>	<u>427,411</u>	<u>354,559</u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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.

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

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, 2012 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, 2012. 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, 2012 and the quarter ended December 31, 2012 are un-audited and have been included to facilitate comparison.
- 2.3 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2012 except for:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

a) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 1 dated January 6, 2009 as amended by Circular No. 13 dated May 4, 2009 and Circular No. 33 dated October 24, 2012 and issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2012.

3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the fund except where changes affected presentation and disclosures in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended 30 June 2012.

-----Un-audited-----				Audited As at June 30, 2012
As at December 31, 2012				
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
----- Rupees -----				

5. BALANCES WITH BANKS

Current accounts	73,541	-	-	73,541	3,676,331
Saving accounts	19,979	1,039,294	11,710,566	12,769,839	11,359,641
	<u>93,520</u>	<u>1,039,294</u>	<u>11,710,566</u>	<u>12,843,380</u>	<u>15,035,972</u>

Saving accounts carry a rate of return ranging from 5.05% to 9.4%. (June 2012: 5.05% to 11.6%) per annum.

6. DEPOSITS AND OTHER RECEIVABLES

Security deposits	2,701,000	200,000	100,000	3,001,000	3,001,000
Other receivable	1,000	1,000	1,000	3,000	3,000
Receivable against sale of investment	194,020	442	-	194,462	-
Receivable against issue of units	541,325	774,106	252,022	1,567,453	5,135,177
Receivable from sub-funds	-	99,000	95,283	194,283	1,171,730
	<u>3,437,345</u>	<u>1,074,548</u>	<u>448,305</u>	<u>4,960,198</u>	<u>9,310,907</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Professional fee payable	22,782	25,576	22,166	70,524	99,992
Donation / charity payable	102,288	-	5,910	108,198	68,886
Payable against purchase of investments	-	-	-	-	868,700
Payable to sub-funds	194,283	-	-	194,283	1,171,730
Tax Payable	-	-	-	-	-
Others	81,641	193,131	62,593	337,365	148,565
	<u>400,994</u>	<u>218,707</u>	<u>90,669</u>	<u>710,370</u>	<u>2,357,873</u>

8. CONTINGENCY

8.1 Contribution to Workers Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

During the period, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh. However, pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been made by the Management Company. The aggregate unrecorded amount of WWF as at December 31, 2012 amounted to Rs. 0.564 million, Rs. 0.323 million and Rs. 0.223 million for equity sub-fund, debt sub-fund and money market sub-fund respectively (June 2012: Rs. 0.330 million, Rs. 0.274 million and Rs. 0.179 million). If the same were recorded, the net asset value per unit of each sub-fund as at December 31, 2012 / the net income for the year then ended would have been lower by Rs. 1.4 / 4.83%, Rs. 0.76 / 13.2% and Rs. 0.63 / 10.12% for equity sub-fund, debt sub-fund and money market sub-fund respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

9. NET UNREALISED (DIMINUTION) /

APPRECIATION IN MARKET VALUE OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'

-----Un-audited-----					Audited
As at December 31, 2012					As at June 30, 2012
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total		
----- Rupees -----					
Market Value	14,409,086	21,913,168	-	36,322,254	87,871,280
Average Cost	(8,724,782)	(22,746,545)	-	(31,471,327)	(82,901,440)
	5,684,304	(833,377)	-	4,850,927	4,969,840
Impairment loss					
Opening	107,772	-	-	107,772	4,941,738
Charged during the period	-	-	-	-	371,355
Reversal/Derecognised	(29,581)	-	-	(29,581)	(5,205,321)
	78,191	-	-	78,191	107,772
Surplus/(deficit) net of impairment loss	5,762,495	(833,377)	-	4,929,118	5,077,612
Provision against debt securities					
Opening	-	268,597	-	268,597	-
Charged during the period	-	612,861	-	612,861	268,597
Reversal/Derecognised	-	-	-	-	-
	-	881,458	-	881,458	268,597
Reversal during the period			(139,525)	(139,525)	-
Less: Net unrealised (appreciation) in value of investment at the beginning of the year	(5,617,553)	131,819	139,525	(5,346,209)	(5,260,937)
	144,942	179,900	-	324,842	85,272

9.1 As at December 31, 2012, the management carried out a scrip wise analysis of impairment in respect of equity securities classified as 'available-for-sale'.

10. 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

11. 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.

12. EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended December 31, 2012 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, 2012			
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	398,798	420,648	351,088
Net income after taxation (Rupees)	11,538,193	2,267,409	2,205,457
Earnings per unit (Rupees)	<u>28.93</u>	<u>5.39</u>	<u>6.28</u>

Quarter ended December 31, 2012			
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	398,936	423,257	352,618
Net income after taxation (Rupees)	6,082,658	785,462	889,069
Earnings per unit (Rupees)	<u>15.25</u>	<u>1.86</u>	<u>2.52</u>

13. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

13.1 Transactions during the period

-----Un-audited-----				
Half year ended December 31, 2012				Half year ended December 31, 2011
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
Rupees -----				

Arif Habib Investments Ltd - Pension Fund Manager

Remuneration	462,898	479,069	369,374	1,311,341	972,790
Sales load	480	43,320	28,800	72,600	9,938

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

-----Un-audited-----				
Half year ended December 31, 2012				Half year ended December 31, 2011
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

Habib Metropolitan Bank Limited -Trustee

Remuneration	60,413	62,523	48,207	171,143	128,249
Profit earned on saving bank accounts during the period	33,774	124,734	128,150	286,658	306,139
Bank charges	1,137	1,894	2,735	5,766	3,871
Investment in Term Deposit Receipt (TDR)	-	-	-	-	13,900,000
Profit earned on TDR	-	-	-	-	222,326

MCB Bank Limited

Profit earned on saving bank accounts during the period	-	-	385	385	76,912
Investment in TDR	-	-	-	-	7,900,000
Profit earned on TDR	-	-	-	-	216,654

Next Capital Limited

Brokerage *	3,413	-	-	-	-
-------------	-------	---	---	---	---

Directors and Officers

Issue of PIPF Equity sub - fund 560.77 units (2011: 4,783 units)	86,600	-	-	86,600	513,400
Issue of PIPF Debt sub - fund 255.31 units (2011: 1,424 units)	-	38,480	-	38,480	198,606
Issue of PIPF Money Market sub - fund 43.83 units (2011: 256 units)	-	-	6,120	6,120	32,880
Redemption of PIPF Equity sub - fund 3,392.79 units (2011: 9,365 units)	528,868	-	-	528,868	1,034,005
Redemption of PIPF Debt sub - fund 2,494.59 units (2011: 6,999 units)	-	376,558.37	-	376,558	967,412
Redemption of PIPF Money Market sub - fund 675.96 units (2011: 3,800 units)	-	-	94,574	94,574	480,818

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

-----Un-audited-----				
Quarter ended December 31, 2012				Quarter ended December 31, 2011
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	
-----Rupees-----				

Arif Habib Investments Ltd - Pension Fund Manager

Remuneration	239,721	242,804	187,648	670,173	570,393
Sales load	480	43,320	28,800	72,600	3,330

Habib Metropolitan Bank Limited -Trustee

Remuneration	31,266	31,668	24,475	87,409	64,800
Profit earned on saving bank accounts during the period	13,088	41,241	35,877	90,206	128,014
Bank Charges	1,137	1,065	2,009	4,211	-
Investment in Term Deposit Receipt	-	-	-	-	6,200,000
Profit earned on TDR	-	-	-	-	212,803

MCB Bank Limited

Profit earned on saving bank accounts during the period	-	-	143	143	263
Investment in Term Deposit Receipt	-	-	-	-	200,000
Profit earned on TDR	-	-	-	-	207,131

Next Capital Limited

Brokerage *	1,358	-	-	-	-
-------------	-------	---	---	---	---

Directors and Officers

Issue of PIPF Equity sub - fund 172 units (2011: 1,291 units)	27,300	-	-	27,300	118,519
Issue of PIPF Debt sub - fund 100 units (2011: 438 units)	-	15,240	-	15,240	61,285
Issue of PIPF Money Market sub - fund 22 units (2011: 107 units)	-	-	3,060	3,060	13,832
Redemption of PIPF Equity sub - fund 561 units (2011: 2,074 units)	528,868	-	-	528,868	209,619
Redemption of PIPF Debt sub - fund 2,495 units (2011: 2,124 units)	-	376,558.37	-	376,558	288,293
Redemption of PIPF Money Market sub - fund 44 units (2011: 575 units)	-	-	94,574	94,574	69,037

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

13.2 Amounts outstanding as at the period / year end

-----Un-audited-----					Audited June 30, 2012
As at December 31, 2012					
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total		
----- Rupees -----					
Arif Habib Investments Ltd - Pension Fund Manager					
Remuneration payable	160,962	161,940	129,968	452,870	190,820
Sales load payable	21,078	102,635	61,460	185,173	112,573
Investment in seed capital 300,000 units (June 2012: 300,000 units)	49,544,490	45,823,288	42,584,197	137,951,974	125,649,047
Habib Metropolitan Bank Limited					
Remuneration payable	21,301	21,445	16,644	59,390	24,990
Balances with banks	93,591	1,868,673	1,361,953	3,324,217	13,875,787
Profit receivable on saving bank accounts	26,031	108,321	117,115	251,467	93,272
MCB Bank Limited					
Bank balance	-	-	-	-	99,201
Next Capital Limited					
Brokerage payable	575	-	-	-	-
Directors and Officers					
Balance as at December 31, 2012					
Investment in PIPF Equity sub - fund 5,808.7 units (June 2012: 8,640.72 units)	959,297	-	-	959,297	1,212,516
Investment in PIPF Debt sub - fund 4,104.31 units (2012: 6,343.59 units)	-	626,910	-	626,910	1,562,633
Investment in PIPF Money Market sub - fund 1,253.89 units (2012: 1,886.2 units)	-	-	177,986	177,986	669,698

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 04, 2013 by the Board of Directors of the Pension Fund Manager.

15. GENERAL

Figures have been rounded off to the nearest Rupee.



Chief Executive Officer

**For Arif Habib Investment Limited
(Management Company)**



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)

8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH), 111-468378 (111-INVEST), Peshawar 091-5852961,
Bachat Center: 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908, URL: www.mcbah.com