

Quarterly Report

March 31, 2014
(Unaudited)



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

**PAKISTAN
ISLAMIC PENSION FUND**

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FUND'S INFORMATION

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

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

Dear Investor,

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

ECONOMY AND MONEY MARKET OVERVIEW

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

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

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

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

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

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

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

EQUITIES MARKET OVERVIEW

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

A combination of improving economic indicators, strong inherent bottom line growth and healthy payouts helped keep the investors' interest alive in the stock market. The rally remained broad based, but interest largely remained in Textile, Construction & Materials, Oil & Gas, Pharmaceuticals and Power Sectors on the heels of success in getting GSP+ status, increase in margins of cement companies, increase in oil production and significant rupee depreciation during the 1HFY14.

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

FUND PERFORMANCE

Equity Fund

During the period under review, the Equity sub-fund generated a return of 30.54% while the KSE-100 posted a return of 29.30%. The sub-fund changed its overall equity and sector allocations many times during the period in response to varying investment scenarios

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

and to manage risk. Equity allocation at the end of the period was 94.4% as compared to beginning allocation of 88.8%. The sub-fund decreased exposure significantly from Constructions & Material, Electricity and Automobiles & Parts while exposure towards General Industries, Pharam & Bio Tech and Personal Goods sectors was increased.

The Net Asset of the Fund as at March 31, 2014 stood at Rs.113.04 million as compared to Rs 83.33 million as at June 30 2013 registering an increase of 35.60%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 251.64 as compared to opening NAV of Rs. 192.77 per unit as at June 30, 2013 registering an increase of Rs. 58.87 per unit.

Debt Fund

The debt sub-fund generated an annualized return of 8.72% during the period under review. The sub-funds exposure towards GoP Ijarah Sukuk decreased to 82.7% from 89.8%.

The Net Asset of the Fund as at March 31, 2014 stood at Rs.100.625 million as compared to Rs 79.933 million as at June 30 2013 registering an increase of 25.88%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 167.44 as compared to opening NAV of Rs. 157.15 per unit as at June 30, 2013 registering an increase of Rs. 10.29 per unit

Money Market Fund

The money market sub-fund generated an annualized return of 7.3% during the period under review. Fund's exposure towards GoP Ijarah Sukuk was decreased to 63.8% from 84.4% during the period.

The Net Asset of the Fund as at March 31, 2014 stood at Rs.63.76 million as compared to Rs 55.04 million as at June 30 2013 registering an increase of 5.45%.

The Net Asset Value (NAV) per unit as at March 31, 2014 was Rs. 154.25 as compared to opening NAV of Rs. 146.27 per unit as at June 30, 2013 registering an increase of Rs. 7.98 per unit.

FUTURE OUTLOOK

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

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

ACKNOWLEDGMENT

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

For and on behalf of the board



Yasir Qadri

Chief Executive Office

Karachi: April 21, 2014

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

		(Un-Audited)			(Audited)	
		March 31, 2014			June 30, 2013	
	Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
(Rupees)						
Assets						
Balances with banks	5	1,031,047	15,464,237	21,704,788	38,200,072	15,353,802
Investments (as per condensed interim statement of investments by category)		108,619,682	83,825,505	40,954,550	233,399,737	195,222,567
Dividend receivable		789,446	-	-	789,446	115,972
Profit receivable		29,539	1,790,698	1,426,994	3,247,231	2,235,533
Deposits and other receivables	6	4,032,371	201,000	101,001	4,334,372	8,752,356
Total assets		114,502,085	101,281,440	64,187,333	279,970,858	221,680,230
Liabilities						
Payable to Pension Fund Manager	7	162,033	144,064	91,902	397,999	304,030
Payable to the Habib Metropolitan Bank Limited - Trustee		17,599	15,647	9,982	43,228	33,917
Annual fee payable to the Securities and Exchange Commission of Pakistan		23,863	22,181	14,681	60,725	60,980
Accrued expenses and other liabilities	8	1,259,520	473,926	304,557	2,038,003	2,970,169
Total liabilities		1,463,015	655,818	421,122	2,539,955	3,369,096
Net assets		113,039,070	100,625,622	63,766,211	277,430,903	218,311,134
Participants' Sub-Funds (as per condensed interim Statement of Movement in Participants' sub-funds)		113,039,070	100,625,623	63,766,211		
Number of units						
Number of units in issue		449,211	600,965	413,383		
(Rupees)						
Net assets value per unit		251.64	167.44	154.25		

Contingency

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


Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2014

		Nine months ended March 31, 2014				Nine months ended March 31, 2013
		Equity sub fund	Debt sub fund	Money market sub fund	Total	
Note		(Rupees)				
Income						
	Capital gain on sale of investments	11,862,096	-	-	11,862,096	9,586,252
	Dividend income	4,736,463	-	-	4,736,463	3,868,842
	Income from Government Securities	-	5,383,118	3,224,886	8,608,004	5,280,272
	Income from Term Finance Certificates and sukuk bonds	-	98,384	-	98,384	2,428,461
	Profit on bank and other deposits	72,106	458,762	627,941	1,158,809	1,042,766
	Unrealised gain on revaluation of investments at fair value through profit or loss' - net	17,256,914	1,431,621	451,250	19,139,785	1,911,961
	Total income	33,927,579	7,371,885	4,304,077	45,603,541	24,118,554
	Reversal of / (provision) against investments classified as 'available for sale)	-	-	-	-	(569,511)
	Total income - net of provision against investments	33,927,579	7,371,885	4,304,077	45,603,541	23,549,043
Expenses						
	Remuneration of Pension Fund Manager	1,073,823	998,161	660,623	2,732,607	1,996,047
	Sindh sales tax and federal excise duty on remuneration of Pension Fund Manager	371,113	344,964	228,311	944,388	319,369
	Remuneration of Habib Metropolitan Bank Limited - Trustee	137,304	127,653	84,503	349,460	260,316
	Annual fee - Securities and Exchange Commission of Pakistan (SECP)	23,863	22,181	14,681	60,725	44,246
	Auditors' Remuneration	155,472	144,416	97,691	397,579	337,086
	Custody and settlement charges	616,998	(13,080)	590	604,508	410,626
	Legal and professional charges	18,204	17,044	11,355	46,603	155,174
	Provision for Workers' Welfare Fund	649,901	123,388	67,521	840,810	-
	Bank charges	2,735	3,763	3,513	10,011	11,212
	Donation and charity expense	77,064	-	-	77,064	99,594
	Total expenses	3,126,477	1,768,490	1,168,788	6,063,754	3,633,670
	Net income from operating activities	30,801,102	5,603,395	3,135,288	39,539,787	20,484,884
	Element of income and capital gains included in prices of units issued less those redeemed	1,044,067	485,102	173,228	1,702,397	208,030
	Net income for the period before taxation	31,845,169	6,088,497	3,308,516	41,242,184	20,692,914
	Taxation	-	-	-	-	-
	Net income for the period after taxation	31,845,169	6,088,497	3,308,516	41,242,184	20,692,914
Other comprehensive (loss) / income for the period to be reclassified to profit and loss						
	Unrealised (loss) / gain on re-valuation of investments classified as 'available-for-sale' - net	(5,067,838)	111,249	-	(4,956,589)	(58,776)
	Total comprehensive income for the period	26,777,331	6,199,747	3,308,516	36,285,595	20,064,627
	Earnings per unit	73.13	11.11	8.46		

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


Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2014

	Note	Quarter ended March 31, 2014			Quarter ended March 31, 2013
		Equity sub fund	Debt sub fund	Money market sub fund	
		(Rupees)			
				Total	
Income					
Capital gain on sale of investments		3,698,253	-	-	3,606,123
Dividend income		1,821,489	-	-	1,267,779
Income from Government Securities		-	1,920,150	982,789	23,698
Income from Term Finance Certificates and sukuk bonds		-	-	-	2,347,025
Profit on bank and other deposits		16,386	159,664	294,893	382,672
Unrealised gain on revaluation of investments at fair value through profit or loss' - net		-	-	-	(2,441,168)
Total income		11,799,929	3,007,533	1,512,542	5,186,129
Reversal of / (provision) against investments classified as 'available for sale'		-	-	-	13,769
Total Income - net of provision against investments		11,799,929	3,007,533	1,512,542	5,199,898
Expenses					
Remuneration of Pension Fund Manager	10	392,122	352,423	226,294	684,706
Sindh sales tax and federal excise duty on remuneration of Pension Fund Manager		135,517	121,797	78,206	109,557
Remuneration of Habib Metropolitan Bank Limited - Trustee		49,668	44,641	28,665	89,173
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		8,714	7,831	5,029	15,211
Auditors' remuneration		51,484	46,602	30,123	110,960
Custody and settlement charges		193,497	20,760	-	123,727
Legal and professional charges		4,549	4,113	2,651	21,146
Provision against Debt Securities		-	-	-	-
Provision for Workers' Welfare Fund		234,499	52,628	24,955	-
Bank charges		(10)	-	2	1,846
Donation and charity expense		35,149	-	-	60,282
Total expenses		1,105,189	650,795	395,925	1,216,608
Net income from operating activities		10,694,740	2,356,738	1,116,617	3,983,290
Element of income and capital gains included in prices of units issued less those redeemed		795,715	236,173	106,169	129,053
Net income for the period before taxation		11,490,455	2,592,911	1,222,786	4,112,343
Taxation	11	-	-	-	-
Net income for the period after taxation		11,490,455	2,592,911	1,222,786	4,112,343
Other comprehensive (loss) / income for the period					
Unrealised (loss) / gain on re-valuation of investments classified as 'available for sale' - net		(314,706)	(5,251)	-	(383,618)
Total comprehensive income for the period		11,175,749	2,587,660	1,222,786	3,728,725
Earnings per unit	12	26.09	4.49	3.05	

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


Chief Executive Officer

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



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine months ended March 31, 2014				Nine months ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	(Rupees)				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation	31,845,169	6,088,497	3,308,517	41,242,183	20,123,402
Adjustments for non cash items:					
Capital (gain) / loss on sale of investments	(11,862,096)	-	-	(11,862,096)	(9,586,252)
Unrealised (gain) on revaluation of investments at fair value through profit or loss' - net	(17,256,914)	(1,431,621)	(451,250)	(19,139,785)	(1,911,961)
Impairment loss on Investment as 'available-for-sale'	-	-	-	-	569,511
Element of income and capital gains included in prices of units issued less those redeemed	(1,044,067)	(485,102)	(173,228)	(1,702,397)	(208,030)
	(30,163,077)	(1,916,723)	(624,478)	(32,704,278)	(11,136,732)
(Increase) / decrease in assets					
Investments - net	(8,196,209)	(10,102,799)	6,167,130	(12,131,878)	(14,418,873)
Dividend receivable	(673,474)	-	-	(673,474)	(1,337,424)
Profit receivable	6,267	(467,973)	(549,992)	(1,011,698)	(1,041,073)
Deposits and other receivables	2,474,999	1,671,511	271,474	4,417,984	2,761,604
	(6,388,417)	(8,899,261)	5,888,612	(9,399,066)	(14,035,766)
Increase / (decrease) in liabilities					
Payable against redemption of units	-	-	-	-	(45,664)
Payable to Pension Fund Manager	31,253	25,763	7,600	64,616	58,697
Payable to the Trustee	4,292	3,613	1,406	9,311	6,928
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	1,705	130	(2,090)	(255)	(1,109)
Accrued and other liabilities	(1,259,139)	219,726	136,600	(902,813)	(1,914,787)
	(1,221,889)	249,232	143,516	(829,141)	(1,895,935)
Cash (used in) / generated from operating activities	(5,928,214)	(4,478,255)	8,716,167	(1,690,302)	(6,945,031)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	9,409,408	17,959,420	6,729,403	34,098,231	12,001,373
Payment against redemptions	(5,434,192)	(2,981,511)	(1,145,956)	(9,561,659)	(5,404,355)
Net cash generated from financing activities	3,975,216	14,977,909	5,583,447	24,536,572	6,597,018
Net (decrease) / increase in cash and cash equivalent during the period	(1,952,998)	10,499,654	14,299,614	22,846,270	(348,013)
Cash and cash equivalents at beginning of the period	2,984,045	4,964,583	7,405,174	15,353,802	15,035,972
Cash and cash equivalents at end of the period	1,031,047	15,464,237	21,704,788	38,200,072	14,687,959

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


Chief Executive Officer

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


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2014

	Quarter ended March 31, 2014				Quarter ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation	11,490,455	2,550,423	1,222,787	15,263,665	4,112,343
Adjustments for non cash items:					
Capital (loss) / gain on sale of investments	(3,698,253)	-	-	(3,698,253)	(3,606,123)
Unrealised (loss) / gain on revaluation of investments 'at fair value through profit or loss' - net	(6,263,801)	(862,755)	(234,860)	(7,361,416)	2,441,168
Impairment loss on Investment as 'available-for-sale'	-	-	-	-	(13,769)
Element of income and capital gains included in prices of units issued less those redeemed	(795,715)	(236,173)	(106,169)	(1,138,057)	(129,053)
	(10,757,769)	(1,098,928)	(341,029)	(12,197,726)	(1,307,777)
(Increase) / decrease in assets					
Investments - net	(5,290,384)	-	2,604,680	(2,685,704)	1,211,730
Dividend receivable	(789,446)	-	-	(789,446)	(1,207,980)
Profit receivable	12,141	(327,495)	(546,121)	(861,475)	(1,129,641)
Deposits and other receivables	(1,325,000)	-	(1)	(1,325,001)	(1,589,105)
	(7,392,689)	(327,495)	2,058,558	(5,661,626)	(2,714,996)
Increase / (decrease) in liabilities					
Payable against redemption of units	-	-	-	-	(339,611)
Payable to Pension Fund Manager	18,278	6,445	2,895	27,618	(245,184)
Payable to the Trustee	1,759	482	174	2,415	(27,472)
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	-	-	-	-	15,212
Accrued and other liabilities	8,714	7,831	5,029	21,574	
	313,031	116,629	64,644	494,304	(218,412)
	341,782	131,387	72,742	545,911	(815,467)
Cash used in operating activities	(6,318,221)	1,297,875	3,013,058	(2,007,288)	(725,897)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	3,714,703	6,179,525	2,831,968	12,726,197	6,143,875
Payment against redemptions	(629,748)	(2,004,752)	(660,439)	(3,294,939)	(3,573,398)
Net cash generated from financing activities	3,084,955	4,174,773	2,171,529	9,431,257	2,570,477
Net (decrease) / increase in cash and cash equivalent during the period	(3,233,266)	5,472,648	5,184,587	7,423,969	1,844,580
Cash and cash equivalents at beginning of the period	4,264,313	9,991,589	16,520,201	30,776,103	12,843,380
Cash and cash equivalents at end of the period	1,031,047	15,464,237	21,704,788	38,200,072	14,687,959

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



Chief Executive Officer

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



Director

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

	Nine months ended March 31, 2014				Nine months ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
Net assets at the beginning of the period	83,330,590	79,933,069	55,047,475	218,311,134	161,326,444
Amount received on issue of units	9,409,408	17,959,420	6,729,403	34,098,231	12,001,373
Amount paid on redemption of units	(5,434,192)	(2,981,511)	(1,145,956)	(9,561,659)	(5,404,355)
	3,975,216	14,977,909	5,583,447	24,536,572	6,597,018
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net					
Amount representing (income) / loss and realised capital (gains) / losses - net	(1,044,067)	(485,102)	(173,228)	(1,702,397)	(208,030)
Amount representing unrealised (appreciation) / diminution in fair value of investments	1,238,186	5,261,438	1,707,315	8,206,939	1,904,597
	194,119	4,776,336	1,534,087	6,504,542	1,696,567
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	(5,067,838)	111,249	-	(4,956,589)	(58,776)
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	(1,238,186)	(5,261,438)	(1,707,315)	(8,206,939)	(1,904,597)
Net income after taxation for the period	31,845,169	6,088,497	3,308,517	41,242,183	20,123,402
Net assets at the end of the period	113,039,070	100,625,622	63,766,211	277,430,903	187,780,059

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


Chief Executive Officer

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


Director

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

	Quarter ended March 31, 2014				Quarter ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
Net assets at the beginning of the period	99,574,081	94,099,362	60,478,064	254,151,507	181,609,910
Amount received on issue of units	3,714,703	6,179,525	2,831,968	12,726,196	6,143,876
Amount paid on redemption of units	(629,748)	(2,004,752)	(660,439)	(3,294,939)	(3,573,398)
	3,084,955	4,174,773	2,171,529	9,431,257	2,570,478
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net					
Amount representing (income) / loss and realised capital (gains) / losses - net	(795,715)	(236,173)	(106,168)	(1,138,056)	(129,054)
Amount representing unrealised (appreciation) / diminution in fair value of investments	1,025,218	1,435,251	653,152	3,113,621	702,494
	229,503	1,199,078	546,984	1,975,565	573,440
Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale	(314,706)	(5,251)	-	(319,957)	(383,618)
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	(1,025,218)	(1,435,251)	(653,152)	(3,113,621)	(702,494)
Net income after taxation for the period	11,490,455	2,592,911	1,222,786	15,306,152	4,112,343
Net assets at the end of the period	113,039,070	100,625,622	63,766,211	277,430,903	187,780,059

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


Chief Executive Officer

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


Director

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

	(Un-Audited)			
	March 31, 2014			
	Equity sub fund	Debt sub fund	Money market sub fund	(Audited)
	(Rupees)			June 30, 2013
Investment 'at fair value through profit or loss'				
Listed equity securities	108,619,682	-	-	67,243,817
Government Ijarah Sukuks	-	66,235,930	40,954,550	97,301,941
	108,619,682	66,235,930	40,954,550	164,545,758
'Available-for-sale' investments				
Listed equity securities	-	-	-	9,128,484
Government Ijara Sukuk	-	17,589,575	-	21,548,325
Sukuk Certificates	-	-	-	-
	-	17,589,575	-	30,676,809
	108,619,682	83,825,505	40,954,550	195,222,567

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


Chief Executive Officer

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


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO AS AT MARCH 31, 2014

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

Name of the Investee Company	Number of shares					As at March 31, 2014			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company
	As at July 01, 2013	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at March 31, 2014	Cost	Market value	Appreciation / (Diminution)		
	(Number of shares)					(Rupees)			%	%
Oil and gas										
* Pakistan State Oil Company Limited	19,304	20,700	-	18,800	21,204	6,904,892	9,047,959	2,143,067	8.00%	0.01%
Shell Pakistan Limited	5,000	-	-	5,000	-	-	-	-	0.00%	0.00%
National Refinery Limited	-	19,900	-	-	19,900	4,425,364	4,553,518	128,154	4.03%	0.02%
Pakistan Oilfield Limited	15,670	29,400	-	24,500	20,570	9,465,648	11,193,783	1,728,135	9.90%	0.01%
Oil & Gas Development Company Limited	28,500	3,500	-	32,000	-	-	-	-	0.00%	0.00%
Pakistan Petroleum Limited	16,912	22,402	5,782	393	44,703	8,503,520	10,002,743	1,499,223	8.85%	0.00%
Attock Petroleum Limited	-	19,300	2,360	14,160	7,500	3,815,000	4,056,975	241,975	3.59%	0.01%
						33,114,424	38,854,978	5,740,554	34.37%	
Chemicals										
Fauji Fertilizer Company Limited	5,100	100,500	-	51,900	53,700	6,109,411	5,952,108	(157,303)	5.27%	0.00%
ICI Pakistan Limited	-	24,100	-	22,000	2,100	348,078	763,035	414,957	0.68%	0.00%
Fauji Fertilizer Bin Qasim Limited	98,500	-	-	22,000	76,500	2,871,810	3,292,560	420,750	2.91%	0.01%
Sitara Chemical Industries Limited	19,000	-	-	19,000	-	-	-	-	0.00%	0.00%
						9,329,299	10,007,703	678,404	8.86%	
Forestry and paper										
Pakistan Paper Products Limited	14,000	-	-	-	14,000	614,460	716,800	102,340	0.63%	0.23%
						614,460	716,800	102,340	0.63%	
Household goods										
Tariq Glass Industries	-	108,000	-	108,000	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Personal goods										
Gadoon Textile	-	4,500	-	4,500	-	-	-	-	0.00%	0.00%
Kohinoor Textile Mills	-	16,500	-	-	16,500	439,150	422,895	(16,255)	0.37%	0.01%
Bata Pakistan Limited	300	1,960	-	-	2,260	4,313,098	6,185,055	1,871,957	5.47%	0.03%
						4,752,248	6,607,950	1,855,702	5.84%	
Health Care Equipment and Services										
Shifa International Hospitals Limited	42,000	-	-	42,000	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Automobile and parts										
Pak Suzuki Motor Company Limited	18,000	-	-	18,000	-	-	-	-	0.00%	0.00%
Indus Motors Company Limited	-	4,200	-	-	4,200	1,442,650	1,675,632	232,982	1.48%	0.01%
						1,442,650	1,675,632	232,982	1.48%	
Construction and materials										
Maple Leaf Cement	-	211,000	-	17,000	194,000	4,821,530	5,709,420	887,890	5.05%	0.04%
Lucky Cement Limited	5,000	19,400	-	10,700	13,700	3,436,253	4,342,215	905,962	3.84%	0.00%
Attock Cement Pakistan Limited	19,750	-	1,462	21,200	12	1,377	1,699	322	0.00%	0.00%
Cherat Cement Company Limited	40,000	-	1,800	22,000	19,800	1,047,420	1,470,348	422,928	1.30%	0.02%
Lafarge Pakistan Cement Limited	-	128,500	-	128,500	-	-	-	-	0.00%	0.00%
Fecto Cement Company Limited	58,500	-	-	58,500	-	-	-	-	0.00%	0.00%
Kohat Cement Company Limited	50,000	10,000	10,000	20,500	49,500	3,771,124	5,792,490	2,021,366	5.12%	0.03%
						13,077,704	17,316,172	4,238,468	15.31%	
General industrials										
Packages Limited	-	18,500	-	-	18,500	4,925,810	6,358,820	1,433,010	5.63%	0.02%
Thal Limited	-	21,600	-	-	21,600	3,468,286	3,666,384	198,098	3.24%	0.05%
						8,394,096	10,025,204	1,631,108	8.87%	
Industrial engineering										
Millat Tractors Limited	55	-	-	55	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Industrial transportation										
Pakistan National Shipping Corporation	-	30,000	-	30,000	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Pharma and bio tech										
Searl Pakistan Limited	-	14,500	-	14,500	-	-	-	-	0.00%	0.00%
Abott Lab (Pakistan)	-	8,300	-	-	8,300	3,364,502	3,478,281	113,779	3.08%	0.85%
Ferozsons Laboratories Limited	4,200	18,500	-	597	22,103	2,417,216	4,293,508	1,876,292	3.80%	7.32%
						5,781,718	7,771,789	1,990,071	6.88%	
Fixed line telecommunication										
Pakistan Telecommunication Company Limited	53,000	254,000	-	307,000	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Electricity										
* The Hub Power Company Limited	85,484	97,000	-	114,500	67,984	4,404,505	3,614,709	(789,796)	3.20%	0.01%
Kot Addu Power Company Limited	-	156,000	-	121,000	35,000	2,065,000	2,081,801	16,801	1.84%	0.00%
						6,469,505	5,696,510	-772,995	5.04%	
Food producers										
National Foods Limited	20	-	-	20	-	-	-	-	0.00%	0.00%
Engro Foods Limited	12,000	20,000	-	32,000	-	-	-	-	0.00%	0.00%
Habib Sugar Mills	-	95,000	-	95,000	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Banks										
BankIslami Pakistan Limited	489,000	637,000	-	1,126,000	-	-	-	-	0.00%	0.00%
Meezan Bank Limited	132,003	119,500	-	-	251,503	8,386,662	9,946,944	1,560,282	8.80%	0.03%
						8,386,662	9,946,944	1,560,282	8.80%	
Total for Equity Sub-Fund						91,362,766	108,619,682	17,256,915	96.08%	

Total
(Un-Audited) (Audited)

March 31, 2014 June 30, 2013
(Rupees)

108,619,682 67,243,817

Market value

* The above include shares with a market value aggregating to Rs. 3.085 million (June 2013: Rs. 3.403 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

Chief Executive Officer

Director


CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO AS AT MARCH 31, 2014

EQUITY SUB FUND

LISTED SHARES 'AVAILABLE FOR SALE' INVESTMENTS

Name of the Investee Company	Number of shares					As at March 31, 2014			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company
	As at July 01, 2013	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at March 31, 2014	Cost	Market value	Appreciation / (Diminution)		
						(Rupees)			%	%
Oil and gas										
Pakistan Petroleum Limited	16,173	-	434	16,607	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Construction and materials										
Lucky Cement Limited	23,821	-	-	23,821	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Pharma and bio tech										
Ferozsons Laboratories Limited	6,403	-	-	6,403	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	
Total for Equity Sub-Fund						-	-	-	0.00%	
										----- Total -----
										(Un-Audited) (Audited)
										March 31, June 30, 2013
										----- (Rupees) -----
Market value										- 9,128,484

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


 Chief Executive Officer

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


 Director

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

PIPF DEBT SUB-FUND
GOVERNMENT IJARAH SUKUK

Name of Investments	Face value				As at March 31, 2014			Market value as a % of net asset of the sub - fund
	As at July 01, 2013	Purchases during the period	Sales/ maturities during the period	As at March 31, 2014	Carrying value	Market value	Appreciation	

(Rupees)

'At fair value through profit or loss'

Government Ijarah Sukuk (3 years)	50,600,000	26,550,000	12,500,000	64,650,000	64,804,309	66,235,930	1,431,621	65.82
	50,600,000	26,550,000	12,500,000	64,650,000	64,804,309	66,235,930	1,431,621	

'Available-for-sale' investments'

Government Ijarah Sukuk (3 years)	21,500,000	-	4,000,000	17,500,000	17,665,000	17,589,575	(75,425)	0.21
	21,500,000	-	4,000,000	17,500,000	17,665,000	17,589,575	(75,425)	

----- Total -----
(Un-Audited) (Audited)
March 31,
2014 June 30, 2013
----- (Rupees) -----

Market value

83,825,505 72,179,836

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



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT MARCH 31, 2014

PIPF DEBT SUB-FUND
SUKUK CERTIFICATES

Name of Investment	Issue Date	Number of Certificates				As at March 31, 2014			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 01, 2013	Purchases during the period	Sales/ matured during the period	As at March 31, 2014	Cost	Market value	Appreciation / (Diminution)			

'Available-for-sale' investments'

Pak Elektron Limited - SUKUK (28-09-2007)	8-May-08	550	-	-	550	1,011,223	-	(1,011,223)	-	-	0.229%
		550	-	-	550	1,011,223	-	(1,011,223)			

589,285

----- Total -----
(Un-Audited) (Audited)
March 31,
2014 June 30, 2013
----- (Rupees) -----

Market value

----- - -----

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



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT MARCH 31, 2014

PIPF MONEY MARKET SUB-FUND
GOVERNMENT IJARAH SUKUK

Name of Investments	Face value				As at March 31, 2014			Market value as a % of net asset of the sub - fund
	As at July 01, 2013	Purchases during the period	Sales/ maturities during the period	As at March 31, 2014	Carrying value	Market value	Appreciation	

'At fair value through profit or loss'

Government Ijarah
Sukuk (3 years)

46,600,000	13,400,000	19,600,000	40,400,000	40,503,300	40,954,550	451,250
46,600,000	13,400,000	19,600,000	40,400,000	40,503,300	40,954,550	451,250

0.41

----- Total -----
(Un-Audited) (Audited)
March 31,
2014 June 30, 2013
----- (Rupees) -----

Market value

40,954,550 46,670,430

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



Chief Executive Officer

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



Director

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

Contributions net of front end fee	Nine months ended March 31, 2014							Nine months ended March 31, 2013
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units			
	----- (Rupees) -----							
Opening balance	432,282	46,413,250	508,651	60,162,956	376,354	40,246,936	146,823,142	120,703,759
Individuals - issue of units	42,754	9,409,407	110,656	17,959,421	44,638	6,729,402	34,098,230	12,001,373
- redemption of units	(25,825)	(5,434,192)	(18,342)	(2,981,511)	(7,609)	(1,145,956)	(9,561,659)	(5,404,355)
	16,929	3,975,215	92,314	14,977,910	37,029	5,583,446	24,536,571	6,597,018
Closing balance	449,211	50,388,465	600,965	75,140,866	413,383	45,830,382	171,359,713	127,300,777

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


 Chief Executive Officer

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


 Director

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

Contributions net of front end fee	Quarter ended March 31, 2014							Quarter ended March 31, 2013
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- (Rupees) -----							
Opening balance	436,572	47,303,511	575,931	70,966,092	399,261	43,658,854	161,928,457	124,730,300
Individuals - issue of units	15,282	3,714,702	37,260	6,179,526	18,464	2,831,967	12,726,195	6,143,875
- redemption of units	(2,643)	(629,748)	(12,226)	(2,004,752)	(4,342)	(660,439)	(3,294,939)	(3,573,398)
	12,639	3,084,954	25,034	4,174,774	14,122	2,171,528	9,431,256	2,570,477
Closing balance	449,211	50,388,465	600,965	75,140,866	413,383	45,830,382	171,359,713	127,300,777

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



Chief Executive Officer

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




Director

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

	Nine months ended March 31, 2014		
	Equity sub fund	Debt sub fund	Money market sub fund
	-----	No. of units	-----
Total units outstanding at the beginning of the period	432,282	508,651	376,354
Add: Units issued during the period	42,754	110,656	44,638
Less: Units redeemed during the period	(25,825)	(18,342)	(7,609)
Total units in issue at the end of the period	<u>449,211</u>	<u>600,965</u>	<u>413,383</u>

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



Chief Executive Officer

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



Director

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

	Quarter ended March 31, 2014		
	Equity sub fund	Debt sub fund	Money market sub fund
	-----	No. of units	-----
Total units outstanding at the beginning of the period	436,572	575,931	399,261
Add: Units issued during the period	15,282	37,260	18,464
Less: Units redeemed during the period	(2,643)	(12,226)	(4,342)
Total units in issue at the end of the period	<u>449,211</u>	<u>600,965</u>	<u>413,383</u>

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

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Islamic Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) (AHIL) as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. The Fund is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub Fund, PPF Debt Sub Fund and PPF Money Market Sub Fund.
- 1.2** Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the allocation scheme selected by the respective participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3** MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.
- 1.5** Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Trust Deed, the VPS Rules and the directives issued by SECP. Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence.
- 2.2** This condensed interim financial information comprise of the condensed interim balance sheet as at December 31, 2013 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim contribution table, condensed interim statement of number of units in issue and notes forming part thereof. The disclosures made in this condensed interim financial report have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting' and guidelines issued by the SECP for the preparation of the quarterly reports of a pension fund. It does not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2013. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds and condensed interim contribution table for the half year ended December 31, 2013 and the quarter ended December 31, 2013 are un-audited and have been included to facilitate comparison.
- 2.3** This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

New and amended standards and interpretations

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

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

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

4. FINANCIAL RISK MANAGEMENT

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

----- (Un-audited) -----				
As at March 31, 2014				
Equity sub fund	Debt sub fund	Money market sub fund	Total	Audited As at June 30, 2013
----- (Rupees) -----				

5. BALANCES WITH BANKS

Current accounts	596,771	-	-	596,771	38,183
Saving accounts	434,276	15,464,237	21,704,788	37,603,301	15,315,619
	<u>1,031,047</u>	<u>15,464,237</u>	<u>21,704,788</u>	<u>38,200,072</u>	<u>15,353,802</u>

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

6. DEPOSITS AND OTHER RECEIVABLES

Security deposit - Central Depository Company of Pakistan	200,000	200,000	100,000	500,000	500,000
Security deposit - National Clearing Company of Pakistan Limited	2,501,000	-	-	2,501,000	2,501,000
Receivable against sale of investments	1,325,000	-	-	1,325,000	3,799,999
Receivable from sub funds	-	-	-	-	1,942,986
Others	6,371	1,000	1,001	8,372	8,371
	<u>4,032,371</u>	<u>201,000</u>	<u>101,001</u>	<u>4,334,372</u>	<u>8,752,356</u>

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

----- (Un-audited) -----					
As at March 31, 2014					Audited
Equity sub	Debt sub fund	Money	Total	As at June 30,	
fund		market sub		2013	
		fund			
----- (Rupees) -----					
7. PAYABLE TO PENSION FUND MANAGER					
Remuneration payable to Pension Fund Manager	139,684	124,193	79,226	343,103	262,095
Sindh sales tax payable on remuneration of Pension Fund Manager	22,349	19,871	12,676	54,896	41,935
	162,033	144,064	91,902	397,999	304,030

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for federal excise duty on remuneration of Pension Fund Manager (note 8.1)	210,800	195,687	130,036	536,523	29,353
Professional fee payable	53,860	55,140	42,839	151,839	105,236
Donation / charity payable	77,063	-	-	77,063	168,433
Payable to sub funds	-	-	-	-	1,942,986
Payable to auditors	85,008	78,349	51,471	214,828	450,000
Workers' Welfare Fund	785,473	144,750	79,978	1,010,201	169,391
Others	47,316	-	233	47,549	104,770
	1,259,520	473,926	304,557	2,038,003	2,970,169

- 8.1 The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the levy of Federal Excise Duty on Asset Management Company services after the eighteenth amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of FED and related taxes in this condensed interim financial information aggregating to Rs. 0.537 million as at March 31, 2014. In case the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes were not recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Re.0.47 in respect of equity sub fund, Re.0.33 in respect of debt sub fund and Re.0.31 in respect of money market sub fund.

9. CONTINGENCY

9.1 Contribution to Workers' Welfare Fund

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

On July 15, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of nature of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel

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who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

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

The Pension Fund Manager as a matter of abundant caution has started making provision effective from May 10, 2013 in view of the afore mentioned developments and uncertainties created by the recent decision by Honorable Sindh High Court. The unrecognised liability for the period from July 01, 2008 to May 09, 2013 amounts to Rs.0.697 million, Rs.0.353 million and Rs.0.245 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (aggregating to Rs.1.295 million) respectively. Had the provision been made, the net asset value per unit of the fund as at March 31, 2014 would have been lower by Rs.1.55 (June 30, 2013: Rs.1.62), Re.0.59 (June 30, 2013: Re.0.69) and Re.0.59 (June 30, 2013: Re.0.65) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Moreover, provision against WWF as at March 31, 2014 amounts to Rs.0.785 million, Rs.0.145 million, Rs.0.080 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

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

(Un-audited)					
As at March 31, 2014					
Equity sub fund	Debt sub fund	Money market sub fund	Total	Audited As at June 30, 2013	
(Rupees)					
Market Value	-	17,589,575	-	17,589,575	30,676,809
Average Cost	-	(18,676,223)	-	(18,676,223)	(26,807,843)
	-	(1,086,648)	-	(1,086,648)	3,868,966
Impairment loss					
Opening	-	-	-	-	107,772
Charged during the period	-	-	-	-	-
Reversal / derecognised	-	-	-	-	(107,772)
	-	-	-	-	-
Surplus / (deficit) net of impairment loss	-	(1,086,648)	-	(1,086,648)	3,868,966
Provision against debt securities					
Opening	-	1,093,601	-	1,093,601	268,597
Charged during the period	-	-	-	-	825,004
Reversal / derecognised	-	-	-	-	-
	-	1,093,601	-	1,093,601	1,093,601
Reversal during the period			-	-	-
Less: Net unrealised (appreciation) in value of investment at the beginning of the period	(5,067,838)	104,296	-	(4,963,542)	(5,485,734)
	(5,067,838)	111,249	-	(4,956,589)	(523,167)

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

11. REMUNERATION OF PENSION FUND MANAGER

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

12. TAXATION

The income of the Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

13. EARNINGS PER UNIT

Earnings per unit (EPU) for the nine months and quarter ended March 31, 2014 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

	Nine months ended March 31, 2014		
	----- (Un-Audited) -----		
	Equity sub fund	Debt sub fund	Money market sub fund
Weighted average number of units	435,444	547,793	390,866
Net income after taxation (Rupees)	31,845,169	6,088,497	3,308,516
Earnings per unit (Rupees)	<u>73.13</u>	<u>11.11</u>	<u>8.46</u>
Earnings per unit (Nine months ended March 31, 2013) (Rupees)	<u>34.75</u>	<u>7.83</u>	<u>8.25</u>
	Quarter ended March 31, 2014		
	----- (Un-Audited) -----		
	Equity sub fund	Debt sub fund	Money market sub fund
Weighted average number of units	440,447	577,194	400,677
Net income after taxation (Rupees)	11,490,455	2,550,423	1,222,786
Earnings per unit (Rupees)	<u>26.09</u>	<u>4.42</u>	<u>3.05</u>
Earnings per unit (Quarter ended March 31, 2013) (Rupees)	<u>5.84</u>	<u>2.44</u>	<u>1.98</u>

14. TRANSACTIONS WITH CONNECTED PERSONS

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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Detail of transactions with connected persons during the period and balances with them at period end are as follows:

14.1 Transactions during the period

	(Un-Audited)				
	Nine months ended March 31, 2014				Nine months ended March 31, 2013
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	(Rupees)				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	1,444,936	1,343,125	888,934	3,676,995	1,996,047
Sales Load	-	-	-	-	72,600
Issue of PIPF Equity sub fund 5,160 units (2013: NIL units)	1,000,000	-	-	1,000,000	-
Habib Metropolitan Bank Limited - Trustee					
Remuneration	137,304	127,653	84,503	349,460	260,316
Profit received on saving bank accounts	71,814	153,279	195,719	420,812	451,521
Bank charges	2,735	3,763	3,513	10,011	11,212
Next Capital Brokerage	-	-	-	-	2,268
Directors and officers					
Issue of PIPF Equity sub fund 5,637 units (2013: 1,187 units)	1,238,292	-	-	1,238,292	191,136
Issue of PIPF Debt sub fund 5,327 units (2013: 6,209 units)	-	861,853	-	861,853	954,659
Issue of PIPF Money Market sub fund 2,674 units (2013: 4,592 units)	-	-	401,468	401,468	659,165
Redemption of PIPF Equity sub fund 2,105 units (2013: 5,944 units)	445,761	-	-	445,761	952,650
Redemption of PIPF Debt sub fund 1,618 units (2012: 6,563 units)	-	263,375	-	263,375	1,003,716
Redemption of PIPF Money Market sub fund 721 units (2013: 4,726 units)	-	-	107,390	107,390	676,994

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	(Un-Audited)				
	Quarter ended March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Quarter ended March 31, 2013
	(Rupees)				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	527,639	474,220	304,500	1,306,359	684,706
Issue of PIPF Equity sub fund NIL units (2013: NIL units)	-	-	-	-	-
Habib Metropolitan Bank Limited - Trustee					
Remuneration	49,668	44,641	28,665	122,974	89,173
Profit received on saving bank accounts	16,386	(17,097)	58,659	57,948	255,069
Bank charges	(10)	-	2	(8)	9,657
Next Capital Brokerage	-	-	-	-	-
Directors and Officers					
Issue of PIPF Equity sub fund 2,388 units (2013: 626 units)	556,659	-	-	556,659	104,536
Issue of PIPF Debt sub fund 2,001 units (2013: 5,954 units)	-	327,739	-	327,739	915,819
Issue of PIPF Money Market sub fund 612 units (2013: 4,548 units)	-	-	92,965	92,965	653,045
Redemption of PIPF Equity sub fund 808 units (2013: 2,551 units)	188,837	-	-	188,837	423,782
Redemption of PIPF Debt sub fund 923 units (2013: 4,068 units)	-	152,406	-	152,406	627,158
Redemption of PIPF Money Market sub fund 249 units (2013: 4,050 units)	-	-	37,927	37,927	582,420

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

14.2 Amounts outstanding as at the period / year end

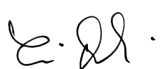
	(Un-Audited)				
	As at March 31, 2014				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	(Audited) June 30, 2013
	----- (Rupees) -----				
MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	139,684	124,193	79,226	343,103	262,095
Sindh sales tax payable	22,349	19,871	12,676	54,896	41,935
Investment in seed capital 305,160 units (June 2013: 300,000 units)	76,790,462	-	-	76,790,462	57,830,715
Investment in seed capital 300,000 units (June 2013: 300,000 units)	-	50,232,000	46,275,000	96,507,000	91,023,699
Habib Metropolitan Bank Limited - Trustee					
Remuneration payable	17,599	15,647	9,982	43,228	33,917
Balances with banks	1,031,047	7,463,882	10,992,940	19,487,869	9,359,263
Profit receivable on saving bank accounts	29,539	34,943	96,106	160,588	135,092
Directors and Officers					
Balance as at March 31, 2014					
Investment in PIPF Equity sub fund 15,341 units (June 2013: 11,677 units)	3,860,409	-	-	3,860,409	2,250,964
Investment in PIPF Debt sub fund 13,667 units (2013: 9,669 units)	-	2,288,402	-	2,288,402	1,519,456
Investment in PIPF Money Market sub fund 4,333 units (2013: 2,302 units)	-	-	668,365	668,365	336,702

15. DATE OF AUTHORISATION FOR ISSUE

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

16. GENERAL

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



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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(formerly: Arif Habib Investments Limited)

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