



Bachat ka Doosra Naam

**Annual Report
2014**



Phir Aglee Rut Kee Fikar Karo

PAKISTAN

**ISLAMIC PENSION
FUND**

MCB-Arif Habib Savings and Investments Limited

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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

COMPANY INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Habib Metropolitan Bank Limited 8th Floor, HBZ Plaza, Building I.I.Chundrighar Road, Karachi.	
Bankers	Habib Metropolitan Bank Limited Bank Alfalah Limited	
Auditors	Ernts & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi, Sindh-75530, Pakistan	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM 2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE FUND MANAGER

The board of Directors of MCB-Arif Habib Savings and Investments Limited the Management Company of Pakistan Islamic Pension Fund (PIPF), is pleased to present the Annual Report on the affairs of PIPF for the year ended June 30, 2014.

ECONOMY AND MONEY MARKET OVERVIEW

Economic optimism generally prevailed throughout the year, as the new government managed to close the performance of their first fiscal year with improving macroeconomic indicators. Single-digit inflation, improvement in reserves, stability in rupee and successful implementation of fiscal reforms managed to dilute the negative impact arising from wide fiscal and current account deficits on the economy.

Despite poor law and order situation and energy crisis, the real GDP growth remained in the vicinity of 4% in FY14, as opposed to 3.7% during the previous fiscal year. During the year, the country successfully entered into a three-year \$6.6 billion loan program with IMF. The country received four tranches of around \$540 million each during FY14 as against the total \$3 billion repayments to IMF due in FY14.

The reserves had remained under pressure during the first eight months of FY14 on account of hefty repayments to foreign donors. However, multilateral agencies and close allies along with fewer repayments towards the latter part of the year helped improve reserve balance to \$13.99 billion as on 27-June-2014 from the trough of \$7.59 billion touched on 7-February-2014. Not to mention, \$1.5 billion from Saudi Arabia in March 2014. Local currency managed to appreciate to Rs98 against dollar from a record low of Rs108.6 against dollar on 5-December-2013.

Despite implementation of fiscal reforms, inflation remained in single digit with CPI averaging around 8.62% in FY14. Although the government had twice announced 50 bps hikes in the discount rate in the monetary policy held in September and November, bringing the discount rate to 10%, stable inflation and improvement in foreign reserve convinced policy makers to keep discount rate unchanged in the later three monetary policies, in spite of IMF pressure of maintaining positive real returns.

The Current Account balance remained in pressure posting a deficit of \$2.57 billion in 11MFY14 as opposed to deficit of \$2.15 billion reported in 11MFY13. Last year's saving grace came in the form of proceeds under Coalition Support Funds (CSF) where the country received \$1 billion as opposed to inflows of \$1.8 billion received during 11MFY14. The country's import bill nudged up by 3.31% to \$38.13 billion and exports stayed constant at last year's level of around \$23 billion. At the same time, remittances improved to \$14.33 billion from \$12.75 billion reported in 11MFY13.

The country's financial account registered a surplus of \$4.36 billion, as opposed to surplus of \$212 million in the previous year. Thanks to higher FDIs as proceeds amounted to \$ 1.36 billion in 11MFY14, nearly \$34 million higher than the previous fiscal year. A large portion of this increase could be attributed to sale of 3G & 4G licenses.

The lower current account deficit along with surplus in financial account and capital account summed to an overall surplus of \$3.33 billion in 11MFY14 as opposed to deficit of \$1.86 billion during the previous year.

On the heels of structural reforms, the country's performance on fiscal side improved, with the government expected to conclude the year by recording a fiscal deficit of 5.8% largely lower than the year's target of 6.3% and the last year's level of 8%. A big part of this reduction could be attributed to large Circular Debt transaction towards the end of last fiscal year.

The tax revenue collection is expected to remain close to the budgeted amount of around Rs 2.51 trillion, while higher than expected growth in non-tax revenues would help the country to record Rs 3.59 trillion in gross receipts that is nearly 10% higher than the budgeted revenue.

While being overly aggressive with their tax collection drive the government's debt management has left a lot to be desired. Perhaps a better strategy could here helped the Govt. borrow long at better rates while developing the mid to long end debt market.

EQUITIES MARKET OVERVIEW

KSE-100 index rose by a remarkable 41% in FY14 as against an average annual growth of 46% recorded during the past three fiscal years. Aided by smooth political transition and improving fundamentals, the stock market started the year on a positive note. The market touched an all-time high (intraday) of around 29,789.85 on 2nd June, 2014.

REPORT OF THE DIRECTOR OF THE FUND MANAGER

This double-digit growth in performance has helped the local equity market to shine as one of the best performing markets in the world. Pakistan ranked first amongst Asian Frontier markets in FY14 as MSCI Pakistan gained 23% outpacing Bangladesh, 21%; Vietnam, 13%; and Sri Lanka, -1%.

The volumes remained healthy with an average daily market turnover of around 216 million shares during the year, nearly 1.2 times higher than the average volume during the past three fiscal years. Foreign investors remained net buyers given that the market closed its fiscal year recording net foreign inflows of around \$261.8 million as opposed to the net inflow of around \$552.6 million in FY13

A combination of smooth political transition, successful political transition, entry into IMF program and foreign inflows helped the stock market climb strongly during the year. In addition, monetary easing in developed countries also played a catalyst as they continued to facilitate the flow of funds towards the developing countries.

Moreover, a combination of improving economic indicators, strong inherent bottom line growth and healthy payouts helped keep the investors' interest alive in the stock market. The rally remained broad based, but interest largely remained in Pharmaceuticals, Banks and Automobile sectors.

Pharmaceutical stocks managed to lead the pack on the heels of upward revision in drugs prices, while rupee appreciation towards the latter half of the fiscal year improved the margins of automobile companies. The successful entry into GSP plus program brought few profitable textile companies into limelight in the face of rupee appreciation which bodes negative for textile companies and Cement companies thrived on widening of margins owing to increase in cement prices and lower coal prices.

FUND PERFORMANCE

Equity Fund

During the period under review, the Equity sub-fund generated a return of 42.1% while the KSE-100 posted a return of 41.16%. The sub-fund changed its overall equity and sector allocations many times during the period in response to varying investment scenarios and to manage risk. Equity allocation at the end of the period was 86.5% as compared to beginning allocation of 88.8%. The sub-fund decreased exposure significantly from Constructions & Material, Commercial Banks and Oil & Gas while exposure towards General Industries, and Electricity sectors was increased.

The Net Assets of the Fund as at June 30, 2014 stood at Rs.133.29 million as compared to Rs. 83.33 million as at June 30, 2013 registering an increase of 59.95%.

The Net Asset Value (NAV) per unit as at June 30, 2014 was Rs. 273.92 as compared to opening NAV of Rs. 192.77 per unit as at June 30, 2013 registering an increase of Rs. 81.15 per unit.

Debt Fund

The debt sub-fund generated an annualized return of 8.22% during the period under review. The sub-funds exposure towards GoP Ijarah Sukuk decreased to 90.5% from 89.8%.

The Net Assets of the Fund as at June 30, 2014 stood at Rs.118.91 million as compared to Rs 79.93 million as at June 30 2013 registering an increase of 48.77%.

The Net Asset Value (NAV) per unit as at June 30, 2014 was Rs. 170.07 as compared to opening NAV of Rs. 157.15 per unit as at June 30, 2013 registering an increase of Rs. 12.92 per unit

Money Market Fund

The money market sub-fund generated an annualized return of 6.86% during the period under review. Fund's exposure towards GoP Ijara Sukuk was decreased to 81.3% from 84.4% during the period.

REPORT OF THE DIRECTOR OF THE FUND MANAGER

The Net Assets of the Fund as at June 30, 2014 stood at Rs. 69.06 million as compared to Rs. 55.05 million as at June 30, 2013 registering an increase of 25.45%.

The Net Asset Value (NAV) per unit as at June 30, 2014 was Rs. 156.31 as compared to opening NAV of Rs. 146.27 per unit as at June 30, 2013 registering an increase of Rs. 10.04 per unit.

FUTURE OUTLOOK

The country's trade deficit is likely to reduce on account of stable commodity prices, stronger rupee and incremental exports due to GSP plus facility. Also, in consideration of various reforms introduced in FY15, targeted fiscal deficit level of 4.9% doesn't appear as farfetched as it has been in the last few years. The government expects reserve position to improve further on the back pledges made by multilateral agencies, approved project financing and divestment of strategic assets.

Earnings growth is expected to continue in Cement, Autos and Consumer goods sector, amongst others.

The rupee appreciation bodes well for Autos and Consumer goods sectors, while higher allocation in PSDP will increase demand for cement. Moreover, expected monetary easing down the line would reignite the market's interest in the leveraged scripts.

Above all, the equity market will continue to attract foreign investors owing to divestment of the government's holding in listed companies and increase in the country's weight in MSCI FM Index.

ACKNOWLEDGMENT

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

On behalf of Directors,



Yasir Qadri

Chief Executive Officer

Karachi: July 28, 2014

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2014

Fund Type and Category

Pakistan Islamic pension fund (PIPF) is an open-end shariah complaint voluntary pension scheme.

Investment Objective:

The investment objective of the fund is to seek already returns with a moderate risk for investors by investing in a portfolio of equity, Short medium term debt and money market instruments, which are shariah compliant.

Investment Strategy:

PIPF is a flexible savings cum investments plan under the voluntary pension system which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, and allows special tax rebate on the contributions under this system. The investors have a choice between various allocation schemes that PIPF offers, each of which is invested in different proportions in the three sub funds: Equity, debts and Money markets. Equity sub fund invests up to 90% of its assets in equity securities. Sector/stock selection is done on the basis of fundamental outlook and DCF valuations and meeting shariah compliance criteria. Debt sub fund invests in Sukuk and other shariah complaint debt instruments of duration of less than 5 years. Money market sub fund invests in short dated shariah complaint money market instruments.

Manager's Review

Equity Sub- Fund

During the year, equity sub- fund generated a return of 42.1% as against KMI-30 index return of 29.9%. As of end-June 2014, about 77% was exposed in Oil and Gas, Electricity, Construction and Materials, General industries and Automobile parts.

Sector-wise, the equity sub-fund decreased its exposure in oil and gas from 32.8% at the beginning of the year to around 30% by end-June 2014 by decreasing its holding in shares including OGDG and PSO during the year to avail better opportunities. The exposure towards Electricity sector was also increased during the year to 16.9% as of end-June 2014 from 6.1% at the beginning of the year while the exposure towards Construction and Materials and Commercial Banks, however, was reduced from 21.0% and 8.2% to around 16.7% and 0.0% respectively by end-June 2014.

Money Market Sub-Fund

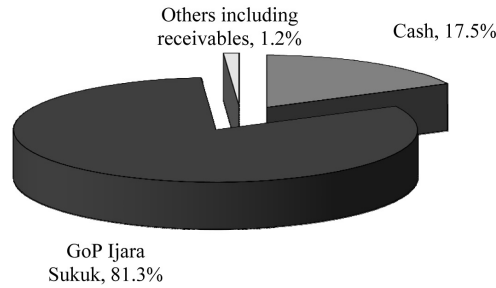
The money market sub-fund made an annualized return of 6.86% during the year. The sub fund decreased its exposure in GoP Ijarah Sukuk (GIS) to around 81.3% by end-June 2014 as against 84.4% at the beginning of the year. The exposure towards cash and bank deposits inclined from 13.4% at the beginning to 17.5% by year end. The net assets of the sub-fund increased to around Rs 69.06 million by end-June 2014 as against Rs 55.05 million at the beginning of the year.

Debt Sub-fund

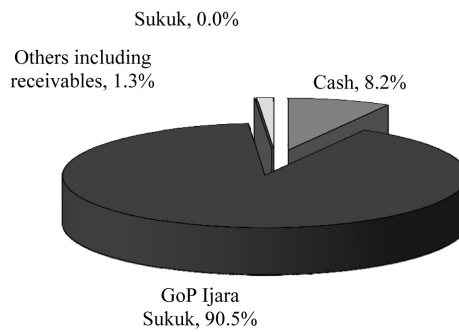
The debt sub-fund generated an annualized return of 8.22% during the year. The sub-fund was largely invested in GoP Ijarah Sukuk (GIS) due to its attractive risk-return profile and capital gains potential. The sub-fund maintained an exposure around 90.5% in GoP Ijarah Sukuk as of end-June 2014. The net assets of the sub- fund increased to Rs 118.9 million as against Rs. 79.93 million at the beginning of the year.

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2014**

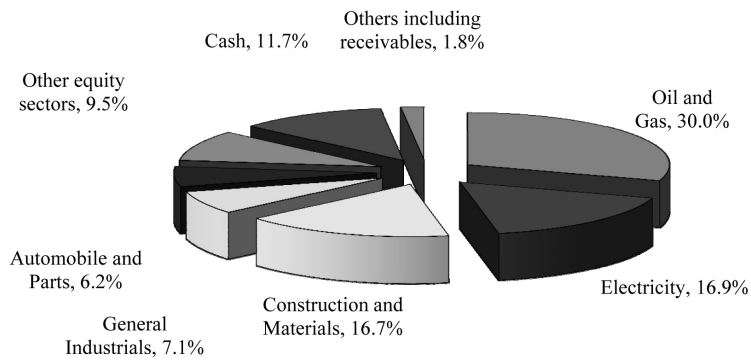
Asset Allocation (MM sub-fund) as on June 30, 2014 (% of total assets)



Asset Allocation (Debt sub-fund) as on June 30, 2014 (% of total assets)



Asset Allocation (Equity sub-fund) as on June 30, 2014 (% of total assets)



Uzma Khan, CFA, FRM
Fund Manager

Karachi: July 28, 2014



HABIBMETRO

TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN ISLAMIC PENSION FUND

REPORT OF THE TRUSTEE PURSUANT TO RULE 31(H) OF VOLUNTARY PENSION SYSTEM RULES, 2005

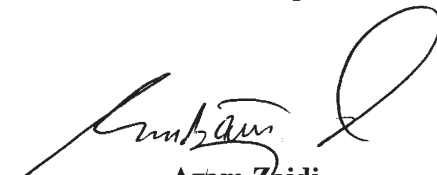
Pakistan Islamic Pension Fund was established under a Trust Deed dated September 5, 2007 executed between MCB-Arif Habib Savings & Investments Limited as the Pension Fund Manager and MCB Financial Services Limited (MCBFSL), as the Trustee.

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

In our opinion, the Pension Fund Manager has in all material respects managed the Fund during the year ended 30 June 2014 in accordance with the provisions of the following:

- (i) investment policy prescribed by the Commission and borrowing limitations set out in the trust deed are complied with;
- (ii) methods adopted by the Pension Fund Manager in calculating the values of units of each sub fund of the pension fund were adequate and in accordance with the provisions of the trust deed or as specified by the Commission;
- (iii) the issue, redemption and cancellation of units are carried out in accordance with the trust deed and the VPS Rules, 2005; and
- (iv) any other matter required under the trust deed of the pension fund and VPS Rules, 2005

For the purpose of information, we draw attention to note 7.1 to the financial statements, which refers to uncertainty relating to the future outcome of the litigation regarding contribution to Workers' Welfare Fund, which is currently pending adjudication at the Honorable High Court of Sindh.


Azam Zaidi
Senior Executive Vice President

Karachi: August 29, 2014

REPORT OF THE SHARIAH ADVISOR

I, the Shariah Advisor of the Fund, am please to issue this report in accordance with the clause 4.19 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of M/s MCB-Arif Habib Savings and Investments Limited (MCBAH), the pension fund manager of the Fund, to establish and maintain a system of internal controls to ensure compliance with Shariah guidelines. My responsibility is to express an opinion, based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

For Equity Sub Fund, I have advised a criteria for screening equities in the local stock market, on the basis of the following; (1) Nature of business (2) Interest bearing debt in relation to the total assets, (3) Illiquid assets in the relation to the total assets, (4) Investment in non-Shariah complaint activities to total assets, (5) Income from non-complaint investment to Gross revenues and (6) Net liquid assets per share vs. share price.

For Debt & Money Market Sub Funds, I have prescribed a criteria and procedures to be followed in ensuring Shariah compliance in every investment.

As part of my mandate as Shariah Advisor, I have reviewed the following, during the period;

- The modes of investment of the Fund's property and its compliance with the Shariah guidelines.
- Shariah compliance of new investment avenues proposed by MCBAH.

In the light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the period ended 30th June 2014 are in compliance with the Shariah principles.

The pension fund manager has been directed to set aside as charity, amount earned as interest from conventional banks, In addition, there are investments made by the PIPF where investee companies have earned a part of their income from non-complaint sources (e.g. interest income). In such cases, the management company has been directed to set aside as charity such proportion of the income from investee companies in order to purify the earnings of the Fund.

During the year an amount of Rupees 79,035 was transferred to the charity account. The total amount of charity payable as at June 30, 2014 amounts to Rs. 79,035

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Karachi

Dated: July 28, 2014



Dr Ejaz Samadani

Shariah Advisor



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Chartered Accountants
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Independent assurance report to the unit holders of the Fund in respect of the Fund's compliance with the Shariah rules and principles

We have performed an independent assurance engagement of **Pakistan Islamic Pension Fund** (the Fund) to ensure that the Fund has complied with the Shariah rules and principles prescribed by the Shariah Advisor of the Fund during the year ended 30 June 2014.

2. Management's responsibility for Shariah compliance

It is the responsibility of the management of the Fund to ensure that the financial arrangements, contracts and transactions entered into by the Fund are, in substance and in their legal form, in compliance with the requirements of the Shariah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

3. Our responsibility

3.1. We planned and performed our evidence gathering procedures to obtain a basis for our conclusion in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) "Assurance Engagements other than Audits or Reviews of Historical Financial information". This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Fund's compliance with the Shariah rules and principles as determined by the Shariah Board.

3.2. The "Assurance Procedures" selected by us for the engagement were dependent on our judgment, including the assessment of the risks of material non-compliance with the Shariah rules and principles. In making those risk assessments, we considered internal controls relevant to the Fund's compliance with the Shariah rules and principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.

3.3. Our responsibility is to express an opinion, based on the procedures performed on the Fund's financial arrangements, contracts and transactions having Shariah implications, on a test basis whether such financial arrangements, contracts and transactions, having Shariah implications, are in line with the Shariah rules and principles as prescribed by Shariah Board of the Fund.

4. Our opinion

In our opinion, the Fund was, in all material respects, in compliance with the Shariah rules and principles as determined by Shariah Board of the Fund during the year ended 30 June 2014.

Karachi: 28 July 2014

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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AUDITORS' REPORT TO THE PARTICIPANTS OF PAKISTAN ISLAMIC PENSION FUND

We have audited the annexed financial statements comprising:

- i) balance sheet;
- ii) income statement;
- iii) statement of comprehensive income
- iv) statement of cash flows;
- v) statement of movement in participants' sub-funds;
- vi) statement of investments by category;
- vii) statement of investment portfolio;
- viii) statement of other investments;
- ix) contribution table;
- x) statement of number of units in issue; and
- xi) financial performance table.

of **Pakistan Islamic Pension Fund** (the Fund) as at **30 June 2014** and for the year ended **30 June 2014** together with the notes forming part thereof for the year then ended.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal control and prepare and present the financial statements of the Pension Fund in conformity with the International Accounting Standards notified under sub-section (3) of section 234 of the Companies Ordinance, 1984, and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pension System Rules, 2005 and the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements prepared for the year have been properly drawn up in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;

AUDITORS' REPORT TO THE MEMBERS



-: 2 :-

- b) a true and fair view is given of the financial position and disposition of the Pension Fund as at 30 June 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Pension Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Pension Fund;
- e) proper books and records have been kept by the Pension Fund and the financial statements prepared are in agreement with the Pension Fund's books and records;
- f) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matter

We draw attention to note 7.1 to the financial statements which explains the contingency with respect to the contribution to Workers' Welfare Fund aggregating to Rs.1.295 million. In this regard, the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably.

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

Other matter

The financial statements of the Fund for the year ended 30 June 2013 were audited by another firm of chartered accountants whose audit report, dated 05 August 2013, included an emphasis of matter paragraph regarding the uncertainty pertaining to the future outcome of the litigation pending in respect of contribution to Workers' Welfare Fund.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 28 July 2014

Karachi

BALANCE SHEET AS AT JUNE 30, 2014

		2014				
	Note	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2013
		(Rupees)				
Assets						
Balances with banks	4	16,632,796	9,784,585	12,201,251	38,618,632	15,353,802
Investments - (as per Statement of Investment by category)		122,502,314	108,333,036	56,519,871	287,355,221	195,222,567
Dividend receivable		-	-	-	-	115,972
Profit receivable		20,245	1,387,694	726,933	2,134,872	2,235,533
Deposits and other receivables	5	2,706,371	200,000	100,000	3,006,371	8,752,356
Total assets		141,861,726	119,705,315	69,548,055	331,115,096	221,680,230
Liabilities						
Payable to Pension Fund Manager		181,444	157,928	96,402	435,774	304,030
Payable to Habib Metropolitan Bank Limited - Trustee		19,235	16,743	10,220	46,198	33,917
Fee payable to the Securities and Exchange Commission of Pakistan - Annual fee		34,054	31,108	20,201	85,363	60,980
Payable against purchase of investments		6,680,310	-	-	6,680,310	-
Accrued expenses and other liabilities	6	1,657,925	593,686	358,749	2,610,360	2,970,169
Total liabilities		8,572,968	799,465	485,572	9,858,005	3,369,096
Net assets		133,288,758	118,905,850	69,062,483	321,257,091	218,311,134
Contingencies and commitments	7					
Participants Sub-Funds (as per Statement of Movement in Participants' Sub-Funds)		133,288,758	118,905,850	69,062,483		
Number of units in issue (as per statement attached)		486,596	699,171	441,817		
Net assets value per unit (Rupees)		273.92	170.07	156.31		

The annexed notes from 1 to 21 form an integral part of these financial statements.

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


Chief Executive Officer


Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

		2014				
		PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund	Total	2013
Note		----- (Rupees) -----				
Income						
Capital gain on sale of investments classified as 'available-for-sale'		6,070,902	-	-	6,070,902	5,586,349
'at fair value through profit or loss'		17,488,219	-	-	17,488,219	7,664,921
Dividend income on shares classified as 'available for sale'		69,808	-	-	69,808	1,127,706
'at fair value through profit or loss'		4,993,171	-	-	4,993,171	3,154,361
Income from sukuk certificates classified as 'available-for-sale'		-	1,585,009	-	1,585,009	3,620,936
'at fair value through profit or loss'		-	5,830,426	4,247,616	10,078,042	6,784,104
Profit on bank and other deposits		110,522	719,789	929,419	1,759,730	1,280,895
Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - net		16,646,149	1,510,528	399,622	18,556,299	8,059,205
Reversal of impairment loss on listed equity securities classified as 'available-for-sale'		-	-	-	-	107,772
Other Income		34,656	50,610	30,484	115,750	-
Total income		45,413,427	9,696,362	5,607,141	60,716,930	37,386,249
Expenses						
Remuneration of Pension Fund Manager	9	1,532,430	1,399,868	909,019	3,841,317	2,749,138
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	10	529,608	483,794	314,157	1,327,559	469,216
Remuneration of Habib Metropolitan Bank Limited - Trustee	11	193,992	177,308	115,209	486,509	358,119
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	12	34,054	31,108	20,200	85,362	60,982
Auditors' remuneration	13	197,628	187,286	117,586	502,500	474,926
Custody and settlement charges		243,075	-	-	243,075	68,709
Securities transaction cost		616,363	5,774	10,615	632,752	634,923
Legal and professional charges		-	-	-	-	69,855
Provision against debt securities		-	-	-	-	825,004
Bank charges		2,735	6,663	4,913	14,311	12,055
Donation and charity		79,036	-	-	79,036	105,457
Total expenses		3,428,921	2,291,801	1,491,699	7,212,421	5,828,384
Net income from operating activities		41,984,506	7,404,561	4,115,442	53,504,509	31,557,865
Element of income and capital gains included in prices of units issued less those in units redeemed - net						
Provision for Workers' Welfare Fund	7.1	4,127,893 (922,261)	1,606,537 (179,089)	421,344 (90,735)	6,155,774 (1,192,085)	2,671,434 (169,391)
Net income for the year before taxation		45,190,138	8,832,009	4,446,051	58,468,198	34,059,908
Taxation	3.10	-	-	-	-	-
Net income for the year after taxation		45,190,138	8,832,009	4,446,051	58,468,198	34,059,908
Earnings per unit	15	102.24	15.49	11.11		

The annexed notes from 1 to 21 form an integral part of these financial statements.



Chief Executive Officer

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



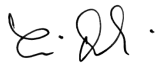
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014**

	2014			Total	2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
Note	----- (Rupees) -----				
Net income for the year	45,190,138	8,832,009	4,446,051	58,468,198	34,059,908
Other comprehensive income					
Items to be reclassified to profit or loss in subsequent periods					
Net unrealised gain on revaluation of available-for-sale investments	106,800	-	-	106,800	3,511,995
Reclassification adjustment on sale / maturity of available-for-sale investments	(5,067,186)	187,000	-	(4,880,186)	(4,035,162)
14	(4,960,386)	187,000	-	(4,773,386)	(523,167)
Total comprehensive income for the year	40,229,752	9,019,009	4,446,051	53,694,812	33,536,741

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	2014				2013
	PIPF Equity Sub- Fund	PIPF Debt Sub- Fund	PIPF Money Market Sub-Fund	Total	
	(Rupees)				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	45,190,138	8,832,009	4,446,051	58,468,198	34,059,908
Adjustments for non cash items:					
Capital gain on sale of investments	(23,559,121)	-	-	(23,559,121)	(13,251,270)
Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - net (Reversal of impairment loss) / impairment loss on listed equity securities classified as 'available-for-sale'	(16,646,149)	(1,510,528)	(399,622)	(18,556,299)	(8,059,205)
Element of income and capital gain included in prices of units issued less those in units redeemed	-	-	-	-	(107,772)
	(4,127,893)	(1,606,537)	(421,344)	(6,155,774)	(2,671,434)
	(44,333,163)	(3,117,065)	(820,966)	(48,271,194)	(24,089,681)
(Increase) / decrease in assets					
Investments - net	(10,885,129)	(34,455,672)	(9,449,819)	(54,790,620)	(36,696,467)
Dividend receivable	115,972	-	-	115,972	306,846
Profit receivable	15,561	(64,969)	150,069	100,661	(289,494)
Deposits and other receivables	3,800,999	1,672,511	272,475	5,745,985	558,551
	(6,952,597)	(32,848,130)	(9,027,275)	(48,828,002)	(36,120,564)
Increase / (decrease) in liabilities					
Payable to Pension Fund Manager	62,164	50,054	19,526	131,744	82,676
Payable to Habib Metropolitan Bank Limited - Trustee	5,928	4,709	1,644	12,281	8,927
Fee payable to the Securities and Exchange Commission of Pakistan - annual fee	11,896	9,057	3,430	24,383	15,625
Payable against purchase of investments	6,680,310	-	-	6,680,310	-
Accrued expenses and other liabilities	(872,234)	329,059	183,366	(359,809)	241,556
	5,888,064	392,879	207,966	6,488,909	348,784
Net cash generated from operating activities	(207,558)	(26,740,307)	(5,194,224)	(32,142,089)	(25,801,553)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	23,135,697	35,309,893	11,506,485	69,952,075	31,394,403
Payment against redemption of units	(9,279,388)	(3,749,584)	(1,516,184)	(14,545,156)	(5,275,020)
Net cash used in financing activities	13,856,309	31,560,309	9,990,301	55,406,919	26,119,383
Net (decrease) / increase in cash and cash equivalent during the year	13,648,751	4,820,002	4,796,077	23,264,830	317,830
Cash and cash equivalent at beginning of the year	2,984,045	4,964,583	7,405,174	15,353,802	15,035,972
Cash and cash equivalent at end of the year	16,632,796	9,784,585	12,201,251	38,618,632	15,353,802

The annexed notes from 1 to 21 form an integral part of these financial statements.

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


Chief Executive Officer


Director

**STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB- FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	2014			Total	2013
	PIPF Equity Sub- Fund	PIPF Debt Sub- Fund	PIPF Money Market Sub- Fund		
	----- (Rupees) -----				
Net assets at beginning of the year	83,330,590	79,933,069	55,047,475	218,311,134	161,326,444
Amount received on issue of units	23,135,697	35,309,893	11,506,485	69,952,075	31,394,403
Amount paid on redemption of units	(9,279,388)	(3,749,584)	(1,516,184)	(14,545,156)	(5,275,020)
	13,856,309	31,560,309	9,990,301	55,406,919	26,119,383
Element of income and capital gains included in prices of units issued less those in units redeemed					
- Amount representing income and realised capital gains	(4,127,893)	(1,606,537)	(421,344)	(6,155,774)	(2,671,434)
- Amount representing unrealised appreciation in fair value of investments	(4,296,961)	10,901,746	3,022,666	9,627,451	(6,947,657)
	(8,424,854)	9,295,209	2,601,322	3,471,677	(9,619,091)
Net unrealised (loss) / gain during the year in the market value of investments classified as available-for-sale	(4,960,386)	187,000	-	(4,773,386)	(523,167)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation	4,296,961	(10,901,746)	(3,022,666)	(9,627,451)	6,947,657
Net income for the year after taxation	45,190,138	8,832,009	4,446,051	58,468,198	34,059,908
Net assets at end of the year	133,288,758	118,905,850	69,062,483	321,257,091	218,311,134

The annexed notes from 1 to 21 form an integral part of these financial statements.

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


Chief Executive Officer

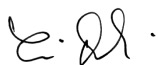

Director

**STATEMENT OF INVESTMENTS BY CATEGORY
AS AT JUNE 30, 2014**

	2014			Total	2013
	PIPF Equity Sub- Fund	PIPF Debt Sub- Fund	PIPF Money Market Sub- Fund		
	----- (Rupees) -----				
Investments 'at fair value through profit or loss'					
Listed equity securities	119,565,314	-	-	119,565,314	67,243,817
Government Ijarah Sukuks	-	108,333,036	56,519,871	164,852,907	97,301,941
	119,565,314	108,333,036	56,519,871	284,418,221	164,545,758
'Available-for-sale investments'					
Listed equity securities	2,937,000	-	-	2,937,000	9,128,484
Government Ijarah Sukuks	-	-	-	-	21,548,325
	2,937,000	-	-	2,937,000	30,676,809
Investments at market value	122,502,314	108,333,036	56,519,871	287,355,221	195,222,567

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

STATEMENT OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2014

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

Name of the Investee company	As at July 01, 2013	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at June 30, 2014	---Balance as at June 30, 2014---			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)			%	%
Oil and gas producers										
Attock Petroleum Limited	-	26,260	-	21,660	4,600	2,656,550	2,713,218	56,668	2.04	0.0055
National Refinery Limited	-	20,500	-	-	20,500	4,555,264	4,415,085	(140,179)	3.31	0.0256
Oil & Gas Development Company Limited	28,500	3,500	-	32,000	-	-	-	-	-	-
Pakistan Oilfield Limited	15,670	38,600	-	32,100	22,170	11,017,874	12,732,231	1,714,357	9.55	0.0094
Pakistan Petroleum Limited	16,912	39,902	5,782	6,393	56,203	11,188,061	12,608,581	1,420,520	9.46	0.0029
Pakistan State Oil Company Limited	19,304	36,200	1,870	31,300	26,074	8,859,429	10,138,875	1,279,446	7.61	0.0096
Shell Pakistan Limited	5,000	-	-	5,000	-	-	-	-	-	-
						38,277,178	42,607,990	4,330,812	31.97	
Chemicals										
Fauji Fertilizer Bin Qasim Limited	98,500	29,000	-	127,500	-	-	-	-	-	-
Fauji Fertilizer Company Limited	5,100	134,500	-	139,600	-	-	-	-	-	-
I.C.I. Pakistan Limited	-	24,100	-	24,100	-	-	-	-	-	-
Sitara Chemical Industries Limited	19,000	-	-	19,000	-	-	-	-	-	-
						-	-	-	-	-
Forestry and paper										
Pakistan Paper Products Limited	14,000	-	-	14,000	-	-	-	-	-	-
Construction and materials										
Attock Cement Pakistan Limited	19,750	26,000	1,462	21,200	26,012	4,052,807	4,102,092	49,285	3.08	0.0227
Cherat Cement Company Limited	40,000	-	1,800	22,000	19,800	1,047,420	1,296,108	248,688	0.97	0.0188
Fecto Cement Limited	58,500	-	-	58,500	-	-	-	-	-	-
Kohat Cement Limited	50,000	10,000	10,000	40,000	30,000	2,285,529	3,834,600	1,549,071	2.88	0.0194
Lafarge Pakistan Cement Limited	-	128,500	-	128,500	-	-	-	-	-	-
Lucky Cement Limited	5,000	31,400	-	13,900	22,500	7,265,626	9,231,750	1,966,124	6.93	0.0070
Maple Leaf Cement Limited	-	211,000	-	37,000	174,000	4,324,457	5,228,700	904,243	3.92	0.0330
						18,975,839	23,693,250	4,717,411	17.78	
General industrials										
Packages Limited	-	20,900	-	9,000	11,900	3,753,070	5,968,683	2,215,613	4.48	-
Thal Limited	-	29,200	-	9,200	20,000	3,415,898	4,147,801	731,903	3.11	-
						7,168,968	10,116,484	2,947,516	7.59	
Electronics and electrical goods										
Pakistan Cables	-	17,000	-	17,000	-	-	-	-	-	-
Industrial engineering										
Millat Tractors Limited	55	7,900	-	55	7,900	3,931,146	3,943,128	11,982	2.96	0.0178
						3,931,146	3,943,128	11,982	2.96	
Industrial transportation										
Pakistan National Shipping Corporation Limited	-	30,000	-	30,000	-	-	-	-	-	-
Automobile and parts										
Pak Suzuki Motor Company Limited	18,000	25,200	-	18,000	25,200	5,460,890	6,902,028	1,441,138	5.18	0.0306
Indus Motors Co. Limited	-	4,200	-	4,200	-	-	-	-	-	-
Sazgar Engineer Works Limited	-	54,500	-	-	54,500	1,769,501	1,907,500	137,999	1.43	0.3032
						7,230,391	8,809,528	1,579,137	6.61	
Food producers										
Engro Foods Limited	12,000	20,000	-	32,000	-	-	-	-	-	-
National Foods Limited	20	-	-	20	-	-	-	-	-	-
Habib Sugar Mills	-	95,000	-	95,000	-	-	-	-	-	-
						-	-	-	-	-
Household goods										
Tariq Glass Industries Limited	-	108,000	-	108,000	-	-	-	-	-	-
Personal goods										
Bata Pakistan Limited	300	1,960	-	-	2,260	4,313,098	7,313,360	3,000,262	5.49	0.0299
Kohinoor Textiles Mills	-	16,500	-	16,500	-	-	-	-	-	-
Gadoon Textile	-	4,500	-	4,500	-	-	-	-	-	-
						4,313,098	7,313,360	3,000,262	5.49	
Health care equipment and services										
Shifa International Hospitals Limited	42,000	-	-	42,000	-	-	-	-	-	-
Pharma and bio tech										
Abbott Laboratories (Pakistan) Limited	-	10,300	-	6,800	3,500	1,768,042	2,003,121	235,079	1.50	0.0036
Ferozsons Laboratories Limited	4,200	18,500	-	22,597	103	11,264	23,739	12,475	0.02	0.0003
Searl Pakistan Limited	-	14,500	-	14,500	-	-	-	-	-	-
						1,779,306	2,026,860	247,554	1.52	
Fixed line telecommunication										
Pakistan Telecommunication Company Limited	53,000	254,000	-	307,000	-	-	-	-	-	-
Electricity										
Hub Power Company Limited	85,484	199,500	-	114,500	170,484	10,180,095	10,014,231	(165,864)	7.51	0.0147
Kot Addu Power Co. Ltd.	-	308,000	-	121,000	187,000	11,063,144	11,040,483	(22,661)	8.28	0.0212
						21,243,239	21,054,714	(188,525)	15.79	
Banks										
Bank Islami Pakistan Limited	489,000	637,000	-	1,126,000	-	-	-	-	-	-
Meezan Bank Limited	132,003	119,500	-	251,503	-	-	-	-	-	-
						-	-	-	-	-
Total						102,919,165	119,565,314	16,646,149	89.71	
Total										
2014										
-----Rupees-----										
2013										
Market value										
119,565,314										
67,243,817										

The annexed notes from 1 to 21 form an integral part of these financial statements.


Chief Executive Officer

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


Director

STATEMENT OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2014

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

Name of the Investee company	(Number of shares)					Balance as at June 30, 2014			Market value as a % of net assets of the sub fund	% of paid-up capital of the investee company
	As at July 01, 2013	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at June 30, 2014	Cost	Market value	Appreciation		
						----- (Rupees) -----			%	%
Oil and gas producers										
Pakistan Petroleum Limited	16,173	-	434	16,607	-	-	-	-	-	-
Construction and materials										
Lucky Cement Limited	23,821	-	-	23,821	-	-	-	-	-	-
Pharma and bio tech										
Ferozsons Laboratories Limited	6,403	-	-	6,403	-	-	-	-	-	-
Electricity										
Hub Power Company Limited	-	50,000	-		50,000	2,830,200	2,937,000	106,800	2.20	0.0043
Total						2,830,200	2,937,000	106,800	2.20	
						Total				
						2014		2013		
						----- (Rupees) -----				
Market value						2,937,000		9,128,484		

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

**STATEMENT OF OTHER INVESTMENTS
AS AT JUNE 30, 2014**

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

Name of Investments	Face value				Balance as at June 30, 2014			% of net assets %
	As at July 01, 2013	Purchases during the year	Sales / Matured during the year	As at June 30, 2014	Cost	Market value	Diminution	

'At fair value through profit or loss'

Government Ijarah Sukuk (3 years)	50,600,000	74,750,000	19,500,000	105,850,000	106,822,508	108,333,036	1,510,528	91.11
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'Available-for-sale' investments

Government Ijarah Sukuk (3 years)	21,500,000	-	21,500,000	-	-	-	-	-
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Market value

Total	
2014	2013
----- (Rupees) -----	
108,333,036	72,179,836

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

**STATEMENT OF OTHER INVESTMENTS
AS AT JUNE 30, 2014**

PIPF DEBT SUB-FUND
SUKUK CERTIFICATES

Name of the Investee Company	Issue date	Number of certificates				Balance as at June 30, 2014			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, 2013	Purchases during the year	Sales during the year	As at June 30, 2014	Cost	Market value	Diminution			
						----- Rupees -----			%	%	%

'Available-for-sale' investments

Pak Elektron Limited - SUKUK (28-09-2007)	28-Sep-07	550	-	-	550	1,011,220	-	(1,011,220)	-	-	0.10
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Total	
2014	2013
----- (Rupees) -----	

Market value

-	-
---	---

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

**STATEMENT OF OTHER INVESTMENTS
AS AT JUNE 30, 2014**

**PIPF MONEY MARKET SUB-FUND
GOVERNMENT IJARAH SUKUK**

Name of Investments	Face value				Balance as at June 30, 2014			% of net assets of the Sub- Fund
	As at July 01, 2013	Purchases during the year	Sales / Matured during the year	As at June 30, 2014	Cost	Market value	Diminution	
	----- (Rupees) -----							%


'At fair value through
profit or loss'

Government Ijarah Sukuk (3 years)	46,600,000	52,700,000	44,100,000	55,200,000	56,120,249	56,519,871	399,622	81.84
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	Total	
	2014	2013
	----- (Rupees) -----	
Market value	56,519,871	46,670,430

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer




Director

**CONTRIBUTION TABLE
FOR THE YEAR ENDED JUNE 30, 2014**

Contributions net of front end fee	2014						Total	2013
	PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- (Rupees) -----							
Opening balance	432,282	46,413,250	508,651	60,162,956	376,354	40,246,936	146,823,142	120,703,759
Individuals - issue of units	94,427	23,135,697	213,414	35,309,893	75,461	11,506,485	69,952,075	31,394,403
Individuals - Redemption of units	(40,113)	(9,279,388)	(22,894)	(3,749,584)	(9,998)	(1,516,184)	(14,545,156)	(5,275,020)
	54,314	13,856,309	190,520	31,560,309	65,463	9,990,301	55,406,919	26,119,383
Closing balance	486,596	60,269,559	699,171	91,723,265	441,817	50,237,237	202,230,061	146,823,142

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



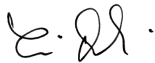
Director

**STATEMENT OF NUMBER OF UNITS IN ISSUE
FOR THE YEAR ENDED JUNE 30, 2014**

	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
	----- (Number of units) -----		
Total units outstanding at beginning of the year	432,282	508,651	376,354
Add: Units issued during the year	94,427	213,414	75,461
Less: Units redeemed during the year	(40,113)	(22,894)	(9,998)
Total units in issue at the end of the year	<u>486,596</u>	<u>699,171</u>	<u>441,817</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

FINANCIAL PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2014

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	June 30, 2014	June 30, 2013	% Change	June 30, 2014	June 30, 2013	% Change	June 30, 2014	June 30, 2013	% Change
	----- (Rupees) -----			----- (Rupees) -----			----- (Rupees) -----		
Net income after taxation	45,190,138	25,163,829	79.58	8,832,009	4,995,035	76.82	4,446,051	3,901,044	13.97
Realised capital gains	23,559,121	13,093,020	79.94	-	78,750	(100.00)	-	79,500	(100.00)
Unrealised gains / (losses)	11,685,763	7,733,397	51.11	1,697,528	(55,289)	(3,170.28)	399,622	(142,070)	(381.29)
Reversal of impairment loss / (impairment loss) on available-for-sale investments	-	107,772	(100.00)	-	-	-	-	-	-
Dividend income and profit income	5,173,501	4,377,390	18.19	8,135,224	6,678,919	21.80	5,177,035	4,911,693	5.40
Net assets value per unit	273.92	178.54	53.43	170.07	131.78	29.05	156.31	134.96	15.82
Earnings per unit	102.24	62.48	63.65	15.49	11.48	34.94	11.11	10.98	1.17
Transactions in securities									
Purchases	196,262,727	129,010,365	52.13	75,726,550	42,209,750	79.41	53,642,550	34,806,500	54.12
Sales	185,377,604	120,999,553	53.21	41,000,000	7,578,750	440.99	44,100,000	9,079,500	385.71
Total contribution received	23,135,697	9,331,069	147.94	35,309,893	15,781,461	123.74	11,506,485	6,281,873	83.17

Lowest and highest issue price of units during the year

PIPF Equity Sub-Fund		PIPF Debt Sub-Fund		PIPF Money Market Sub-Fund	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
----- (Rupees) -----					
192.75	273.92	157.09	170.07	146.22	156.31

The annexed notes from 1 to 21 form an integral part of these financial statements.

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



Chief Executive Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Islamic Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 24, 2007 and was executed on September 5, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 7, 2011.

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.

- 1.2 Based on shareholders' resolutions of MCB-AMC and AHIL the two companies have merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHIL being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. Subsequent to the completion of merger on June 27, 2011 the SECP extended the effective date of merger to July 30, 2011 through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011 under section 484(2) of the Companies Ordinance 1984. However, recently on request of Management Company the SECP reviewed its aforementioned order and through a letter no. SCD/AMCW/Mis/540/2013 dated May 17, 2013 issued revised order under section 484(2) of the Companies Ordinance 1984 to affirm the effective date of merger of MCB-AMC with AHIL as June 27, 2011. The latest order also endorsed the steps/actions taken by Management Company from June 27, 2011 to date.

Pursuant of approval of Merger the name of the company has been changed from Airf Habib Investments Limited to MCB-Arif Habib Savings and Investments Limited.

- 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 the Pension Fund Manager is situated at Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4 Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 (VPS Rules) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the VPS Rules, or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules, or the requirements of the said directives prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of Voluntary Pension System Rules, 2005 and International Accounting Standards (IAS)39: 'Financial Instruments: Recognition and Measurement'.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

2.3 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 40 – Agriculture: Bearer Plants	January 01, 2016
IAS 19 - Employee Contributions	July 01, 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	January 01, 2014
IFRIC 21 – Levies	January 01, 2014

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2017

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgements and assumptions. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.1 & 3.7).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Financial assets

3.1.1 Classification

The Fund classifies its financial assets in the following categories: 'at fair value through profit or loss', 'loans and receivables' and 'available-for-sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables comprise of balances with banks, deposits and other receivables and dividend and profit receivable.

c) Available-for-sale

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' and 'available-for-sale' are valued as follows:

a) Basis of valuation of Government Ijarah Sukuks

The investment of the Debt Sub-Fund and Money Market Sub-Fund in Government Ijarah Sukuks are categorized as at fair value through profit or loss and available-for-sale and are valued on the basis of broker average rates announced by Reuters.

b) Basis of valuation of Equity Securities

The investment of the Equity Sub-Fund in equity securities is categorised as 'at fair value through profit or loss' and 'available-for-sale' and is valued on the basis of quoted market prices available at the stock exchange.

c) Basis of valuation of Debt Securities

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

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are recognised as unrealised gain or loss in the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available-for-sale financial assets are recognised in other comprehensive income until the available-for-sale financial assets are derecognised. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified from other comprehensive income to income statement as a reclassification adjustment.

Loans and receivables are carried at amortised cost.

3.1.5 Impairment

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified from other comprehensive income and recognised in the income statement. Impairment losses recognised on equity financial assets recognised in the income statement are not reversed through the income statement.

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

For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired, have been realised or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.1.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.1.8 Reclassification

The Fund may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held for trading' category to the 'available-for-sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to the Pension Fund Manager, payable to the Trustee and other liabilities.

3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is premeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.4 Formation cost

Formation cost represents expenditure incurred prior to the commencement of operations of the Fund. It is being amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund.

3.5 Issue, allocation, reallocation and redemption of units

Contribution received from a Participant is allocated to the sub-funds on the basis of the allocation scheme selected by the Participant out of the allocation schemes offered by the Pension Fund Manager. Units issued in respect of a sub-fund are recorded at the offer price of that sub-fund, determined by the Pension Fund Manager for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit of the sub-fund as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants.

3.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the Income Statement.

3.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3.8 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the balance sheet, is calculated by dividing the net assets of the Fund by the number of units of the sub-fund in circulation at the year end.

3.9 Earnings per unit

Earning Per Unit (EPU) for the year ended June 30, 2014 in respect of each sub-fund, has been calculated by dividing the net income after taxation of a sub-fund by weighted average number of units of the sub-fund in circulation during the year.

3.10 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 available under the said clause, minimum tax at the rate of 1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2001. 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.

3.11 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gains / losses arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.
- Profit on investment is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

3.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statement within the fair value net gain or loss.

3.14 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	June 30, 2014			Total	June 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
----- (Rupees) -----					
4. BALANCES WITH BANKS					
Current accounts	7,529,705	-	-	7,529,705	38,183
Saving accounts	9,103,091	9,784,585	12,201,251	31,088,927	15,315,619
	<u>16,632,796</u>	<u>9,784,585</u>	<u>12,201,251</u>	<u>38,618,632</u>	<u>15,353,802</u>

Saving accounts carry a rate of return ranging from 5.51% to 8.55% (2013: 6% to 11%) per annum.

	June 30, 2014			Total	June 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
----- (Rupees) -----					
5. DEPOSITS AND OTHER RECEIVABLES					
Security deposits	2,701,000	200,000	100,000	3,001,000	3,001,000
Receivable against sale of investments	-	-	-	-	3,799,999
Receivable from sub-funds	-	-	-	-	1,942,986
Other receivable	5,371	-	-	5,371	8,371
	<u>2,706,371</u>	<u>200,000</u>	<u>100,000</u>	<u>3,006,371</u>	<u>8,752,356</u>

	June 30, 2014			Total	June 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
----- (Rupees) -----					
6. ACCRUED EXPENSES AND OTHER LIABILITIES					
Provision for federal excise duty on remuneration of Pension Fund Manager (note 6.1)	295,917	270,243	176,137	742,297	29,353
Professional fee	-	-	-	-	105,236
Donation / charity	79,035	-	-	79,035	168,433
Payable to sub-funds	-	-	-	-	1,942,986
Payable to auditors	135,821	122,992	79,187	338,000	450,000
Provision for Workers' Welfare Fund (note 7.1)	1,057,832	200,451	103,193	1,361,476	169,391
Others	89,320	-	232	89,552	104,770
	<u>1,657,925</u>	<u>593,686</u>	<u>358,749</u>	<u>2,610,360</u>	<u>2,970,169</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

- 6.1** The Finance Act, 2013 introduced an amendment to Federal Excise Act, 2005 whereby Federal Excise Duty (FED) has been imposed at the rate of 16% on the services rendered by asset management companies. However, the Fund has filed a petition in the Honourable High Court of Sindh (the Court) challenging the levy of FED on asset management services. The Court in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision for FED in these financial statements aggregating to Rs.0.742 million (June 30, 2013: 0.029 million) as at June 30, 2014. In case the suit is decided against the Fund, the same would be paid to the Pension Fund Manager, who will be responsible for submitting the same to the authorities. Had the said provision of FED not been recorded in the books of account of the Fund, the Net Asset Value (NAV) per unit of the Fund would have been higher by Re.0.608 in respect of equity sub fund, Re.0.387 in respect of debt sub fund and Re.0.399 in respect of money market sub fund.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contribution to Workers' Welfare Fund

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

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

During the year 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However, as per the legal counsel the constitutional petition filed by the CIS to challenge the Workers' Welfare Fund contribution have not been affected by SHC judgment.

The Pension Fund Manager as a matter of abundant caution has started making provision effective from May 10, 2013 in view of the afore mentioned developments and uncertainties created by the recent decision of the Honorable Sindh High Court. The unrecognised liability for the period from July 01, 2008 to May 09, 2013 amounts to Rs.0.697 million, Rs.0.353 million and Rs.0.245 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (aggregating to Rs.1.295 million) respectively. Had the provision been made, the net asset value per unit of the Fund as at June 30, 2014 would have been lower by Rs.1.43 (June 30, 2013: Rs.1.62), Re.0.50 (June 30, 2013: Re.0.69) and Re.0.55 (June 30, 2013: Re.0.65) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Moreover, provision against WWF as at June 30, 2014 amounts to Rs.1.0578 million, Rs.0.20 million, Rs.0.10 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

- 7.2** There were no commitments outstanding as at June 30, 2014 (2013: Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

8. BASIS OF ALLOCATION OF EXPENSES TO EACH SUB-FUND

Remuneration to the Pension Fund Manager, Trustee and annual fee to the SECP is allocated to each sub-fund on the basis of the net assets of the sub-fund.

- Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription and bank charges are charged to that sub-fund.
- Auditors' remuneration and legal and professional charges are allocated on the basis of the proportionate net assets of each sub-fund.

9. 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.

10. SALES TAX ON REMUNERATION OF PENSION FUND MANAGER

General Sales Tax is charged at the rate of 16% on the remuneration of the Pension Fund Manager through Sindh Sales Tax on Services Act 2011.

11. REMUNERATION OF HABIB METROPOLITAN BANK LIMITED - TRUSTEE

This represents remuneration of the Trustee based on the tariff as specified in the Trust Deed, calculated on the basis of the net asset value of each sub-fund computed each day for determining the prices of units of the sub-funds.

12. ANNUAL FEE - SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee to the SECP at the rate of one thirtieth of one percent of average annual net assets of each sub-fund.

13. AUDITORS' REMUNERATION

	As at June 30, 2014			Total	June 30, 2013
	PIPF Equity Sub Fund	PIPF Debt Sub Fund	PIPF Money Market Sub Fund		
	----- (Rupees) -----				
Audit fee	98,323	93,177	58,500	250,000	250,000
Half yearly review fee	49,161	46,589	29,250	125,000	125,000
Other certifications and services	29,497	27,953	17,550	75,000	75,000
Out of pocket expenses	14,748	13,976	8,776	37,500	24,926
	191,729	181,695	114,076	487,500	474,926
Add: Sales tax	5,899	5,591	3,510	15,000	-
	<u>197,628</u>	<u>187,286</u>	<u>117,586</u>	<u>502,500</u>	<u>474,926</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

	As at June 30, 2014				June 30, 2013
	PIPF Equity Sub Fund	PIPF Debt Sub Fund	PIPF Money Market Sub Fund	Total	
	----- (Rupees) -----				
Market value	2,937,000	-	-	2,937,000	30,676,809
Average cost	(2,830,200)	(1,011,220)	-	(3,841,420)	(26,807,843)
	106,800	(1,011,220)	-	(904,420)	3,868,966
Impairment loss					
Opening	-	-	-	-	107,772
Charged / (reversed)	-	-	-	-	(107,772)
	-	-	-	-	-
Surplus / (deficit) net of impairment loss	106,800	(1,011,220)	-	(904,420)	3,868,966
Provision against debt securities					
Opening	-	1,093,601	-	1,093,601	268,597
Charged during the year	-	-	-	-	825,004
	-	1,093,601	-	1,093,601	1,093,601
Less: Net unrealised (appreciation) / diminution in value of investment at the beginning of the year	(5,067,186)	104,619	-	(4,962,567)	(5,485,734)
Appreciation / (diminution) during the year	(4,960,386)	187,000	-	(4,773,386)	(523,167)

15. EARNINGS PER UNIT

Earnings per unit (EPU) for the year ended June 30, 2014 in respect of each sub-fund has been calculated by dividing the net income / (loss) after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the year, which are given below:

	For the year ended June 30, 2014		
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund
Weighted average number of units	441,998	570,045	400,196
Net income after taxation	45,190,138	8,832,009	4,446,051
Earnings per unit	102.24	15.49	11.11

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

16. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager and MCB Bank Limited being the holding company of MCB-Arif Habib Savings and Investments Limited Habib Metropolitan Bank Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manger as Management Company and directors and executives of the Pension Fund Manager.

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

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules 2005 and the Trust Deed respectively.

For the year ended June 30, 2014				Total	For the year ended June 30, 2013
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total		
----- (Rupees) -----					

16.1 Transactions during the year

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

Remuneration including indirect tax	1,816,849	1,659,683	1,077,733	4,554,265	3,218,354
Issue of PIPF Equity Sub-Fund 5160 units (2013: Nil units)	1,000,000	-	-	1,000,000	-

**Habib Metropolitan Bank Limited
Trustee**

Remuneration	193,992	177,308	115,209	486,509	358,119
Profit earned during the year	110,442	299,209	358,537	768,188	533,455
Bank charges	2,735	6,663	4,913	14,311	8,106

MCB Bank Limited

Profit earned during the year	-	-	-	-	385
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Directors and Officers

Issue of PIPF Equity Sub-Fund 7,037 units (2013: 3,363 units)	1,625,049	-	-	1,625,049	577,816
Issue of PIPF Debt Sub-Fund 7,457 units (2013: 8,487 units)	-	1,227,773	-	1,227,773	1,310,768
Issue of PIPF Money Market Sub-Fund 3,342 units (2013: 5,160 units)	-	-	506,270	506,270	741,893
Redemption of PIPF Equity Sub-Fund 2,914 units (2013: 6,714 units)	666,806	-	-	666,806	1,100,348
Redemption of PIPF Debt sub - fund 1,431 units (2013: 6,627 units)	-	232,684	-	232,684	1,013,769
Redemption of PIPF Money Market sub - fund 668 units (2013: 4,744 units)	-	-	99,364	99,364	679,513

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

16.2 Amounts outstanding as at year end

----- As at June 30, 2014 -----				Total	June 30, 2013
PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub- Fund	Total		
----- (Rupees) -----					

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

Remuneration payable	156,418	136,144	83,105	375,667	262,095
Sindh sales tax payable	25,026	21,784	13,297	60,107	41,935
Investment in seed capital 305,160 units (2013: 300,000 units)	83,589,667	-	-	83,589,667	133,515,445
Investment in seed capital 300,000 units (2013: 300,000 units)	-	51,020,072	46,894,414	97,914,486	91,023,699

**Habib Metropolitan Bank Limited
Trustee**

Remuneration payable	19,235	16,743	10,220	46,198	33,917
Balances with banks	16,632,796	7,169,850	2,749,428	26,552,074	9,359,263
Profit receivable	20,245	39,807	38,817	98,869	135,092

Directors and Officers

Balance as at June 30, 2014

Investment In PIPF Equity sub - fund 15,799 units (2013: 11,677 units)	4,327,674	-	-	4,327,674	2,250,964
Investment In PIPF Debt sub - fund 15,695 units (2013: 9,669 units)	-	2,669,200	-	2,669,200	1,519,456
Investment In PIPF Money Market sub - fund 4,976 units (2013: 2,302 units)	-	-	777,822	777,822	336,702

17. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Risk of the Fund being managed by the Pension Fund Manager in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mentioned risks.

The Fund's primary financial assets comprise of balances with banks, available-for-sale and held-for-trading investments, comprising of, equity securities of listed companies, Government of Pakistan Ijarah Sukuks and sukuk certificates. The Fund also has dividend receivable, interest receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and SECP and accrued and other liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

17.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules, 2005.

Market risk comprises of three types of risk: currency risk, interest rate risk and equity security price risk.

17.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

17.1.2 Risk of return

Risk of return is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market return rates.

Sensitivity analysis of variable rate instruments

- a) Government Ijarah Sukuks which are classified as 'at fair value through profit or loss' and 'available-for-sale' exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in rates announced by the MUFAP (Mutual Funds Association of Pakistan) on June 30, 2014, with all other variables held constant, the net income for the year and net assets would be higher / lower by Rs.1,058,500 (2013: Rs.598,378).
- b) Balances with bank in saving accounts exposing the Fund to cash flow risk of return. In case of 100 basis points increase / decrease in KIBOR on June 30, 2014, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.386,186 (2013: Rs.153,156).

The composition of the Fund's investment portfolio, KIBOR rates, rates announced by Reuters and MUFAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / return rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	PIPF EQUITY SUB FUND				PIPF DEBT SUB FUND				PIPF MONEY MARKET SUB FUND			
	June 30, 2014				June 30, 2014				June 30, 2014			
	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk
	Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year	
Total												

(Rupees)

On-balance sheet financial instruments

Financial Assets

					108333036								
Balances with banks	38,618,632	9,103,091	-	-	7,529,705	9,784,585	-	-	-	12,201,251	-	-	
Investments	287,355,221	-	-	-	122,502,314	-	8,102,400	100,230,636	-	7,089,600	-	49,430,271	
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-	
Profit receivable	2,134,872	-	-	-	20,245	-	-	-	1,387,694	-	-	726,933	
Deposits and other receivables	3,006,371	-	-	-	2,706,371	-	-	-	200,000	-	-	100,000	
Total	331,115,096	9,103,091	-	-	132,758,635	9,784,585	8,102,400	100,230,636	1,587,694	19,290,851	-	49,430,271	826,933

Financial Liabilities

Payable to Pension Fund Manager	435,774	-	-	-	181,444	-	-	-	157,928	-	-	-	96,402
Payable to Habib Metropolitan Bank Limited - Trustee	46,198	-	-	-	19,235	-	-	-	16,743	-	-	-	10,220
Payable against purchase of investments	6,680,310	-	-	-	6,680,310	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	506,587	-	-	-	304,176	-	-	-	122,992	-	-	-	79,419
Total	7,668,869	-	-	-	7,185,165	-	-	-	297,663	-	-	-	186,041

On-balance sheet gap

Total	323,446,227	9,103,091	-	-	125,573,470	9,784,585	8,102,400	100,230,636	1,290,031	19,290,851	-	49,430,271	640,892
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There is no off-balance sheet financial instrument that exist as at year ended June 30, 2014.

	PIPF EQUITY SUB FUND				PIPF DEBT SUB FUND				PIPF MONEY MARKET SUB FUND			
	June 30, 2013				June 30, 2013				June 30, 2013			
	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk	Exposed to Yield/Interest rate risk			Not exposed to Yield/ Interest rate risk
	Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year	
Total												

(Rupees)

On-balance sheet financial instruments

Financial Assets

Balances with banks	15,353,802	2,945,862	-	-	38,183	4,964,583	-	-	-	7,405,174	-	-	-
Investments	195,222,567	-	-	-	76,372,301	41,083,875	-	31,095,961	-	36,670,980	-	9,999,450	-
Dividend receivable	115,972	-	-	-	115,972	-	-	-	-	-	-	-	-
Profit receivable	2,235,533	-	-	-	35,806	-	-	-	1,322,725	-	-	-	877,002
Deposits and other receivables	8,752,356	-	-	-	6,507,370	-	-	-	1,872,511	-	-	-	372,475
Total	221,680,230	2,945,862	-	-	83,069,632	46,048,458	-	31,095,961	3,195,236	44,076,154	-	9,999,450	1,249,477

Financial Liabilities

Payable to Pension Fund Manager	304,030	-	-	-	119,280	-	-	-	107,874	-	-	-	76,876
Payable to Habib Metropolitan Bank Limited - Trustee	33,917	-	-	-	13,307	-	-	-	12,034	-	-	-	8,576
Accrued expenses and other liabilities	2,771,425	-	-	-	2,383,088	-	-	-	232,838	-	-	-	155,499
Total	3,109,372	-	-	-	2,515,675	-	-	-	352,746	-	-	-	240,951

On-balance sheet gap

Total	218,570,858	2,945,862	-	-	80,553,957	46,048,458	-	31,095,961	2,842,490	44,076,154	-	9,999,450	1,008,526
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There is no off-balance sheet financial instrument that exist as at year ended June 30, 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

17.1.3 Price risk

Price risk is a risk that the value of financial instrument may fluctuate as a result of changes in market prices. The Equity Sub-Fund is exposed to equity price risk because of equity securities held by the Equity Sub-Fund and classified on the balance sheet as available-for-sale. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy, as restricted by Voluntary Pension System Rules, 2005, limits investments in listed shares of one company to not more than 10% of Sub Fund net assets and investment in listed securities of a particular company have also been restricted to 10% of paid-up capital of investee company. Moreover, the sector limits have been restricted to 35% of the net assets of the Sub-Fund.

In case of 5% increase in KSE 100 index on June 30, 2014, other components of equity would increase by Rs.5.451 million (2013: Rs.3.779 million) as a result of gains / losses on equity securities classified as available-for-sale. In case of 5% decrease in KSE 100 index on June 30, 2014, other components of equity would decrease by Rs.5.451 million (2013: Rs.3.779 million) as a result of gains / losses on equity securities classified as available-for-sale and at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

17.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risks on balances with banks and profit receivable. The credit risk on these funds is limited because the counterparties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Board) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The Fund has adopted a policy of only dealing with creditworthy counterparties. This credit rating information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major investors. The Fund's exposure and the credit ratings of its counterparties are continuously monitored.

Credit risk from balances with banks and financial institutions is managed by financial department in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2014 and June 30, 2013 is the carrying amounts of following financial assets.

	As at June 30, 2014			Total	As at June 30, 2013
	PIPF Equity Sub-Fund	PIPF Debt Sub-Fund	PIPF Money Market Sub-Fund		
	----- (Rupees) -----				
Balances with banks	16,632,796	9,784,585	12,201,251	38,618,632	15,353,802
Investments	122,502,314	-	-	122,502,314	195,222,567
Dividend receivable	-	-	-	-	115,972
Profit receivable	20,245	1,387,694	726,933	2,134,872	2,235,533
Deposits and other receivables	2,706,371	200,000	100,000	3,006,371	8,752,356
	141,861,726	11,372,279	13,028,184	166,262,189	221,680,230

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2014 and June 30, 2013:

Bank Balances by rating category	Rating agency	Rating Long-term / Short-term	2014	2013
			----- (Rupees) -----	
Habib Metropolitan Bank Limited	PACRA	AA+ / A1+	26,552,074	9,359,263
Bank Alfalah Limited	PACRA	AA / A1+	12,066,558	5,994,539
Sukuk Certificates by rating category			2014	2013
Pakistan Elektron Limited	PACRA		Non Traded	Non Traded

The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 is the carrying amount of the financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

17.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analyzing the maturities of financial assets and financial liabilities. Since the Unit Holders invest in the Funds with a long term objective, possibility of a significant redemption pressure is limited.

The table below analyses the Sub-funds' financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	PIPF EQUITY SUB-FUND			PIPF DEBT SUB-FUND			PIPF MONEY MARKET SUB-FUND		
	June 30, 2014			June 30, 2014			June 30, 2014		
	Upto three months	Over three months and up to one year	Over one year	Upto three months	Over three months and up to one year	Over one year	Upto three months	Over three months and up to one year	Over one year
Total									

(Rupees)

Liabilities

Payable to Pension Fund Manager	435,774	181,444	-	-	157,928	-	-	96,402	-	-
Payable to Habib Metropolitan Bank Limited - Trustee	46,198	19,235	-	-	16,743	-	-	10,220	-	-
Payable against purchase of investments	6,680,310	6,680,310	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	506,587	304,176	-	-	122,992	-	-	79,419	-	-
Total	7,668,869	7,185,165	-	-	297,663	-	-	186,041	-	-

	PIPF EQUITY SUB-FUND			PIPF DEBT SUB-FUND			PIPF MONEY MARKET SUB-FUND		
	June 30, 2013			June 30, 2013			June 30, 2013		
	Upto three months	Over three months and up to one year	Over one year	Upto three months	Over three months and up to one year	Over one year	Upto three months	Over three months and up to one year	Over one year
Total									

(Rupees)

Liabilities

Payable to Pension Fund Manager	304,030	119,280	-	-	107,874	-	-	76,876	-	-
Payable to Habib Metropolitan Bank Limited - Trustee	33,917	13,307	-	-	12,034	-	-	8,576	-	-
Accrued expenses and other liabilities	2,771,425	2,383,088	-	-	232,838	-	-	155,499	-	-
Total	3,109,372	2,515,675	-	-	352,746	-	-	240,951	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

17.4 Financial instruments by category

	PIPF EQUITY SUB-FUND				PIPF DEBT SUB-FUND				PIPF MONEY MARKET SUB-FUND			
	June 30, 2014				June 30, 2014				June 30, 2014			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Sub total	Loans and receivables	At fair value through profit or loss	Available-for-sale	Sub total	Loans and receivables	At fair value through profit or loss	Available-for-sale	Sub total
Total												
(Rupees)												
Assets												
Balances with banks	38,618,632	16,632,796	-	16,632,796	9,784,585	-	-	9,784,585	12,201,251	-	-	12,201,251
Investments	287,355,221	-	119,565,314	2,937,000	122,502,314	-	108,333,036	108,333,036	-	56,519,871	-	56,519,871
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-
Profit receivable	2,134,872	20,245	-	20,245	1,387,694	-	-	1,387,694	726,933	-	-	726,933
Deposits and other receivables	3,006,371	2,706,371	-	2,706,371	200,000	-	-	200,000	100,000	-	-	100,000
Total	331,115,096	19,359,412	119,565,314	2,937,000	141,861,726	11,372,279	108,333,036	119,705,315	13,028,184	56,519,871	-	69,548,055

	PIPF EQUITY SUB-FUND			PIPF DEBT SUB-FUND			PIPF MONEY MARKET SUB-FUND		
	June 30, 2014			June 30, 2014			June 30, 2014		
	Liabilities at fair value through profit or loss	Other financial liabilities	Sub total	Liabilities at fair value through profit or loss	Other financial liabilities	Sub total	Liabilities at fair value through profit or loss	Other financial liabilities	Sub total
Total									
(Rupees)									

Liabilities

Payable to Pension Fund Manager	435,774	-	181,444	181,444	-	157,928	157,928	-	-	96,402	96,402
Payable to Habib Metropolitan Bank Limited - Trustee	46,198	-	19,235	19,235	-	16,743	16,743	-	-	10,220	10,220
Payable against purchase of investments	6,680,310	-	6,680,310	6,680,310	-	-	-	-	-	-	-
Accrued expenses and other liabilities	506,587	-	304,176	304,176	-	122,992	122,992	-	-	79,419	79,419
Total	7,668,869	-	7,185,165	7,185,165	-	297,663	297,663	-	-	186,041	186,041

	PIPF EQUITY SUB-FUND				PIPF DEBT SUB-FUND				PIPF MONEY MARKET SUB-FUND			
	June 30, 2013				June 30, 2013				June 30, 2013			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Sub total	Loans and receivables	At fair value through profit or loss	Available-for-sale	Sub total	Loans and receivables	At fair value through profit or loss	Available-for-sale	Sub total
Total												
(Rupees)												

Assets

Balances with banks	15,353,802	2,984,045	-	2,984,045	4,964,583	-	-	4,964,583	7,405,174	-	-	7,405,174
Investments	195,222,567	-	67,243,817	9,128,484	76,372,301	-	50,631,511	21,548,325	72,179,836	-	46,670,430	46,670,430
Dividend receivable	115,972	115,972	-	115,972	-	-	-	-	-	-	-	-
Profit receivable	2,235,533	35,806	-	35,806	1,322,725	-	-	1,322,725	877,002	-	-	877,002
Deposits and other receivables	8,752,356	6,507,370	-	6,507,370	1,872,511	-	-	1,872,511	372,475	-	-	372,475
Total	221,680,230	9,643,193	67,243,817	9,128,484	86,015,494	8,159,819	50,631,511	21,548,325	80,339,655	8,654,651	46,670,430	55,325,081

	PIPF EQUITY SUB-FUND			PIPF DEBT SUB-FUND			PIPF MONEY MARKET SUB-FUND		
	June 30, 2013			June 30, 2013			June 30, 2013		
	Liabilities at fair value through profit or loss	Other financial liabilities	Sub total	Liabilities at fair value through profit or loss	Other financial liabilities	Sub total	Liabilities at fair value through profit or loss	Other financial liabilities	Sub total
Total									
(Rupees)									

Liabilities

Payable to Pension Fund Manager	304,030	-	119,280	119,280	-	107,874	107,874	-	-	76,876	76,876
Payable to Habib Metropolitan Bank Limited - Trustee	33,917	-	13,307	13,307	-	12,034	12,034	-	-	8,576	8,576
Accrued expenses and other liabilities	2,771,425	-	2,383,088	2,383,088	-	232,838	232,838	-	-	155,499	155,499
Total	3,109,372	-	2,515,675	2,515,675	-	352,746	352,746	-	-	240,951	240,951

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

17.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

17.5.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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).

Total	PIPF EQUITY SUB-FUND			PIPF DEBT SUB-FUND			PIPF MONEY MARKET SUB-FUND		
	June 30, 2014			June 30, 2014			June 30, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Rupees									

ASSETS

Investment in securities -

'At fair value through

profit or loss'	284,418,221	119,565,314	-	-	-	108,333,036	-	-	56,519,871	-
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'Available for sale'	2,937,000	2,937,000	-	-	-	-	-	-	-	-
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Total	PIPF EQUITY SUB-FUND			PIPF DEBT SUB-FUND			PIPF MONEY MARKET SUB-FUND		
	June 30, 2013			June 30, 2013			June 30, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Rupees									

ASSETS

Investment in securities -

'At fair value through

profit or loss'	164,545,758	67,243,817	-	-	-	50,631,511	-	-	46,670,430	-
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'Available for sale'	30,712,809	9,128,484	-	-	-	21,584,325	-	-	-	-
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18. CAPITAL RISK MANAGEMENT

The Fund's capital is represented by redeemable units of the sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participants' sub-funds. In accordance with the risk management policies stated in note 18, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the Unit Holders invest in the Funds with a long term objective, possibility of a significant redemption pressure is limited, such liquidity being augmented (by short-term borrowings or disposal of investments where necessary). During the year no such borrowing was exercised.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank pari passu as to their rights in the net assets and earnings of such sub-fund and are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

19. SEGMENT INFORMATION

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. Investment Committee has been identified as the chief decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and is responsible for the Fund's entire portfolio and considers the business to have three operating segments i.e. PIPF Equity Sub-Fund, PIPF Debt Sub-Fund and PIPF Money Market Sub-Fund. The Fund's asset allocation decisions are based on the allocation scheme selected by the participant out of the allocation schemes offered by the Pension Fund Manager. The Fund's performance is also evaluated on the sub-funds basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The internal reporting provided to the Board of Directors of the Management Company for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Fund is domiciled in Pakistan. All of the Fund's income is from investments in entities incorporated in Pakistan.

20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 28 July, 2014.

21. GENERAL

Figures have been rounded off to the nearest Rupee.

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



Chief Executive Officer



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

MCB-Arif Habib Savings and Investments Limited

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

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