

Half Year Report
December 31, 2016
(Unaudited)



Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited
Rated: AM2++ by PACRA

MCB PAKISTAN ISLAMIC PENSION FUND

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FUND'S INFORMATION

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| Management Company | MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi. | |
| Board of Directors | Mian Mohammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmed | Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Nasim Beg | Chairman Member Member Member |
| Human Resource & Remuneration Committee | Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir | Chairman Member Member Member |
| Chief Executive Officer | Mr. Muhammad Saqib Saleem | |
| Chief Financial Officer & Company Secretary | Mr. Abdul Basit | |
| Trustee | Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com | |
| Bankers | Habib Metropolitan Bank Limited United Bank Limited Habib Bank Limited Askari Bank Limited Bank Islami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited | |
| Auditors | Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350. | |
| Legal Advisor | Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi | |
| Transfer Agent | MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi. | |
| Rating | AM2++ Asset Manager Rating assigned by PACRA | |

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Islamic Pension Fund** accounts review for half year ended December 31, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

Weakness in external account raised concerns in otherwise progressive improvement in headline economic indicators continuing for the last 2 years. Weak trade balance, primarily due to subdued trend in exports and higher imports along with weak contribution from services and remittances kept the pressure on overall Current Account balance which widened 92% in 1H FY17 to USD 3.6 billion. It is pertinent to note that partial increase in imports is triggered by machinery imports which have increased by 8.3% along with increase in oil import bill which is expected to widen further given recent arrangements from OPEC to support Int'l Crude Oil prices. The cushion to Balance of Payments was bolstered by financial account of USD 3.7 bn where major respite came from the net borrowing of USD 740 million along with the inflow materialized in FDI on completion of acquisition of stake in Engro Foods by Freisland Campina. Overall balance of the Balance of Payments stood at USD 225 mn compared to USD 1.5 bn during same period of last year.

Foreign exchange reserves stood at USD 23.2 bn (06th Jan 2017). It is pertinent to note that SBP reserves explain most of the volatility in For-ex reserves where government borrowing and retirement of loans has net negative balance in 1H FY17 while closing approx USD 1bn lower from peak seen in Oct 16.

Undergoing appreciation of about 0.4% in 1H FY17, PKR continues to remain resilient against USD which also raises concerns given the relative weakness in other developing economies and also reflected from REER as measured by SBP reaching to a high of 126 depicting significant overvaluation.

Fiscal deficit increased to 1.3 % (1 QFY17) of GDP as against 1.1% in SPLY due to sharp decline in non-tax revenue. On provisional basis, tax authority has managed to collect PKR 1,460 billion during 1H FY17, recording a shortfall of PKR ~127 billion from the desired target. With annual tax collection target of PKR 3.6 trillion; demanding a growth rate of 17% YoY, and higher development spending, fiscal deficit is likely to exceed 4.5% against budgetary target of 3.8%. Focus of government on development spending is however positive for the overall long term direction and thus slippage on this front is not a major concern.

LSM grew by 3.24% YoY in 5M FY17. The growth is driven through consumer, electrical, automobiles and cement manufacturing.

Inflation continued its upward trajectory with first half averaging 3.88% compared to 2.08% for 1H FY16. The withering of low base effect along with inherent increases in food and housing pricing triggered inflationary pressures. The government kept on absorbing the incremental petrol prices which kept the inflation subdued.

M2 growth posted year to date growth of 5.45% by the end of the year. The deposits grew seasonally by PKR 420 bn in a week supported by year end efforts of banks to expand balance sheet size. Thereafter, the M2 growth has normalized to 3.68%. Moreover, the abnormal accumulation in currency in circulation (CIC) last year triggered after imposition of withholding tax on cash withdrawals has normalized though CIC to M2 ratio is still high at 26% against previous average of 22%. The Net Domestic Assets increased by PKR 518 bn supported by net government sector borrowings of PKR 390 bn.

EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX) continued its positive momentum of 1QFY17 by posting another 16.64% return in 2QFY16 to conclude the period 26.53% higher (47,807 points). In calendar year 2016, the local bourse remained the best performing market in the region and stood 5th in global ranking with a USD based return of 45%. This was despite an aggressive selling from the foreign investors, who remained net sellers of USD 298mn in 1H FY16, compared to USD 240 mn in the corresponding period last year. This heavy selling was absorbed mostly by Mutual Funds and NBFCs with net buying of USD 307mn and USD 102mn, respectively.

Auto Parts Manufacturers and Auto Assemblers remained the best performing sectors during 1H FY17 with returns of 83% and 77%, respectively. Among the mainstream sectors, Banks outperformed the rest with a 33% return during the period under review, mainly on account of improving advances, rising deposits and bottomed out interest rate outlook. Cements also posted a 30% return during the period under review as strong demand coupled with healthy margins kept the investors' interest alive in the sector. Improving crude oil prices also made a mark on the E&Ps, which posted a healthy 27% return during 1H FY17. Fertilizers on the other hand, underperformed the index by posting a modest 2% return, as rising inventories coupled with discounts on urea prices took their toll on the sector.

We expect the positive momentum to continue going ahead as market draws close to its graduation to MSCI EM Index. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. PSX is currently trading at a forward multiple of 11.99x, still trading at a 10.5% discount to the MSCI EM, reflecting further room for re-rating from here.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 5.69% during the period under review. The sub-fund's exposure from GoP Ijarah Sukuk decreased to 68.2% from 87.1%.

The Net Assets of the Fund as at December 31, 2017 stood at Rs. 168.71 million as compared to Rs. 165.39 million as at June 30, 2016 registering an increase of 2.01%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 190.69 as compared to opening NAV of Rs. 185.37 per unit as at June 30, 2016 registering an increase of Rs. 5.32 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 4.23% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks, which at period end stood at around 16%. Simultaneously, the fund increased exposure in cash to 83.5% from 62.7% at the beginning of the period.

The Net Assets of the Fund as at December 31, 2016 stood at Rs. 69.51 million as compared to Rs. 70.30 million as at June 30, 2016 registering a decrease of 1.12%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 171.27 as compared to opening NAV of Rs. 167.69 per unit as at June 30, 2016 registering an increase of Rs. 3.58 per unit.

Equity Fund

The Equity sub-fund generated a return of 31.19% while the KMI-30 posted a return of 23.63%, an outperformance of 7.56%. The sub-fund decreased exposure to equities from 91.9% to 90.9% during the period.

The Net Assets of the Fund as at December 31, 2016 stood at Rs. 382.52 million as compared to Rs. 276.96 million as at June 30, 2016 registering an increase of 38.11%.

The Net Asset Value (NAV) per unit as at December 31, 2016 was Rs. 575.81 as compared to opening NAV of Rs. 438.91 per unit as at June 30, 2016 registering an increase of Rs. 136.9 per unit.

FUTURE OUTLOOK

The reversal in crude oil prices is expected to wither of the fiscal space previously available amid growing import bill. The recent decision by government to revise up petroleum prices in its latest fortnightly decision points towards constricting fiscal liberty.

The recently announced textile package is expected to provide support to the export sector. However, the overvalued currency as depicted from REER still remains a blockade for export competitiveness of the country however the same may remain deferred till the government continues to fund the gap through borrowing.

The inflationary pressures are also expected to succumb to expected increments in petroleum prices along with its trickle down impact on food inflation. We expect inflation for the year to average ~4.3%. It is pertinent to note inflation for next half of the year is expected to average around 4.8% with inflation for closing months of the year to exceed 5%.

While, we expect interest rates to remain stable in the short term given the stable inflationary trends, exchange rate overvaluation along with weak external account suggest a close review of emerging trends with potential for inflection on either side though biased in favor of monetary tightening.

The China Pakistan Economic Corridor is expected to provide much needed impetus to growth with above \$50 billion program expected to spur activity in the construction and power space which would have its trickle down affects. However, the current account is expected to worsen with import bill increasing in the short term along with the Foreign Direct Investment inflows. Profit repatriation in the long term would also be a concern for the balance of payments position.

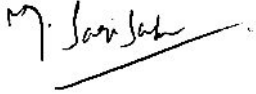
Pakistan being in an economic expansionary cycle amid better positioning due to lower/stable interest rate environment along with growth trigger in the form China Pakistan Economic Corridor would fare better compared to other Emerging Market economies. The program is expected to favour the construction and allied industrial sectors. Banking sector is also expected to be beneficiary of strong advances growth in a stable interest rate environment. The MSCI specific companies are expected to gain limelight as formal inclusion nears. However, the volatility in global markets lead by uncertainty in global economies after Trump's induction as US President and redemption pressures on emerging market funds would keep the short term market performance in check. But we reiterate our positive stance on the market.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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,



Muhammad Saqib Saleem
Chief Executive Officer
February 2, 2017

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان پینشن فنڈ کے 31 دسمبر 2016ء کو ختم ہونے والی پہلی ششماہی کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

خارجی اکاؤنٹ میں کمزوری نے اہم ترین معاشی علامات میں گزشتہ 2 برسوں سے جاری ترقیاتی بہتری میں خدشات پیدا کیے۔ کمزور تجارتی توازن کے باعث، جس کی بنیادی وجوہات برآمدات کا پست رجحان اور پہلے سے زیادہ درآمدات، بشمول سروسز اور ترسیلات زر کی کمزور کارکردگی ہیں، مجموعی کرنٹ اکاؤنٹ بیلنس پر دباؤ رہا جو 2017ء کی پہلی ششماہی میں 92% بڑھ کر 3.6 بلین ڈالر ہو گیا۔ یاد رہے کہ درآمدات میں جزوی اضافے کی محرک مشینری کی درآمدات ہیں جن میں 8.3% اضافہ ہوا، بشمول تیل کی درآمد میں اضافے کے، جس میں OPEC کے خام تیل کی بین الاقوامی قیمتوں میں معاونت کے حالیہ اقدامات کے پیش نظر مزید اضافہ متوقع ہے۔ ادائیگیوں کے توازن کے تحفظ کی 3.7 بلین ڈالر کے مالیاتی اکاؤنٹ سے حوصلہ افزائی ہوئی، اور اس ضمن میں اہم ترین پیش رفت 740 ملین ڈالر کے قرض، بشمول اینگرو فوڈز میں Freisland Campina کی حصص داری کی تکمیل پر FDI (غیر ملکی براہ راست سرمایہ کاری) میں اضافے سے ہوئی۔ ادائیگیوں کے توازن کا مجموعی بیلنس 225 ملین ڈالر تھا، جبکہ گزشتہ سال کی اسی مدت کے دوران 1.5 بلین ڈالر تھا۔

زیر مبادلہ کے ذخائر 23.2 بلین ڈالر تھے (06 جنوری 2017ء)۔ یاد رہے کہ فوریکس ذخائر میں اتار چڑھاؤ کا سبب SBP (اسٹیٹ بینک آف پاکستان) کے ذخائر ہیں، جہاں 2017ء کی پہلی ششماہی میں حکومت کے قرضوں کے حصول اور قرضوں کی ریٹائرمنٹ کا منفی بیلنس ہے جبکہ اکتوبر 2016ء میں بلند ترین سطح سے تقریباً 1 بلین ڈالر کم پر کلوننگ ہوئی۔ پاکستانی روپیہ 2017ء کی پہلی ششماہی میں تقریباً 0.4% ترقی کر کے امریکی ڈالر کے مقابلے میں لچکدار رہا، اور اس سے بھی دیگر ترقی پذیر معیشتوں میں کمزوری کو مد نظر رکھتے ہوئے خدشات پیدا ہوئے جن کا اظہار SBP کے پیمائش کردہ REER سے ہوا، جو 126 کی بلند سطح پر پہنچا جس سے خطیر اضافے کی عکاسی ہوتی ہے۔

مالیاتی خسارہ (مالی سال 2017ء کی پہلی سہ ماہی میں) غیر ٹیکس آمدنی میں تیزی سے کمی کے باعث GDP (مجموعی غیر ملکی پیداوار) کے 1.3% تک بڑھ گیا، بالمقابل SPLY میں 1.1% کے ٹیکس اتھارٹی 2017ء کی پہلی ششماہی کے دوران عارضی بنیادوں پر 1,460 بلین روپے جمع کر سکی، جو مطلوبہ ہدف سے 127 بلین روپے کم ہے۔ 3.6 ٹریلین روپے سالانہ ٹیکس کے ہدف کے پیش نظر، جو YoY 17% کی ترقیاتی شرح اور ترقیاتی کاموں میں زیادہ خرچ کرنے کا تقاضہ کرتا ہے، مالیاتی خسارے میں بجٹ کے 3.8% کے ہدف کے مقابلے میں 4.5% اضافہ متوقع ہے۔ تاہم ترقیاتی کاموں پر خرچ کرنے پر حکومتی توجہ مجموعی طور پر طویل المیعاد سمت میں مثبت ہے، چنانچہ اس گوشے میں انحطاط بڑا مسئلہ نہیں ہے۔

LSM میں 5MFY17 YoY 3.24% ترقی ہوئی جس کے اسباب کمزور یومر، الیکٹریکل، آٹوموبائلز اور سیمنٹ مینوفیکچرنگ ہیں۔

افراط زر میں بدستور اضافہ ہوتا رہا؛ پہلی ششماہی میں افراط زر کا اوسط 33.8% تھا جبکہ 2016ء کی پہلی ششماہی میں 2.08% تھا۔ پہلے سے پست base effect میں بتدریج کمی اور اشیائے خورد و نوش اور ہاؤسنگ کی قیمتوں میں فی نفسہ اضافے افراط زر کے دباؤ کے محرک بنے۔ حکومت پٹرول کی بڑھتی ہوئی قیمتوں کا اثر جذب کرتی رہی جس کے باعث افراط زر کی سطح پست رہی۔ M2 ترقی میں سال کے اختتام تک 5.45% year to date ترقی ہوئی۔ اختتام سال پر بینکوں کی بیلنس شیٹ کا حجم وسیع کرنے کی کوششوں کی مدد سے ڈپازٹس میں ایک ہفتے میں 420 بلین روپے موسمی ترقی ہوئی۔ اس کے بعد M2 ترقی 3.68% کی عمومی سطح تک پہنچ گئی۔ علاوہ ازیں، گزشتہ سال نقد رقم نکالنے پر وہ ہولڈنگ ٹیکس عائد کرنے کی وجہ سے زیر گردش روپے (CIC) میں جو غیر معمولی انبار لگ گیا تھا وہ عمومی سطح پر آ گیا ہے، اگرچہ CIC کا M2 سے تناسب اب 2.6% ہے جو گزشتہ اوسط 2.2% سے زیادہ ہے۔ حکومتی سیکٹر کی 390 بلین

روپے قرضوں کی net حصول کی مدد سے net مقامی اثاثہ جات میں 518 ملین روپے اضافہ ہوا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

پاکستان اسٹاک ایکسچینج (PSX) نے مالی سال 2016ء کی پہلی سہ ماہی کی مثبت رفتار جاری رکھتے ہوئے مالی سال 2016ء کی دوسری سہ ماہی میں ایک اور 16.64% منافع کمایا اور مدت کی تکمیل 26.53% زیادہ (47,807 پوائنٹس) پر کی۔ امریکی ڈالر پر مبنی 45% منافع کے ساتھ مقامی اسٹاک مارکیٹ کیلنڈر سال 2016ء میں نئے میں بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بنی رہی اور عالمی درجہ بندی میں پانچویں نمبر پر تھی۔ یہ کامیابی غیر ملکی سرمایہ کاروں کی طرف سے جارحانہ فروخت کے باوجود تھی، جو 2016ء کی پہلی ششماہی میں 298 ملین ڈالر کے net فروخت کاربنے رہے، بالمقابل گزشتہ سال کی پہلی ششماہی میں 240 ملین ڈالر کے۔ اس بھاری فروخت کے اثر کا بڑا حصہ میوچل فنڈز اور NBFCs نے جذب کیا، بالترتیب 307 ملین ڈالر اور 102 ملین ڈالر کی net خریداری کے ساتھ۔

گاڑیوں کے پُر زہ جات کے تیار کنندگان اور گاڑیوں کے اسمبلرز 2017ء کی پہلی ششماہی کے دوران بہترین کارکردگی کا مظاہرہ کرنے والے شعبے بنے رہے، بالترتیب 83% اور 77% منافع کے ساتھ۔ بڑے شعبوں میں سے بینکوں نے زیر جائزہ مدت کے دوران 33% منافع کم کر سب سے عمدہ کارکردگی کا مظاہرہ کیا، جس کی بنیادی وجوہات ایڈوانسز میں بہتری، بڑھتے ہوئے ڈپازٹس اور انٹریسٹ پست ترین شرحیں ہیں۔ سینٹ کے شعبے نے بھی زیر جائزہ مدت کے دوران 30% منافع کمایا کیونکہ بھرپور مانگ اور اس کے ساتھ چھتند margins نے اس شعبے میں سرمایہ کاروں کی دلچسپی برقرار رکھی۔ خام تیل کی قیمتوں میں بہتری سے بھی E&Ps پر مثبت اثرات مرتب ہوئے جس نے 2017ء کے پہلی ششماہی کے دوران چھتند 27% منافع کمایا۔ دوسری جانب کھاد کے شعبے نے صرف 2% منافع کم کر انڈیکس سے کم کارکردگی کا مظاہرہ کیا، جس کی وجوہات انویسٹریز میں اضافہ اور اس کے ساتھ یورپ کی قیمتوں پر ڈسکاؤنٹس نے اس شعبے کو متاثر کیا۔

ہم اُمید کرتے ہیں کہ جوں جوں مارکیٹ MSCI EM انڈیکس تک اپنی گریجویٹیشن کے قریب پہنچ رہی ہے، یہ مثبت رفتار جاری رہے گی۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں بھی فکسڈ آمدنی کے منافع کو پست رکھے ہوئے ہیں جس سے ایکویٹی مارکیٹ میں liquidity کا رجحان مزید بڑھ رہا ہے۔ PSX موجودہ طور پر 11.99x کے فارورڈ ملٹپل پر، اور ابھی تک MSCI EM کے 10.5% ڈسکاؤنٹ پر تجارت کر رہا ہے، اور اس سے عکاسی ہوتی ہے کہ یہاں ری-ریٹنگ کی مزید گنجائش ہے۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران debt سب-فنڈ کا ایک سال پر محیط منافع 3.33% تھا۔ اختتام مدت پر سب-فنڈ کی ٹی-بلز میں شمولیت 18.1% سے کم ہو کر 2.9% ہو گئی اور PIBs میں شمولیت 75.5% سے کم ہو کر 71.5% ہو گئی۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 447.69 ملین روپے تھی، جو 30 جون 2016ء پر 421.01 ملین روپے مالیت کے مقابلے میں 6.34% زیادہ ہے۔ 31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 223.91 روپے تھی، جو 30 جون 2016ء پر 220.27 روپے فی یونٹ قدر کے مقابلے میں 3.7 روپے فی یونٹ زیادہ ہے۔

Money مارکیٹ فنڈ

دوران مدت Money مارکیٹ سب-فنڈ کا منافع 3.97% تھا۔ اختتام مدت پر سب-فنڈ کی ٹی-بلز میں شمولیت 11.9% سے بڑھ ہو کر 25.3% ہو گئی اور PIBs میں شمولیت 0% تھی۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 165.42 ملین روپے تھی، جو 30 جون 2016ء پر 157.13 ملین روپے مالیت کے مقابلے میں 5.28% زیادہ ہے۔
31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 205.57 روپے تھی، جو 30 جون 2016ء پر 201.54 روپے فی یونٹ قدر کے مقابلے میں 4.03 روپے فی یونٹ زیادہ ہے۔

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی سب-فنڈ کا منافع 34.57% تھا جبکہ KSE-100 میں زیر جائزہ مدت کے دوران 26.53% اضافہ ہوا، چنانچہ فنڈ کی کارکردگی 8.04% بہتر تھی۔ سب-فنڈ نے ایکویٹی میں اپنی مجموعی شمولیت کو 97.7% سے بڑھا کر 98.7% کر دیا۔ شعبہ جاتی اعتبار سے سب-فنڈ نے آئل اینڈ گیس ایکسپلوریشن میں اپنی شمولیت میں اضافہ کیا جبکہ کمرشل بینکوں، کھاد اور سینٹ میں اپنی شمولیت کو کم کیا۔

31 دسمبر 2016ء کو فنڈ کے net اثاثہ جات کی مالیت 739.81 ملین روپے تھی، جو 30 جون 2016ء پر 528.87 ملین روپے مالیت کے مقابلے میں 39.89% زیادہ ہے۔
31 دسمبر 2016ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 560.36 روپے تھی، جو 30 جون 2016ء پر 416.40 روپے فی یونٹ قدر کے مقابلے میں 143.96 روپے فی یونٹ زیادہ ہے۔

مستقبل کا منظر

خام تیل کی قیمتوں کی واپسی سے بڑھتے ہوئے درآمداتی بل کے ماحول میں دستیاب مالیاتی خلاء کے بتدریج ختم ہوجانے کا امکان ہے۔ حکومت کے تازہ ترین پندرہ روزہ فیصلہ جاتی نکات میں پٹرول کی قیمتوں پر نظر ثانی کا حالیہ فیصلہ مالیاتی آزادی پر قدغن کی طرف اشارہ کر رہا ہے۔ حالیہ اعلان کردہ ٹیکسٹائل ٹیکج سے برآمدات کے شعبے کو معاونت فراہم ہونے کی توقع ہے۔ تاہم مطلوبہ سے زیادہ قدر کا حامل روپیہ، جیسا کہ REER سے ظاہر ہوتا ہے، ابھی تک ملک کی برآمداتی مسابقت کی صلاحیت کے لئے ایک رکاوٹ ہے۔ تاہم ممکن ہے کہ یہ نوبت تب تک نہ آئے جب تک حکومت قرض کی حصولی کے ذریعے اس خلیج کو پُر کرنا جاری رکھے گی۔

پٹرول کی قیمتوں میں اضافوں اور اشیائے خورد و نوش کے افراط زر پر ان کے اثر سے متوقع طور پر افراط زر کے دباؤ کا بھی زور ٹوٹ جائے گا۔ ہماری توقع ہے کہ اس سال کے افراط زر کا اوسط 4.3% ہوگا۔ یہاں یہ بات قابل ذکر ہے کہ دوسری ششماہی میں افراط زر کا اوسط تقریباً 4.8% متوقع ہے، اور سال کے اختتامی مہینوں میں افراط زر 5% سے زیادہ ہوگا۔

اگرچہ ہمیں اُمید ہے کہ افراط زر کے مستحکم رجحانات کے پیش نظر مختصر میعاد میں انٹریسٹ کی شرحیں مستحکم رہیں گی، لیکن زرمبادلہ کی شرح کی مطلوبہ سے زیادہ قدر، اور اس کے ساتھ کمزور خارجی اکاؤنٹ سے مستقبل میں ابھرنے والے رجحانات کا باریک بین جائزے کا اندازہ ہوتا ہے، وہ رجحانات جو مالیاتی عناصر کو گس دینے کی حمایت کی طرف جھکے ہونے کے باوجود دونوں جانب مرض پھیلا سکتے ہیں۔

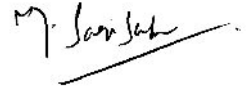
چین پاکستان معاشی راہداری سے ترقی کے لیے بے حد مطلوب قوت حاصل ہونے کا امکان ہے؛ 50 بلین ڈالر سے زائد کا یہ پروگرام متوقع طور پر تعمیرات اور توانائی کی خلاء میں سرگرمیاں پیدا کرنے کا محرک بنے گا اور اس کے اثرات دیگر شعبوں پر بھی مرتب ہوں گے۔ تاہم مختصر میعاد میں درآمداتی بل میں اضافے کے ساتھ غیر ملکی براہ راست سرمایہ کاریوں کی آمدات سے کرنٹ اکاؤنٹ میں مزید انحطاط متوقع ہے۔ طویل میعاد میں منافع کی وطن واپسی بھی ادائیگیوں کے توازن کی صورت حال کے لیے ایک خدشہ ہوگی۔

پاکستان انٹریسٹ کی پست / مستحکم شرح کے ماحول اور اس کے ساتھ چین پاکستان معاشی راہداری کی صورت میں ترقی کے محرک کے باعث بہتر مقام بنانے اور معاشی توسیعی چکر میں ہونے کی وجہ سے اُبھرتی ہوئی مارکیٹ کی دیگر معیشتوں کے مقابلے میں بہتر کارکردگی کا مظاہرہ کرے گا۔ اُمید کی جارہی ہے کہ اس پروگرام سے تعمیرات اور متعلقہ صنعتی شعبوں کو معاونت فراہم ہوگی۔ بینکاری کے شعبے کو بھی ایڈوانسز کی مضبوط ترقی اور انٹریسٹ کی مستحکم شرح کے ماحول سے متوقع طور پر فائدہ ہوگا۔ باقاعدہ شمولیت کے قریب آنے پر MSCI سے مخصوص کمپنیوں کا منظر عام پر آنا متوقع ہے۔ تاہم ٹرمپ کے امریکی صدر بننے کے بعد عالمی معیشتوں میں غیر یقینی حالات کے نتیجے میں عالمی مارکیٹس میں عدم استحکام اور اُبھرتی ہوئی مارکیٹ کے فنڈز پر redemption کے دباؤ سے مارکیٹ کی مختصر المیعاد کارکردگی متاثر ہوگی۔ لیکن ہم مارکیٹ کے بارے میں اپنے مثبت نظریے کا اعادہ کرتے ہیں۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹر مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

برائے بورڈ اور بورڈ کی جانب سے



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

02 فروری 2017ء

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

Deloitte

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PAKISTAN ISLAMIC PENSION FUND** as at December 31, 2016, and the related condensed interim income statement, condensed interim statement of comprehensive income, 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 statement of other investments, condensed interim contribution table and condensed interim statement of number of units in issue together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information') for the half year ended December 31, 2016. The Pension Fund Manager is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, 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 statement of other investments, condensed interim contribution table and condensed interim statement of number of units for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of chartered accountants whose audit report, dated August 05, 2016, included an emphasis of matter paragraph regarding the uncertainty pertaining to the future outcome of the litigation pending in respect of contribution to Worker's Welfare Fund.


Chartered Accountants
Engagement Partner
Mushtaq Ali Hirani

Dated: 02 FEB 2017
Karachi


Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2016

| | | December 31, 2016 (Un-Audited) | | | | June 30, 2016 (Audited) |
|---|------|--------------------------------|--------------------|--------------------------------------|--------------------|----------------------------|
| | Note | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | Total | |
| Assets | | | | | | |
| Balances with banks | 5 | 5,444,368 | 53,561,068 | 58,754,236 | 117,759,672 | 80,398,107 |
| Investments (as per condensed interim statement of investments by category) | | 379,190,781 | 116,280,750 | 11,269,500 | 506,741,031 | 431,009,196 |
| Receivable against sale of investment | | 28,047,651 | - | - | 28,047,651 | 4,348,859 |
| Dividend receivable | | 1,465,255 | - | - | 1,465,255 | 855,694 |
| Profit receivable | | 40,778 | 230,728 | 236,045 | 507,551 | 527,912 |
| Accrued profit on GOP Ijara Sukuk | | - | 237,516 | 23,000 | 260,516 | - |
| Deposits and other receivables | 6 | 2,808,880 | 226,022 | 121,374 | 3,156,276 | 3,147,485 |
| Total assets | | 416,997,713 | 170,536,084 | 70,404,155 | 657,937,952 | 520,287,253 |
| Liabilities | | | | | | |
| Payable to the Pension Fund Manager | 7 | 533,119 | 243,165 | 100,002 | 876,286 | 704,000 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 53,322 | 24,307 | 9,997 | 87,626 | 70,395 |
| Fee payable to the Securities and Exchange Commission of Pakistan - annual fee | | 53,855 | 27,939 | 11,831 | 93,625 | 154,377 |
| Payable against purchase of investments | | 28,262,615 | - | - | 28,262,615 | - |
| Accrued expenses and other liabilities | 8 | 5,572,928 | 1,527,831 | 774,325 | 7,875,084 | 6,714,286 |
| Total liabilities | | 34,475,839 | 1,823,242 | 896,155 | 37,195,236 | 7,643,058 |
| Net assets | | 382,521,874 | 168,712,842 | 69,508,000 | 620,742,716 | 512,644,195 |
| Participants' sub funds (as per condensed interim Statement of Movement in Participants' Sub Funds) | | 382,521,874 | 168,712,842 | 69,508,000 | | |
| Number of units | | | | | | |
| Number of units in issue | | 664,323 | 884,742 | 405,843 | | |
| (Rupees) | | | | | | |
| Net assets value per unit | | 575.81 | 190.69 | 171.27 | | |

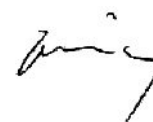
Contingencies and commitments 9

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

| | | Half year ended December 31, 2016 | | | | Half year ended December 31, 2015 |
|---|----|-----------------------------------|------------------|-----------------------|-------------------|-----------------------------------|
| | | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| Note | | (Rupees) | | | | |
| Income | | | | | | |
| Net capital gain / (loss) on sale of investments 'available-for-sale' | | 43,311,254 | - | - | 43,311,254 | 3,162,973 |
| 'at fair value through profit or loss - held-for-trading' | | (7,522) | 285,980 | 120,870 | 399,328 | 402,931 |
| Dividend income on shares 'available-for-sale' | | 8,766,327 | - | - | 8,766,327 | 4,614,900 |
| 'at fair value through profit or loss - held-for-trading' | | 118,028 | - | - | 118,028 | 863,500 |
| Income from Government Securities 'at fair value through profit or loss - held-for-trading' | | - | 3,629,127 | 529,184 | 4,158,311 | 4,586,873 |
| Income from sukuk certificates - 'available-for-sale' | | - | - | - | - | 54,462 |
| Profit on bank and other deposits | | 403,435 | 678,256 | 1,253,023 | 2,334,714 | 728,598 |
| Unrealised gain on revaluation of investments 'at fair value through profit or loss - held-for-trading' - net | | 9,707,404 | 1,897,150 | 182,600 | 11,787,154 | 4,129,236 |
| Reversal of provision against debt securities | | - | - | - | - | 392,858 |
| Total income | | 62,298,926 | 6,490,513 | 2,085,677 | 70,875,116 | 18,936,331 |
| Expenses | | | | | | |
| Remuneration of Pension Fund Manager | 11 | 2,424,742 | 1,264,929 | 528,841 | 4,218,512 | 3,430,276 |
| Sindh sales tax on remuneration of Pension Fund Manager | | 315,208 | 164,440 | 68,749 | 548,397 | 1,105,921 |
| Remuneration of Central Depository Company Limited - Trustee | | 242,479 | 126,489 | 52,885 | 421,853 | 343,026 |
| Sales tax on remuneration of trustee | 12 | 31,523 | 16,437 | 6,878 | 54,838 | 48,024 |
| Annual fee - Securities and Exchange Commission of Pakistan (SECP) | | 53,880 | 27,964 | 11,856 | 93,700 | 76,264 |
| Auditors' remuneration | | 155,011 | 81,307 | 34,584 | 270,902 | 320,610 |
| Custody and settlement charges | | 161,885 | 3,395 | - | 165,280 | 149,100 |
| Securities transaction cost | | 518,515 | 2,466 | 1,042 | 522,023 | 133,967 |
| Provision for Workers' Welfare Fund | | 903,101 | 71,466 | 18,874 | 993,441 | - |
| Impairment loss on available-for-sale investment | | - | - | - | - | 657,470 |
| Bank charges | | 8,306 | 6,229 | 4,432 | 18,967 | 29,053 |
| Donation and charity expense | | 141,162 | - | - | 141,162 | 91,502 |
| Total expenses | | 4,955,812 | 1,765,122 | 728,141 | 7,449,075 | 6,385,213 |
| Net income from operating activities | | 57,343,114 | 4,725,391 | 1,357,536 | 63,426,041 | 12,551,118 |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those redeemed - net: | | | | | | |
| - arising from realised / unrealised capital gain / (loss) | | 348,390 | (21,275) | (20,090) | 307,025 | 1,018,827 |
| - arising from other income / (loss) | | 135,221 | 2,453 | 527 | 138,201 | 116,168 |
| Net income for the period before taxation | | 57,826,725 | 4,706,569 | 1,337,973 | 63,871,267 | 13,686,113 |
| Taxation | 13 | - | - | - | - | - |
| Net income for the period after taxation | | 57,826,725 | 4,706,569 | 1,337,973 | 63,871,267 | 13,686,113 |

Earnings per unit

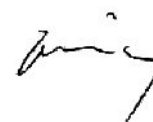
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The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

| | | Quarter ended December 31, 2016 | | | Quarter ended December 31, 2015 |
|--|----|---------------------------------|------------------|-----------------------|---------------------------------|
| | | Equity sub fund | Debt sub fund | Money market sub fund | Total |
| Note | | (Rupees) | | | |
| Income | | | | | |
| Net capital gain / (loss) on sale of investments | | | | | |
| 'available-for-sale' | | 28,221,521 | - | - | 28,221,521 |
| 'at fair value through profit or loss - held-for-trading' | | (59,159) | 285,980 | 120,870 | 347,691 |
| Dividend income on shares | | | | | |
| 'available-for-sale' | | 4,376,797 | - | - | 4,376,797 |
| 'at fair value through profit or loss - held-for-trading' | | 110,188 | - | - | 110,188 |
| Income from Government Securities | | | | | |
| 'at fair value through profit or loss - held-for-trading' | | - | 1,741,681 | 227,877 | 1,969,558 |
| Income from sukuk certificates - 'available-for-sale' | | - | - | - | - |
| Profit on bank and other deposits | | 248,140 | 453,925 | 695,978 | 1,398,043 |
| Unrealised gain on revaluation of investments | | | | | |
| 'at fair value through profit or loss-held-for-trading' | | 9,718,473 | 1,489,790 | 123,160 | 11,331,423 |
| Reversal of provision against debt securities | | - | - | - | - |
| Total income | | 42,615,960 | 3,971,376 | 1,167,885 | 47,755,221 |
| Expenses | | | | | |
| Remuneration of Pension Fund Manager | 11 | 1,295,219 | 636,857 | 263,489 | 2,195,565 |
| Sindh sales tax on remuneration of Pension Fund Manager | | 168,379 | 82,791 | 34,253 | 285,423 |
| Remuneration of Central Depository | | | | | |
| Company Limited - Trustee | | 129,523 | 63,684 | 26,349 | 219,556 |
| Sales tax on remuneration of trustee | 12 | 16,845 | 8,275 | 3,430 | 28,550 |
| Annual fee - Securities and Exchange | | | | | |
| Commission of Pakistan (SECP) | | 28,742 | 14,141 | 5,920 | 48,803 |
| Auditors' remuneration | | 80,044 | 39,942 | 16,356 | 136,342 |
| Custody and settlement charges | | 85,002 | 2,260 | - | 87,262 |
| Securities transaction cost | | 349,926 | 2,466 | 1,042 | 353,434 |
| Provision for Workers' Welfare Fund | | 808,331 | 61,751 | 15,972 | 886,054 |
| Impairment loss on available-for-sale investments | | - | - | - | - |
| Bank charges | | 5,607 | 3,401 | 2,699 | 11,707 |
| Donation and charity expense | | 48,125 | - | - | 48,125 |
| Total expenses | | 3,015,743 | 915,568 | 369,510 | 4,300,821 |
| Net income from operating activities | | 39,600,217 | 3,055,808 | 798,375 | 43,454,400 |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed: | | | | | |
| arising from capital gain and unrealised gain | | (106,456) | (18,346) | (19,631) | (144,433) |
| arising from other income | | 252,289 | (11,650) | 3,859 | 244,498 |
| Net income for the period before taxation | | 39,746,050 | 3,025,812 | 782,603 | 43,554,465 |
| Taxation | 13 | - | - | - | - |
| Net income for the period after taxation | | 39,746,050 | 3,025,812 | 782,603 | 43,554,465 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

| Half year ended December 31, 2016 | | | | | Half year ended December 31, 2015 |
|---|--------------------|------------------|---|-------------------|---|
| Note | Equity sub fund | Debt sub fund | Money Market sub fund (Rupees) | Total | |
| Net income for the period | 57,826,725 | 4,706,569 | 1,337,973 | 63,871,267 | 13,686,114 |
| Other comprehensive income | | | | | |
| Items to be reclassified to profit or loss in subsequent periods | | | | | |
| Net unrealised gain on revaluation of available-for-sale investments | 10 76,355,510 | - | - | 76,355,510 | (7,727,368) |
| Reclassification adjustment on sale / maturity of available- for-sale investments | (43,311,254) | - | - | (43,311,254) | (4,933,367) |
| | 33,044,256 | - | - | 33,044,256 | (12,660,735) |
| Total comprehensive income for the period | 90,870,981 | 4,706,569 | 1,337,973 | 96,915,523 | 1,025,379 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

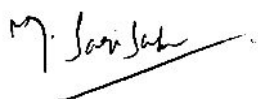
For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2016**

| | Quarter ended December 31, 2016 | | | | Quarter ended December 31, 2015 |
|---|---------------------------------|------------------|--------------------------|-------------------|---------------------------------------|
| | Equity sub fund | Debt sub fund | Money Market sub fund | Total | |
| | ----- (Rupees) ----- | | | | |
| Net income for the period | 39,746,050 | 3,025,812 | 782,603 | 43,554,465 | 7,035,902 |
| Other comprehensive income | | | | | |
| Items to be reclassified to profit or loss in subsequent periods | | | | | |
| Net unrealised gain on revaluation of available-for-sale investments | 51,485,589 | - | - | 51,485,589 | 9,232,534 |
| Reclassification adjustment on sale / maturity of available- for-sale investments | (28,221,521) | - | - | (28,221,521) | (2,307,360) |
| | 23,264,068 | - | - | 23,264,068 | 6,925,174 |
| Total comprehensive income for the period | 63,010,118 | 3,025,812 | 782,603 | 66,818,533 | 13,961,076 |



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)




Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

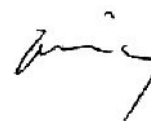
| | Half year ended December 31, 2016 | | | | Half year ended December 31, 2015 |
|--|-----------------------------------|---------------|-----------------------|--------------|-----------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| | (Rupees) | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Net income before taxation | 57,826,725 | 4,706,569 | 1,337,973 | 63,871,267 | 13,686,114 |
| Adjustments for non cash items: | | | | | |
| Net capital (gain) / loss on sale of investments classified as: | | | | | |
| 'available-for-sale' | (43,311,254) | - | - | (43,311,254) | (3,162,973) |
| 'at fair value through profit or loss - held-for-trading' | 7,522 | (285,980) | (120,870) | (399,328) | (402,931) |
| Unrealised (gain) / loss on revaluation of investments 'at fair value through profit or loss - held-for-trading' - net | (9,707,404) | (1,897,150) | (182,600) | (11,787,154) | (4,129,236) |
| Impairment loss on 'available-for-sale' investment | - | - | - | - | 657,470 |
| Reversal of provision against debt securities | - | - | - | - | (392,858) |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed: | | | | | |
| arising from capital gain and unrealised gain | (348,390) | 21,275 | 20,090 | (307,025) | (1,018,827) |
| arising from other income | (135,221) | (2,453) | (527) | (138,201) | (116,168) |
| | (53,494,747) | (2,164,308) | (283,907) | (55,942,962) | (8,565,523) |
| (Increase) / decrease in assets | | | | | |
| Investments | (34,038,593) | 31,587,000 | 15,261,750 | 12,810,157 | (9,611,502) |
| Receivable against sale of Investment | (23,698,792) | - | - | (23,698,792) | - |
| Dividend receivable | (609,561) | - | - | (609,561) | 10,473 |
| Profit receivable | 11,986 | 41,953 | (33,578) | 20,361 | 1,406,113 |
| Accrued profit on GOP Ijara Sukuk | - | (237,516) | (23,000) | (260,516) | - |
| Deposits and other receivables | (2,346) | (3,505) | (2,940) | (8,791) | (43,004) |
| | (58,337,306) | 31,387,932 | 15,202,232 | (11,747,142) | (8,237,920) |
| Increase / (decrease) in liabilities | | | | | |
| Payable to the Pension Fund Manager | 155,733 | 14,922 | 1,631 | 172,286 | (42,193) |
| Payable to Central Depository | | | | | |
| Company of Pakistan Limited - Trustee | 15,579 | 1,484 | 168 | 17,231 | 13,750 |
| Fee payable to the Securities and Exchange Commission of Pakistan - annual fee | (27,582) | (22,482) | (10,688) | (60,752) | (47,054) |
| Payable against purchase of investments | 28,262,615 | - | - | 28,262,615 | 6,042,500 |
| Accrued and other liabilities | 1,116,927 | 38,811 | 5,060 | 1,160,798 | 553,833 |
| | 29,523,272 | 32,735 | (3,829) | 29,552,178 | 6,520,836 |
| Cash (used in) / generated from operating activities | (24,482,056) | 33,962,928 | 16,252,469 | 25,733,341 | 3,403,507 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Receipt of contribution | 28,033,930 | 18,970,324 | 3,515,075 | 50,519,329 | 61,425,958 |
| Payment made against redemptions | (12,854,563) | (20,372,721) | (5,663,821) | (38,891,105) | (39,854,517) |
| Net cash generated from / (used in) financing activities | 15,179,367 | (1,402,397) | (2,148,746) | 11,628,224 | 21,571,441 |
| Net (decrease) / increase in cash and cash equivalent during the period | (9,302,689) | 32,560,531 | 14,103,723 | 37,361,565 | 24,974,948 |
| Cash and cash equivalents at beginning of the period | 14,747,057 | 21,000,537 | 44,650,513 | 80,398,107 | 40,259,604 |
| Cash and cash equivalents at end of the period | 5,444,368 | 53,561,068 | 58,754,236 | 117,759,672 | 65,234,552 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

| | Quarter ended December 31, 2016 | | | | Quarter ended December 31, 2015 |
|--|---------------------------------|---------------|--------------------------|--------------|---------------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| | ----- (Rupees) ----- | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Net income before taxation | 39,746,050 | 3,025,812 | 782,603 | 43,554,465 | 7,035,902 |
| Adjustments for non cash items: | | | | | |
| Net capital (gain) / loss on sale of investments classified as: | | | | | |
| 'available-for-sale' | (28,221,521) | - | - | (28,221,521) | 242,673 |
| 'at fair value through profit or loss - held-for-trading' | 59,159 | (285,980) | (120,870) | (347,691) | (755,424) |
| Unrealised (gain) / loss on revaluation | | | | | |
| of investments 'at fair value through profit or loss | | | | | |
| - held-for-trading' - net | (9,718,473) | (1,489,790) | (123,160) | (11,331,423) | (5,346,792) |
| Impairment loss on | | | | | |
| 'available-for-sale' investment | - | - | - | - | 657,470 |
| Reversal of provision against debt securities | - | - | - | - | (196,429) |
| Element of (income) / loss and capital (gains) / | | | | | |
| losses included in prices of units issued less | | | | | |
| those in units redeemed: | | | | | |
| arising from capital gain and unrealised gain | 106,456 | 18,346 | 19,631 | 144,433 | (91,811) |
| arising from other income | (252,289) | 11,650 | (3,859) | (244,498) | (91,158) |
| | (38,026,668) | (1,745,774) | (228,258) | (40,000,700) | (5,581,471) |
| Decrease / (increase) in assets | | | | | |
| Investments | (43,040,593) | 36,109,500 | 15,261,750 | 8,330,657 | 27,638,016 |
| Receivable against sale of investments | (17,439,353) | - | - | (17,439,353) | - |
| Dividend receivable | 2,346,615 | - | - | 2,346,615 | 2,239,100 |
| Profit receivable | (11,809) | 1,996,567 | 258,243 | 2,243,001 | 1,877,874 |
| Accrued profit on GOP Ijara Sukuk | - | (237,516) | (23,000) | (260,516) | - |
| Deposits and other receivables | - | - | - | - | 4,023 |
| | (58,145,140) | 37,868,551 | 15,496,993 | (4,779,596) | 31,759,013 |
| Increase / (decrease) in liabilities | | | | | |
| Payable to the Pension Fund Manager | 103,618 | 11,329 | 2,537 | 117,484 | 46,059 |
| Payable to Central Depository | | | | | |
| Company of Pakistan Limited - Trustee | 10,371 | 1,130 | 259 | 11,760 | 4,607 |
| Fee payable to the Securities and Exchange | | | | | |
| Commission of Pakistan - annual fee | 28,742 | 14,141 | 5,920 | 48,803 | 38,416 |
| Payable against purchase of investments | 28,262,615 | - | - | 28,262,615 | 6,042,500 |
| Accrued and other liabilities | 753,527 | (11,555) | (16,070) | 725,902 | 466,040 |
| | 29,158,873 | 15,045 | (7,354) | 29,166,564 | 6,597,622 |
| Cash (used in) / generated from operating activities | (27,266,885) | 39,163,634 | 16,043,984 | 27,940,733 | 39,811,066 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Receipt of contribution | 9,870,265 | 6,570,431 | 1,427,835 | 17,868,531 | 14,240,102 |
| Payment against redemptions | (6,768,531) | (7,402,912) | (2,428,003) | (16,599,446) | (8,163,440) |
| Net cash generated from / (used in) financing activities | 3,101,734 | (832,481) | (1,000,168) | 1,269,085 | 6,076,662 |
| Net increase / (decrease) in cash and cash equivalent during the period | (24,165,151) | 38,331,153 | 15,043,816 | 29,209,818 | 45,887,728 |
| Cash and cash equivalents at beginning of the period | 29,609,519 | 15,229,915 | 43,710,420 | 88,549,854 | 19,346,824 |
| Cash and cash equivalents at end of the period | 5,444,368 | 53,561,068 | 58,754,236 | 117,759,672 | 65,234,552 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANT'S SUB-FUND (UN-AUDITED)
FOR THE HALF YEAR DECEMBER 31, 2016**


| | Half year ended December 31, 2016 | | | | Half year ended December 31, 2015 |
|--|-----------------------------------|--------------------|-----------------------|--------------------|-----------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| | (Rupees) | | | | |
| Net assets at the beginning of period | 276,955,137 | 165,389,848 | 70,299,210 | 512,644,195 | 438,848,347 |
| Amount received on issue of units | 28,033,930 | 18,970,324 | 3,515,075 | 50,519,329 | 61,425,958 |
| Amount paid on redemption of units | (12,854,563) | (20,372,721) | (5,663,821) | (38,891,105) | (39,854,517) |
| | 15,179,367 | (1,402,397) | (2,148,746) | 11,628,224 | 21,571,441 |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net | | | | | |
| Amount representing (income) / loss and realised capital (gains) / losses - net: | | | | | |
| arising from capital gain and unrealised gain | (348,390) | 21,275 | 20,090 | (307,025) | (1,018,827) |
| arising from other income | (135,221) | (2,453) | (527) | (138,201) | (116,168) |
| Amount representing unrealised diminution / (appreciation) in fair value of investments | (11,393,793) | 646,716 | 860,565 | (9,886,512) | 8,911,280 |
| | (11,877,404) | 665,538 | 880,128 | (10,331,738) | 7,776,285 |
| Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale | 33,044,256 | - | - | 33,044,256 | (12,660,735) |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net | 11,393,793 | (646,716) | (860,565) | 9,886,512 | (8,911,280) |
| Net income after taxation for the period | 57,826,725 | 4,706,569 | 1,337,973 | 63,871,267 | 13,686,114 |
| Net assets at the end of period | 382,521,874 | 168,712,842 | 69,508,000 | 620,742,716 | 460,310,172 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)




Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANT'S SUB-FUND (UN-AUDITED)
FOR THE QUARTER DECEMBER 31, 2016**

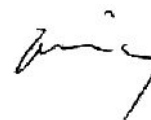
| | Quarter ended December 31, 2016 | | | | Quarter ended December 31, 2015 |
|--|---------------------------------|--------------------|--------------------------|--------------------|---------------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| | ----- (Rupees) ----- | | | | |
| Net assets at the beginning of the period | 316,555,854 | 166,489,515 | 69,709,794 | 552,755,163 | 440,455,400 |
| Amount received on issue of units | 9,870,265 | 6,570,431 | 1,427,835 | 17,868,531 | 14,240,105 |
| Amount paid on redemption of units | (6,768,531) | (7,402,912) | (2,428,003) | (16,599,446) | (8,163,440) |
| | 3,101,734 | (832,481) | (1,000,168) | 1,269,085 | 6,076,665 |
| 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: | | | | | |
| arising from capital gain and unrealised gain | 106,457 | 18,346 | 19,631 | 144,434 | (91,811) |
| arising from other income | (252,289) | 11,650 | (3,860) | (244,499) | (91,158) |
| Amount representing unrealised diminution / (appreciation) in fair value of investments | 20,510,978 | 369,575 | 397,364 | 21,277,917 | (4,535,305) |
| | 20,365,146 | 399,571 | 413,135 | 21,177,852 | (4,718,274) |
| Net unrealised gain / (loss) during the period in the market value of investments classified as available-for-sale | 23,264,068 | - | - | 23,264,068 | 6,925,174 |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net | (20,510,978) | (369,575) | (397,364) | (21,277,917) | 4,535,305 |
| Net income after taxation for the period | 39,746,050 | 3,025,812 | 782,603 | 43,554,465 | 7,035,902 |
| Net assets at the end of the period | 382,521,874 | 168,712,842 | 69,508,000 | 620,742,716 | 460,310,172 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)

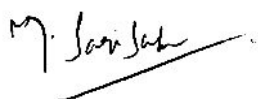


Director

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY (UN-AUDITED)
AS AT DECEMBER 31, 2016**

| | December 31, 2016 (Un-Audited) | | | June 30, 2016 (Audited) | |
|--|--------------------------------|---------------|--------------------------|----------------------------|-------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | | Total |
| | ----- (Rupees) ----- | | | | |
| | | | | | |
| Investments at fair value through profit or loss - held-for-trading | | | | | |
| Listed equity securities | 143,444,176 | - | - | 143,444,176 | 9,945,265 |
| Government Ijarah Sukuks | - | 116,280,750 | 11,269,500 | 127,550,250 | 171,912,400 |
| | 143,444,176 | 116,280,750 | 11,269,500 | 270,994,426 | 181,857,665 |
| Investments available-for-sale | | | | | |
| Listed equity securities | 235,514,105 | - | - | 235,514,105 | 248,919,031 |
| Unlisted equity securities | 232,500 | - | - | 232,500 | 232,500 |
| | 235,746,605 | - | - | 235,746,605 | 249,151,531 |
| | 379,190,781 | 116,280,750 | 11,269,500 | 506,741,031 | 431,009,196 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

**EQUITY SUB FUND
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD-FOR-TRADING
LISTED EQUITY SECURITIES**

455 MCB Pakistan Islamic Pension Fund

**CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED)
AS AT DECEMBER 31, 2016**

| Sector and name of the investee company | As at July 01, 2016 | Purchases during the period | Bonus / right issue during the period | Sale during the period | As at December 31, 2016 | As at December 31, 2016 (Rupees) | | | Market value as a % of net assets of the sub-fund | % of paid-up capital of the investee company |
|---|---------------------|-----------------------------|---------------------------------------|------------------------|-------------------------|-------------------------------------|--------------------|-----------------------------|---|--|
| | | | | | | Carrying value | Market value | Appreciation / (diminution) | | |
| | | | | | | | | | | |
| Oil & Gas Exploration Companies | | | | | | | | | | |
| Mari Petroleum Company Limited | 400 | - | - | - | 400 | 363,288 | 549,964 | 186,676 | 0.14 | 0.00 |
| Oil and Gas Development Company Limited | - | 46,000 | - | - | 46,000 | 7,626,800 | 7,606,100 | (20,700) | 1.99 | 0.00 |
| Pakistan Petroleum Limited | 203 | - | - | - | 203 | 31,475 | 38,201 | 6,726 | 0.01 | 0.00 |
| | | | | | | 8,021,563 | 8,194,265 | 172,702 | 2.14 | |
| Oil And Gas Marketing Companies | | | | | | | | | | |
| Hascol Petroleum Limited | - | 22,000 | - | - | 22,000 | 7,468,426 | 7,425,440 | (42,986) | 1.94 | 0.02 |
| Shell Pakistan Limited | 600 | - | - | 600 | - | - | - | - | - | - |
| | | | | | | 7,468,426 | 7,425,440 | (42,986) | 1.94 | |
| Pharmaceuticals | | | | | | | | | | |
| GlaxoSmithKline (Pakistan) Limited | - | 45,000 | - | - | 45,000 | 10,271,309 | 10,498,500 | 227,191 | 2.74 | 0.01 |
| IBL HealthCare Limited | 36,960 | - | 564 | 33,200 | 4,324 | 597,163 | 735,772 | 138,609 | 0.19 | 0.01 |
| The Searle Company Limited | - | 6,000 | - | - | 6,000 | 3,593,710 | 3,922,740 | 329,030 | 1.03 | 0.00 |
| | | | | | | 14,462,182 | 15,157,012 | 694,830 | 3.96 | |
| Power Generation & Distribution | | | | | | | | | | |
| Hub Power Company Limited | 13,984 | 29,000 | - | - | 42,984 | 4,868,918 | 5,307,664 | 438,746 | 1.39 | 0.00 |
| Refinery | | | | | | | | | | |
| Attock Refinery Limited | - | 25,500 | - | - | 25,500 | 9,847,585 | 10,845,150 | 997,565 | 2.84 | 0.03 |
| National Refinery Limited | - | 17,700 | - | 17,700 | - | - | - | - | - | - |
| | | | | | | 9,847,585 | 10,845,150 | 997,565 | 2.84 | |
| Technology & Communications | | | | | | | | | | |
| Avanceon Limited | - | 50,000 | - | - | 50,000 | 1,574,840 | 1,742,500 | 167,660 | 0.46 | 0.05 |
| As at December 31, 2016 (Un-Audited) | | | | | | 133,736,772 | 143,444,176 | 9,707,404 | | |
| As at June 30, 2016 (Audited) | | | | | | 6,656,504 | 9,945,265 | 3,288,761 | | |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**



Chief Executive Officer



Director

457 MCB Pakistan Islamic Pension Fund

457 MCB Pakistan Islamic Pension Fund

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2016

| Sector and name of the investee company | As at July 01, 2016 | Purchases during the period | Bonus / right issue during the period | Sale during the period | As at December 31, 2016 | As at December 31, 2016 | | | Market value as a % of net assets of the sub-fund | % of paid-up capital of the investee company |
|--|---------------------|-----------------------------|---------------------------------------|------------------------|-------------------------|-------------------------|--------------|-----------------------------|---|--|
| | | | | | | Cost | Market value | Appreciation / (diminution) | | |
| | | | | | | | (Rupees) | | % | % |
| Fertilizer | | | | | | | | | | |
| Dawood Hercules Corporation Limited | 60,000 | - | - | 4,000 | 56,000 | 6,993,969 | 8,082,480 | 1,088,511 | 2.11 | 0.01 |
| Engro Fertilizers Limited | - | 269,000 | - | 53,500 | 215,500 | 14,808,923 | 14,649,690 | (159,233) | 3.83 | 0.02 |
| Engro Corporation Limited | 75,500 | 2,000 | - | 77,500 | - | - | - | - | - | - |
| | | | | | | 21,802,892 | 22,732,170 | 929,278 | 5.94 | |
| Commercial Banks | | | | | | | | | | |
| Meezan Bank Limited | - | 110,000 | - | 28,000 | 82,000 | 4,252,545 | 5,585,020 | 1,332,475 | 1.46 | 0.01 |
| Glass & Ceramics | | | | | | | | | | |
| Tariq Glass Industries Limited | 120,000 | - | - | 120,000 | - | - | - | - | - | - |
| Cement | | | | | | | | | | |
| Cherat Cement Company Limited | 85,000 | 96,500 | - | 117,000 | 64,500 | 8,370,881 | 11,225,580 | 2,854,699 | 2.93 | 0.04 |
| Kohat Cement Limited | 20,900 | - | - | 20,900 | - | - | - | - | - | - |
| Lucky Cement Limited | 37,500 | - | - | 29,800 | 7,700 | 4,397,265 | 6,670,202 | 2,272,937 | 1.74 | 0.00 |
| Maple Leaf Cement Factory Limited | 80,000 | 102,000 | - | 182,000 | - | - | - | - | - | - |
| Pioneer Cement Limited | 46,000 | 31,000 | - | 77,000 | - | - | - | - | - | - |
| | | | | | | 12,768,146 | 17,895,782 | 5,127,636 | 4.67 | |
| Engineering | | | | | | | | | | |
| Anreli Steels Limited | 5,000 | 124,000 | - | 129,000 | - | - | - | - | - | - |
| Crescent Steel & Allied Products Limited | - | 57,300 | - | 57,300 | - | - | - | - | - | - |
| International Steels Limited | - | 49,000 | - | - | 49,000 | 2,757,372 | 4,788,770 | 2,031,398 | 1.25 | 0.01 |
| K.S.B. Pumps Co. Limited | - | 3,000 | - | 3,000 | - | - | - | - | - | - |
| | | | | | | 2,757,372 | 4,788,770 | 2,031,398 | 1.25 | |
| Paper and board | | | | | | | | | | |
| Packages Limited | 12,250 | 5,000 | - | 12,250 | 5,000 | 3,501,763 | 4,250,250 | 748,487 | 1.11 | 0.01 |

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED)
AS AT DECEMBER 31, 2016

| Sector and name of the investee company | As at July 01, 2016 | Purchases during the period | Bonus / right issue during the period | Sale during the period | As at December 31, 2016 | As at December 31, 2016 | | | Market value as a % of net assets of the sub- fund | % of paid-up capital of the investee company |
|--|------------------------|-----------------------------------|--|------------------------------|-------------------------------|-------------------------|--------------|--------------------------------|--|---|
| | | | | | | Cost | Market value | Appreciation / (diminution) | | |
| | | | | | | | | | (Rupees) | % |
| Pharmaceuticals | | | | | | | | | | |
| Abbot Laboratories (Pakistan) Limited | 13,550 | - | - | 4,500 | 9,050 | 5,958,005 | 8,661,665 | 2,703,660 | 2.26 | 0.01 |
| TBL HealthCare Limited | 7,513 | - | 89 | 6,919 | 683 | 67,625 | 116,219 | 48,594 | 0.03 | 0.00 |
| The Searle Company Limited | 685 | - | 95 | - | 780 | 272,195 | 509,956 | 237,761 | 0.13 | 0.00 |
| | | | | | | 6,297,825 | 9,287,840 | 2,990,015 | 2.42 | |
| Automobile assembler | | | | | | | | | | |
| Honda Atlas Cars (Pakistan) Limited | - | 7,800 | - | 5,000 | 2,800 | 1,672,599 | 1,872,192 | 199,593 | 0.49 | 0.00 |
| HinoPak Motors Limited | - | 6,420 | - | - | 6,420 | 6,274,255 | 11,640,295 | 5,366,040 | 3.04 | 0.05 |
| Pak Suzuki Motor Company Limited | - | 8,400 | - | - | 8,400 | 4,875,555 | 5,147,688 | 272,133 | 1.35 | 0.01 |
| Sazgar Engineering Works Limited | - | 67,000 | - | 67,000 | - | - | - | - | - | - |
| | | | | | | 12,822,409 | 18,660,175 | 5,837,766 | 4.88 | |
| Automobile Parts & Accessories | | | | | | | | | | |
| Agriaautos Industries Limited (Face value Rs. 5 per share) | 27,000 | 18,900 | - | 27,000 | 18,900 | 5,184,858 | 6,766,011 | 1,581,153 | 1.77 | 0.07 |
| Atlas Battery Limited | - | 12,000 | - | 1,600 | 10,400 | 6,409,979 | 8,683,896 | 2,273,917 | 2.27 | 0.06 |
| | | | | | | 11,594,837 | 15,449,907 | 3,855,070 | 4.04 | |
| Cable and electrical goods | | | | | | | | | | |
| Pak Elektron Limited | 145,000 | 85,000 | - | 182,000 | 48,000 | 3,278,434 | 3,421,440 | 143,006 | 0.89 | 0.01 |
| Leather & Tanneries | | | | | | | | | | |
| Service Industries Limited | - | 3,700 | - | - | 3,700 | 4,485,275 | 5,539,307 | 1,054,032 | 1.45 | 0.03 |
| Refinery | | | | | | | | | | |
| Attock Refinery Limited | 18,000 | - | - | 1,200 | 16,800 | 3,515,802 | 7,145,040 | 3,629,238 | 1.87 | 0.02 |
| Technology & Communications | | | | | | | | | | |
| Avanceon Limited | - | 94,000 | - | - | 94,000 | 3,248,781 | 3,275,900 | 27,119 | 0.86 | 0.09 |
| Netsol Technologies | - | 107,500 | - | - | 107,500 | 6,350,423 | 5,835,100 | (515,323) | 1.53 | 0.12 |
| P.T.C.L "A" | - | 450,000 | - | 450,000 | - | - | - | - | - | - |
| | | | | | | 9,599,204 | 9,111,000 | (488,204) | 2.39 | |

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED)
AS AT DECEMBER 31, 2016

| Sector and name of the investee company | As at July 01, 2016 | Purchases during the period | Bonus / right issue during the period | Sale during the period | As at December 31, 2016 | As at December 31, 2016 | | | Market value as a % of net assets of the sub- fund | % of paid- up capital of the investee company |
|---|------------------------|-----------------------------------|--|------------------------------|-------------------------------|-------------------------|--------------------|--------------------------------|--|---|
| | | | | | | Cost | Market value | Appreciation / (diminution) | | |
| | | | | | | (Number of shares) | (Rupees) | % | % | |
| Textile Composite | | | | | | | | | | |
| Kohinoor Textile Mills Ltd | 126,000 | 10,500 | - | 37,000 | 99,500 | | 7,509,802 | 11,561,900 | 4,052,098 | 3.02 |
| Miscellaneous | | | | | | | | | | |
| Shifa International Hospitals Limited | 41,351 | 6,700 | - | 18,100 | 29,951 | | 8,082,032 | 9,207,237 | 1,125,205 | 2.41 |
| As at December 31, 2016 (Un-Audited) | | | | | | | 178,192,823 | 235,514,105 | 57,321,282 | 0.05 |
| As at June 30, 2016 (Audited) | | | | | | | 222,431,616 | 248,919,031 | 26,487,415 | |

* This investment includes securities with fair value aggregating to Rs. 12.755 million (June 30, 2016: 11.738 million) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trade 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 18 form an integral part of this condensed interim financial information.

**For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)**

Director

Prof. Savitsky

Chief Executive Officer

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2016

EQUITY SUB FUND INVESTMENTS AVAILABLE-FOR-SALE UNLISTED EQUITY SECURITIES

| Sector and name of the investee company | As at July 01, 2016 | Purchases during the period | Bonus / right issue during the period | Sale during the period | As at December 31, 2016 | As at December 31, 2016 | | | Market value as a % of net assets of the sub-fund | % of paid-up capital of the investee company |
|---|---------------------|-----------------------------|---------------------------------------|------------------------|-------------------------|-------------------------|--------------|-----------------------------|---|--|
| | | | | | | Cost | Market value | Appreciation / (diminution) | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| (Number of shares) | | | | | | | | | | |
| (Rupees) | | | | | | | | | | |
| Shares of unlisted companies - fully paid ordinary shares of Rs . 10 each unless stated otherwise | | | | | | | | | | |
| Pharmaceuticals | | | | | | | | | | |
| GlaxoSmithKline Consumer Healthcare (Pakistan) Limited* | 3,750 | - | - | - | 3,750 | 232,523 | 232,500 | (23) | 0.06 | 0.00 |
| As at December 31, 2016 (Un-Audited) | | | | | | 232,523 | 232,500 | (23) | | |
| As at June 30, 2016 (Audited) | | | | | | 232,523 | 232,500 | (23) | | |

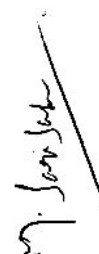
* In connection with notice of extra ordinary general meeting, circulated through Dawn as on November 26, 2015, mentioning the scheme of arrangement for de-merger of GSK Pakistan Limited through separation of all assets and liabilities of Consumer Healthcare Business into GSK Consumer Healthcare Pakistan Limited pursuant to the scheme of arrangement under section 284 to 287 of the Companies Ordinance 1984, resolution for the said matter passed on November 30, 2015 and sanction by the Honorable High Court of Sindh as on February 29, 2016 specifying the date of scheme to become effective from April 1, 2016.

The stated number of shares have been proportionated in accordance with the special resolution, mentioning as consideration for the said demerger the issuance of 3 ordinary shares of GSK Consumer Healthcare Pakistan Limited to every shareholder of GSK Pakistan Limited for every 10 ordinary shares held by them. Provided further that, the listing of GSK Consumer Healthcare Pakistan Limited is still pending on Pakistan Stock Exchange Limited.

Break up value of these shares are not determinable due to non availability of financial statements.

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

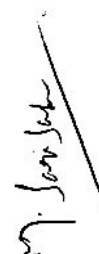
**CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED)
AS AT DECEMBER 31, 2016**

**DEBT SUB-FUND
AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD-FOR-TRADING
GOVERNMENT IJARAH SUKUKS**

| Name of investments | Issue date | Maturity date | Face value | | | As at December 31, 2016 | | | Market value as a % of net asset of the sub fund |
|------------------------------------|------------|---------------|---------------------|-----------------------------|--------------------------------------|-------------------------|----------------|--------------|--|
| | | | As at July 01, 2016 | Purchases during the period | Sales / maturities during the period | As at December 31, 2016 | Carrying value | Market value | |
| ----- (Rupees) ----- | | | | | | | | | |
| Government Ijarah Sukuks (3 years) | | | | | | | | | |
| GoP Ijarah sukuk XV | 25-Jun-14 | 25-Jun-17 | 36,200,000 | - | 36,200,000 | - | - | - | - |
| GoP Ijarah sukuk XVI | 18-Dec-15 | 18-Dec-18 | 109,000,000 | 4,500,000 | - | 113,500,000 | 114,383,600 | 116,280,750 | 68.92% |
| December 31, 2016 (Un-Audited) | | | 145,200,000 | 4,500,000 | 36,200,000 | 113,500,000 | 114,383,600 | 116,280,750 | 1,897,150 |
| June 30, 2016 (Audited) | | | 125,850,000 | 176,400,000 | 157,050,000 | 145,200,000 | 145,309,860 | 145,684,620 | 374,760 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

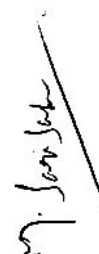
CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2016

DEBT SUB-FUND INVESTMENTS AVAILABLE-FOR-SALE SUKUK CERTIFICATES

| Name of the Investee Company | Issue date | Number of certificates | | | Balance as at December 31, 2016 | | | 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 01, 2016 | Purchases during the year | Sale / matured during the year | As at December 31, 2016 | Cost | Market value | | | | Appreciation / (diminution) |
| | | | | | | | | | | | |
| (----- Rupees -----) | | | | | | | | | | | |
| Pak Electron Limited - SUKUK (28-09-2007) | 28-Sep-07 | 550 | - | 550 | - | - | - | - | - | - | |
| December 31, 2016 (Un-Audited) | | | | | | | | | | | |
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The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer



Director

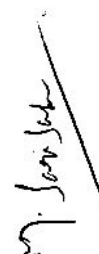
**CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED)
AS AT DECEMBER 31, 2016**

**MONEY MARKET SUB-FUND
AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD-FOR-TRADING
GOVERNMENT IJARAH SUKUKS**

| Name of Investments | Issue date | Maturity date | Face value | | | | As at December 31, 2016 | | | Market value as a % of net asset of the sub fund |
|------------------------------------|------------|---------------|---------------------|-----------------------------|--------------------------------------|-------------------------|-------------------------|--------------|---------------------------|--|
| | | | As at July 01, 2016 | Purchases during the period | Sales / maturities during the period | As at December 31, 2016 | Carrying value | Market value | Appreciation/(diminution) | |
| ----- (Rupees) ----- | | | | | | | | | | |
| Government Ijarah Sukuks (3 years) | | | | | | | | | | |
| GoP Ijarah sukuk XV | 25-Jun-14 | 25-Jun-17 | 15,300,000 | - | 15,300,000 | - | - | - | - | 0.00% |
| GoP Ijarah sukuk XVI | 18-Dec-15 | 18-Dec-18 | 11,000,000 | - | - | 11,000,000 | 11,086,900 | 11,269,500 | 182,600 | 16.21% |
| December 31, 2016 (Un-Audited) | | | 26,300,000 | - | 15,300,000 | 11,000,000 | 11,086,900 | 11,269,500 | 182,600 | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| June 30, 2016 (Audited) | | | 64,200,000 | 36,300,000 | 74,200,000 | 26,300,000 | 26,425,590 | 26,227,780 | (197,810) | |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Chief Executive Officer

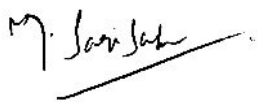


Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

| Contributions net of front end fee | Half year ended December 31, 2016 | | | | | | | Half year ended December 31, 2015 |
|------------------------------------|-----------------------------------|--------------|---------------|--------------|-----------------------|-------------|--------------|-----------------------------------|
| | Equity sub fund | | Debt sub fund | | Money market sub fund | | Total | |
| | Units | Rupees | Units | Rupees | Units | Rupees | | |
| | ----- (Rupees) ----- | | | | | | | |
| Opening balance | 631,012 | 111,586,417 | 892,209 | 126,279,615 | 419,224 | 46,735,687 | 284,601,719 | 252,410,059 |
| Individuals | | | | | | | | |
| - issuance of units | 58,929 | 28,033,930 | 101,445 | 18,970,324 | 6,958 | 3,515,075 | 50,519,329 | 61,425,958 |
| - redemption of units | (25,618) | (12,854,563) | (108,912) | (20,372,721) | (20,339) | (5,663,821) | (38,891,105) | (39,854,517) |
| | 33,311 | 15,179,367 | (7,467) | (1,402,397) | (13,381) | (2,148,746) | 11,628,224 | 21,571,441 |
| Closing balance | 664,323 | 126,765,784 | 884,742 | 124,877,218 | 405,843 | 44,586,941 | 296,229,943 | 273,981,500 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)

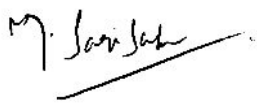


Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2016**

| Contributions net of front end fee | Quarter ended December 31, 2016 | | | | | | | Quarter ended December 31, 2015 |
|------------------------------------|---------------------------------|-------------|---------------|-------------|-----------------------|-------------|--------------|---------------------------------|
| | Equity sub fund | | Debt sub fund | | Money market sub fund | | Total | |
| | Units | Rupees | Units | Rupees | Units | Rupees | | |
| ----- (Rupees) ----- | | | | | | | | |
| Opening balance | 657,239 | 123,664,050 | 889,169 | 125,709,699 | 412,408 | 45,587,109 | 294,960,858 | 267,904,835 |
| Individuals | | | | | | | | |
| - issuance of units | 19,546 | 9,870,265 | 34,787 | 6,570,431 | (5,441) | 1,427,835 | 17,868,531 | 14,240,105 |
| - redemption of units | (12,462) | (6,768,531) | (39,214) | (7,402,912) | (1,124) | (2,428,003) | (16,599,446) | (8,163,440) |
| | 7,084 | 3,101,734 | (4,427) | (832,481) | (6,565) | (1,000,168) | 1,269,085 | 6,076,665 |
| Closing balance | 664,323 | 126,765,784 | 884,742 | 124,877,218 | 405,843 | 44,586,941 | 296,229,943 | 273,981,500 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

| | Half year ended December 31, 2016 | | | | Half year ended December 31, 2015 |
|--|-----------------------------------|---------------|-----------------------|-----------|-----------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| | No. of units | | | | |
| Total units outstanding at the beginning of the period | 631,012 | 892,209 | 419,224 | 1,942,445 | 1,799,162 |
| Add: Units issued during the period | 58,929 | 101,445 | 6,958 | 167,332 | 258,900 |
| Less: Units redeemed during the period | (25,618) | (108,912) | (20,339) | (154,869) | (189,980) |
| Total units in issue at the end of the period | 664,323 | 884,742 | 405,843 | 1,954,908 | 1,868,082 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2016**


| | Quarter ended December 31, 2016 | | | | Quarter ended December 31, 2015 |
|---|---------------------------------|------------------|--------------------------|-----------|---------------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund | Total | |
| | No. of units | | | | |
| Total units outstanding at the beginning of the period | 657,239 | 889,169 | 412,408 | 1,958,816 | 1,854,497 |
| Add: Units issued during the period | 19,546 | 34,787 | (5,441) | 48,892 | 62,934 |
| Less: Units redeemed during the period | (12,462) | (39,214) | (1,124) | (52,800) | (49,349) |
| Total units in issue at the end of the period | 664,323 | 884,742 | 405,843 | 1,954,908 | 1,868,082 |

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The Pakistan Islamic Pension Fund (PIPF) (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited 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 (HMBL) 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. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2** PIPF is an open-ended pension fund consisting of three sub-funds namely PIPF Equity Sub-Fund, PIPF Debt Sub-Fund and PIPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the 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 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 Pension Fund Manager is situated at 24th Floor, Centre Point, off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated March 11, 2016 to the Management Company.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the VPS Rules and the directives issued by SECP. Wherever, the requirements differ of the Trust Deed, the VPS Rules and the directives issued by SECP take precedence.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2016 and December 31, 2015 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.4** These condensed interim financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest rupee.
- 2.5** The directors of the Management Company declare that this condensed interim financial information give a true and fair view of the fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2016 except as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

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 and uncertainty were the same as those that applied to the financial statements of the Fund as at and for the year ended June 30, 2016.

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 and therefore not disclosed 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 annual audited financial statements of the Fund as at and for the year ended June 30, 2016.

| As at December 31, 2016 (Un-Audited) | | | | | As at June 30, 2016 (Audited) |
|--------------------------------------|--------------------|------------------|---|-------------|-------------------------------------|
| Note | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | Total | |
| 5. BALANCES WITH BANKS | | | | | |
| Current accounts | 1,110,272 | - | - | 1,110,272 | 166,145 |
| Saving accounts | 4,334,096 | 53,561,068 | 58,754,236 | 116,649,400 | 80,231,962 |
| | 5,444,368 | 53,561,068 | 58,754,236 | 117,759,672 | 80,398,107 |

5.1 Saving accounts carry a rate of return ranging from 5.09% to 6.1% per annum (June 30, 2016: 5.5% to 6% per annum).

6. DEPOSITS AND OTHER RECEIVABLES

| As at December 31, 2016 (Un-Audited) | | | | | As at June 30, 2016 (Audited) |
|--|--------------------|------------------|---|-----------|-------------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | Total | |
| Security deposit | | | | | |
| - Central Depository Company of Pakistan | 201,000 | 200,000 | 100,000 | 501,000 | 501,000 |
| - National Clearing Company of Pakistan Limited | 2,500,000 | - | - | 2,500,000 | 2,500,000 |
| Advance tax | 91,380 | 9,522 | 4,874 | 105,776 | 96,985 |
| Other receivables | 16,500 | 16,500 | 16,500 | 49,500 | 49,500 |
| | 2,808,880 | 226,022 | 121,374 | 3,156,276 | 3,147,485 |

**7. PAYABLE TO PENSION
FUND MANAGER**

| | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|
| Remuneration payable | 471,787 | 215,190 | 88,498 | 775,475 | 617,543 |
| Sales tax on Pension Fund Manager fee | 61,332 | 27,975 | 11,504 | 100,811 | 86,457 |
| | 533,119 | 243,165 | 100,002 | 876,286 | 704,000 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

8. ACCRUED EXPENSES AND OTHER LIABILITIES

| | Note | As at December 31, 2016 (Un-Audited) | | | Total | As at June 30, 2016 (Audited) |
|---|------|--------------------------------------|------------------|---|------------------|-------------------------------------|
| | | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | | |
| Federal Excise Duty payable on remuneration of Pension Fund Manager | 8.1 | 1,450,564 | 1,031,540 | 548,228 | 3,030,332 | 3,030,332 |
| Donation / charity | | 295,258 | - | - | 295,258 | 154,096 |
| Audit fee | | 177,336 | 93,044 | 39,597 | 309,977 | 390,274 |
| Withholding tax payable | | 1,111 | 308 | 233 | 1,652 | 5,108 |
| Provision for Workers' Welfare Fund | 8.2 | 3,109,034 | 400,474 | 185,226 | 3,694,734 | 2,701,293 |
| Brokerage payable | | 526,954 | 2,465 | 1,041 | 530,460 | 407,267 |
| Others | | 12,671 | - | - | 12,671 | 25,916 |
| | | 5,572,928 | 1,527,831 | 774,325 | 7,875,084 | 6,714,286 |

- 8.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment by the SHC.

Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services.

In view of the abovementioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company of the Fund has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of accounts of the Fund which aggregated to Rs. 3.03 million as at December 31, 2016. (June 30, 2016: Rs. 3.03 million). Had this provision not been made, the NAV of the Fund would have been higher by Rs. 2.18 per unit (June 30, 2016: Rs.1.71 per unit) in respect of equity sub fund, Rs.1.16 per unit (June 30, 2016: Re.0.99 per unit) in respect of debt sub fund and Rs.1.35 per unit (June 30, 2016: Rs. 1.17 per unit) in respect of money market sub fund as at December 31, 2016.

- 8.2** The Supreme Court passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 3.39 million in case of Equity sub-fund, Rs. 0.4 million in case of Debt sub-fund and Rs. 0.19 million in case of Money Market sub-fund. This has resulted in an increase in NAV per unit of Rs. 5.05 in case of Equity sub Fund, Rs. 0.45 per unit in case of Debt sub Fund and Rs. 0.46 per unit in case of Money Market on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 4.68 per unit in case of Equity sub Fund, Rs. 0.45 million in case of Debt sub Fund and Rs. 0.46 in case of Money Market sub Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 1.7 million in case of Equity sub Fund, Rs 0.24 million in case of Debt sub Fund and Rs. 0.07 million in case of Money Market sub Fund. This has resulted in a decrease in NAV per unit of Rs. 2.6 per unit in case of Equity sub Fund, Rs.0.27 per unit in case of Debt sub Fund and Rs. 0.16 per unit on January 12, 2017. Had this provision was recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 2.6 per unit in case of Equity sub Fund, Rs. 0.27 in case of Debt sub Fund and Rs. 0.16 in case of Money Market sub Fund on that date.

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

9. CONTINGENCIES AND COMMITMENTS

- 9.1 There were no contingencies and commitments outstanding as at December 31, 2016 (June 30, 2016: Nil) except as disclosed in note 8.1 and 8.2 respectively.

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

| | As at December 31, 2016 | | | As at December 31, 2015 |
|---|-------------------------|------------------|---|-------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | Total |
| Market value | 235,746,605 | - | - | 235,746,605 |
| Average cost | (178,425,346) | - | - | (178,425,346) |
| | 57,321,259 | - | - | 57,321,259 |
| Impairment loss | | | | |
| Opening | 2,442,911 | - | - | 2,442,911 |
| Charged during the period | - | - | - | - |
| Reversal / derecognised | (2,442,911) | - | - | (2,442,911) |
| | - | - | - | - |
| Reclassification adjustment on sale/ maturity of available-for-investments | 43,311,254 | - | - | 43,311,254 |
| Less: Net unrealised (appreciation) in value of investment at the beginning of the period | (24,277,003) | - | - | (24,277,003) |
| Net appreciation / (diminution) during the period | 76,355,510 | - | - | 76,355,510 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

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. SINDH SALES TAX ON REMUNERATION OF TRUSTEE

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 13% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill, 2010 amended up to 2015.

Hence, the Fund has made an accrual on account of Sindh Sales Tax on services chargeable on custodianship services during the period.

13. TAXATION

The income of Pakistan Islamic Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Despite the exemption is available under the clause, minimum tax at the rate 1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2001. Further through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

14. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

15. TRANSACTIONS WITH CONNECTED PERSONS

Details of transactions and balances at period end with connected persons, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

15.1 Transactions during the period

| | Half year ended December 31, 2016 | | | | Half year ended December 31, 2015 |
|--|-----------------------------------|------------------|-----------------------------|-----------|---|
| | 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 | 2,739,950 | 1,429,369 | 597,591 | 4,766,910 | 4,536,198 |
| Central Depository Company of Pakistan Limited - Trustee | | | | | |
| Remuneration | 274,002 | 142,926 | 59,763 | 476,691 | 391,050 |
| Security deposit | 201,000 | 200,000 | 100,000 | 501,000 | - |
| Redemption of PIPF Debt sub fund Nil units (2015: 10,949 units) | | | | | 2,000,000 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

| | Half year ended December 31, 2016 | | | Half year ended December 31, 2015 |
|--|-----------------------------------|------------------|---|---|
| | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | |
| Redemption of PIPF Money sub fund Nil units (2015: 18,082 units) | | | | 3,000,000 |
| Arif Habib Limited * | | | | |
| Brokerage expense | 33,000 | - | - | 7,300 |
| Next Capital Limited * | | | | |
| Brokerage expense | 35,000 | - | - | 15,475 |
| Directors and officers | | | | |
| Issue of PIPF Equity sub fund 2,496 units (2015: 1,382 units) | 1,213,377 | - | - | 517,978 |
| Issue of PIPF Debt sub fund 4,444 units (2015: 1,592 units) | - | 834,117 | - | 691,390 |
| Issue of PIPF Money Market sub fund 923 units (2015: 603 units) | - | - | 156,140 | 99,768 |
| Redemption of PIPF Equity sub fund 2,925 units (2015: 2,373 units) | 1,452,631 | - | - | 890,418 |
| Redemption of PIPF Debt sub fund 1,789 units (2015: 1,592 units) | - | 337,452 | - | 286,439 |
| Redemption of PIPF Money Market sub fund 35 units (2015: 302 units) | - | - | 5,904 | 49,828 |
| MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager | | | | |
| Remuneration including indirect taxes | 1,144,545 | 737,969 | 367,763 | 2,286,188 |
| Redemption of PIPF Equity sub fund 1,135 units (2015: Nil units) | 825,684 | - | - | - |
| Redemption of PIPF Debt sub fund 914 units (2015: 10,949 units) | - | 174,316 | - | 2,000,000 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

| | Quarter ended December 31, 2016 | | | | Quarter ended December 31, 2015 |
|---|---------------------------------|------------------|---|---------|---------------------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | Total | |
| Redemption of PIPF Money Market sub fund 267 units (2015: 18,082 units) | - | - | 43,924 | 43,924 | 3,000,000 |
| Central Depository Company of Pakistan Limited - Trustee | | | | | |
| Remuneration | 146,368 | 71,959 | 29,779 | 218,122 | 197,084 |
| Arif Habib Limited * | | | | | |
| Brokerage payable | 2,595 | - | - | 2,595 | - |
| Next Capital Limited * | | | | | |
| Brokerage payable | 27,745 | - | - | 27,745 | 4,399 |
| Directors and Officers | | | | | |
| Issue of PIPF Equity sub fund 969 units (2015: 578 units) | 500,807 | - | - | 500,807 | 216,828 |
| Issue of PIPF Debt sub fund 1,400 units (2015: 784 units) | - | 266,030 | - | 266,030 | 141,753 |
| Issue of PIPF Money Market sub fund 238 units (2015: 603 units) | - | - | 40,631 | 40,631 | 25,633 |
| Redemption of PIPF Equity sub fund 1,609 units (2015: Nil units) | 825,684 | - | - | 825,684 | - |
| Redemption of PIPF Debt sub fund 914 units (2015: Nil units) | - | 174,316 | - | 174,316 | - |
| Redemption of PIPF Money Market sub fund Nil units (2015: Nil units) | - | - | - | - | - |

* 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 STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

15.2 Amounts outstanding as at the period end

| | As at December 31, 2016 (Un-audited) | | | | June 30, 2016 (Audited) |
|--|--------------------------------------|------------------|---|-------------|----------------------------|
| | Equity sub fund | Debt sub fund | Money market sub fund (Rupees) | Total | |
| MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager | | | | | |
| Remuneration payable | 471,787 | 215,190 | 88,498 | 775,475 | 617,543 |
| Sindh sales tax payable | 61,332 | 27,975 | 11,504 | 100,811 | 86,457 |
| Investment in seed capital 305,160 units (June 2016: 305,160 units) | 175,714,180 | - | - | 175,714,180 | 133,937,757 |
| Investment in seed capital 289,051 units (June 2016: 289,051 units) | - | 55,119,135 | - | 55,119,135 | 53,581,439 |
| Investment in seed capital 281,918 units (June 2016: 281,918 units) | - | - | 48,284,096 | 48,284,096 | 47,274,814 |
| Payable on redemption | - | 2,000,000 | 3,000,000 | 5,000,000 | - |
| Central Depository Company of Pakistan Limited - Trustee | | | | | |
| Remuneration payable | 47,184 | 21,520 | 8,849 | 77,553 | 61,760 |
| Sales tax on remuneration | 6,138 | 2,786 | 1,147 | 10,071 | 8,635 |
| Security deposit | 201,000 | 200,000 | 100,000 | 501,000 | 501,000 |
| Arif Habib Limited * | | | | | |
| Brokerage payable | - | - | - | - | 18,247 |
| Next Capital Limited * | | | | | |
| Brokerage payable | - | - | - | - | 56,160 |
| Directors and Officers | | | | | |
| Balance as at December 31, 2016 | | | | | |
| Investment in PIPF Equity sub fund 19,429 units (June 2016: 18,573 units) | 11,187,412 | - | - | 11,187,412 | 8,152,056 |
| Investment in PIPF Debt sub fund 26,068 units (June 2016: 22,464 units) | - | 4,970,907 | - | 4,970,907 | 4,164,168 |
| Investment in PIPF Money Market sub fund 4,432 units (June 2016: 4,022 units) | - | - | 851,041 | 851,041 | 674,474 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

16. FAIR VALUE HIERARCHY

The carrying value of all financial assets and liabilities reflected in the financial information approximate their fair values. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are trade able in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7 - Financial Instruments : Disclosure requires an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

| | December 31, 2016 | | | | | | | | | (Rupees) |
|--|-------------------|-------------|---------|---------------|-------------|---------|-----------------------|------------|---------|----------|
| | Equity Sub-Fund | | | Debt Sub-Fund | | | Money Market Sub-Fund | | | |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | |
| Total | | | | | | | | | | |
| Investments in securities - 'at fair value through profit or loss' 'Available-for-sale' | 270,994,426 | 143,444,176 | - | - | 116,280,750 | - | - | 11,269,500 | - | |
| | 235,746,605 | 235,514,105 | 232,500 | - | - | - | - | - | - | |
| | 506,741,031 | 378,958,281 | 232,500 | - | 116,280,750 | - | - | 11,269,500 | - | |

ASSETS

Investments in securities -
'at fair value through
profit or loss'
'Available-for-sale'

| | June 30, 2016 | | | | | | | | |
|---|-----------------|-------------|---------|---------------|-------------|---------|-----------------------|------------|---------|
| | Equity Sub-Fund | | | Debt Sub-Fund | | | Money Market Sub-Fund | | |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Total | | | | | | | | | |
| Investment in securities - 'at fair value through profit or loss' 'Available-for-sale' | 181,857,665 | 9,945,265 | - | - | 145,684,620 | - | - | 26,227,780 | - |
| | 249,151,531 | 248,919,031 | 232,500 | - | - | - | - | - | - |
| | 431,009,196 | 258,864,296 | 232,500 | - | 145,684,620 | - | - | 26,227,780 | - |

ASSETS

Investment in securities -
'at fair value through
profit or loss'
'Available-for-sale'

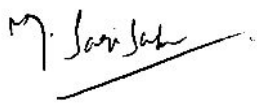
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 02, 2017 by the Board of Directors of the Pension Fund Manager.

18. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of better presentation.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited
(Pension Fund Manager)










Director



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