

Punjab Pension Fund Trust
Condensed Interim Financial Statements
for the period from 27 September 2011
to 31 December 2011



KPMG Taseer Hadi & Co.
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Independent Report on Review of Condensed Interim Financial Information to the Management Committee of Punjab Pension Fund Trust

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Punjab Pension Fund Trust** ("the Trust") as of 31 December 2011 and the related condensed interim income statement and condensed interim cash flow statement for the period from 27 September 2011 to 31 December 2011 then ended (condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting and the requirement of Punjab Pension Fund Act 2007 ("the Act") and Punjab Pension Fund Rules 2007 ("the Rules"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

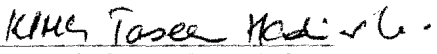
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the period from 27 September 2011 to 31 December 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting and the requirement of Punjab Pension Fund Act 2007 ("the Act") and Punjab Pension Fund Rules 2007 ("the Rules").

Lahore

Date: 05 December 2012


KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Punjab Pension Fund Trust
 Condensed Interim Statement of Assets and Liabilities
 As at 31 December 2011


	Note	(Un-Audited) 31 December 2011 Rupees
Assets		
Investments	4	9,222,818,927
Short term investments	5	4,450,000,000
Security Deposits - Central Depository Company		100,000
Accrued interest	6	414,373,759
Cash and cash equivalents	7	<u>694,472,217</u>
Total assets		14,781,764,903
Liability		
Trustee fee payable		<u>336,660</u>
Total liability		336,660
Contingencies and commitments	8	-
Net assets		<u><u>14,781,428,243</u></u>
Represented by:		
Accumulated Pension Fund		<u>14,781,428,243</u>
		<u><u>14,781,428,243</u></u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial information.

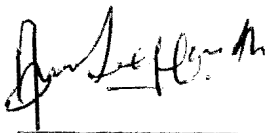
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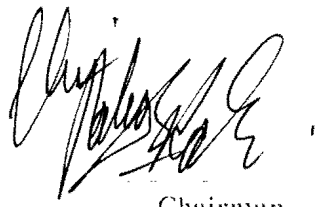
Lahore



 General Manager



 Private Member



 Chairman

Punjab Pension Fund Trust
 Condensed Interim Income Statement (Un-Audited)
 For the period 27 September to 31 December 2011

For the period
 27 September to
 31 December
 2011
 Rupees

Income

Income from Term Deposit Receipts and Saving accounts	174,887,513
Income from Pakistan Investment Bonds	294,466,470
Income from Term Finance Certificates	20,577,680
Income from Market Treasury Bills	762,240
	490,693,903

Expenditure

Trustee fee and custody charges	1,029,591
Bank charges	3,822
	1,033,413


Net income for the period 489,660,490

The annexed notes 1 to 10 form an integral part of these condensed interim financial information.

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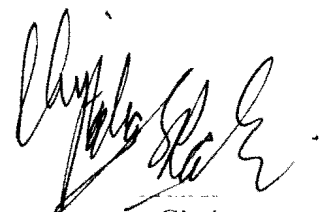
Lahore



 General Manager



 Private Member



 Chairman

Punjab Pension Fund Trust
 Condensed Interim Cash Flow Statement (Un-Audited)
 For the period 27 September to 31 December 2011

For the period
 27 September to
 31 December
 2011
 Rupees

Cash flow from operating activities

Net income for the period 489,660,490

Adjustments for non cash and other items:

Discount on Pakistan Investment Bonds (6,359,375)
 Discount on Term Finance Certificates (381,636)

(Increase) / decrease in assets:

Investments	(9,069,514,803)
Short term investments	(4,450,000,000)
Security Deposits - Central Depository Company	(100,000)
Accrued interest	(414,373,759)
	(13,933,988,562)

Increase in liability:

Trustee fee payable 336,660

Cash (used in) / generated from operating activities (13,450,732,423)

Cash flows from financing activities

Assets transferred in from Punjab Pension Fund 14,145,204,640
 Cash generated from financing activities 14,145,204,640

Net increase in cash and cash equivalents during the period 694,472,217

Cash and cash equivalents at the beginning of the period -

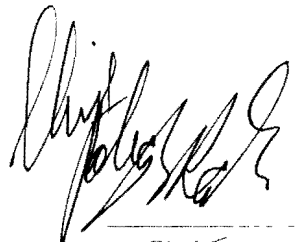
Cash and cash equivalents at the end of the period 694,472,217

The annexed notes 1 to 10 form an integral part of these condensed interim financial information.

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 05 DEC 2012
 Lahore


 General Manager


 Private Member


 Chairman

Punjab Pension Fund Trust
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the period 27 September to 31 December 2011

	For the period 27 September to 31 December 2011 Rupees
Net income for the period	489,660,490
Net unrealized appreciation in fair value of available - for - sale investments	146,563,113
Total comprehensive income for the period	<u>636,223,603</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial information.

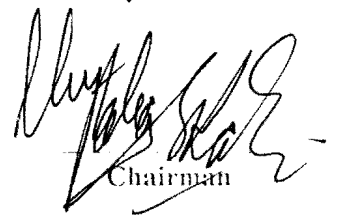
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General Manager


Private Member


Chairman

Punjab Pension Fund Trust

Condensed Interim Statement of Movement in Accumulated Pension Fund (Un-Audited)

For the period 27 September to 31 December 2011

For the period
27 September to
31 December
2011
Rupees

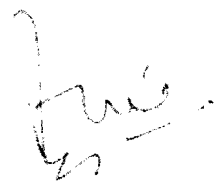
Balance at the beginning of the period	-
Assets transferred in from Punjab Pension Fund	14,145,204,640
Total comprehensive income for the period	
Net income for the period	489,660,490
Appreciation in fair value of available-for-sale investments	146,563,113
	636,223,603
Balance at the end of the period	<u>14,781,428,243</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial information.

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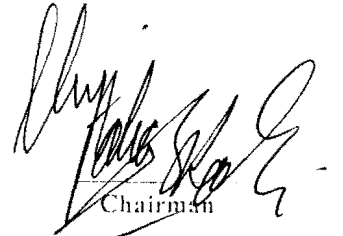
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General Manager



Private Member



Chairman

Punjab Pension Fund Trust

Notes to the Condensed Interim Financial Statements (Un-Audited)

for the period 27 September to 31 December 2011

1 Status and nature of the business

The Punjab Pension Fund Trust (the Trust) has been established under the Punjab Pension Fund Act 2007 (the Act) and given the status of Trust under a trust deed executed on 27 September 2011 between Punjab Pension Fund (the Fund) and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund, through the Management Committee and the Trustee, have created the Trust for the benefit of the Reserve Pension Fund created under Section 3 of the Act. The Trust shall be of a perpetual nature and shall continue until the Trust is dissolved upon receipt of directions from the Government of Punjab. The Fund shall manage, operate and administer the Trust and the Trustee will act as the custodian of the investments made by the Fund.

Accordingly the investments previously held under the investment account of the Fund have been transferred to the Trust with effect from 27 September 2011 (Transfer Date). The return on the investment upto the Transfer Date are included in the condensed interim income statement of the investment account and subsequent return is included in the condensed interim income statement of the Trust.

The purpose of the Fund is to generate revenue for the discharge of pension liabilities of the Government of the Punjab. The Fund is a body corporate with perpetual succession. The Fund shall perform such functions and exercise such powers as are vested in it under the Act and the Punjab Pension Fund Rules 2007 (the Rules). The management and administration of the Fund vests in the Management Committee notified under section 5 of the Act.

This is the first year of establishment of the Trust, therefore, there are no corresponding figures in this condensed interim financial information. These condensed interim financial information have been prepared from 27 September 2011.

2 Statement of compliance and significant disclosures

2.1 Statement of compliance

These condensed interim financial information has been presented in condensed form in accordance with the requirements of the Act, the Rules and the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such IFRSs as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Punjab Pension Fund Act 2007 and Punjab Pension Fund Rules 2007 differ with the requirements of these standards, the requirements of Punjab Pension Fund Act 2007 and Punjab Pension Fund Rules 2007 shall prevail. This condensed interim information is unaudited but subject to limited scope review by auditors and is being submitted to Management Committee in accordance with the requirements of the Rules.

2.2 Significant estimates

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Trust's financial statements or where judgments were exercised in application of accounting policies are as follows:

- (a) classification and valuation of financial assets; and
- (b) accrued liabilities.

3 Summary of significant accounting policies

3.1 Basis of preparation

The condensed interim financial information has been prepared under the historical cost convention, except for certain investments which are carried at fair value and amortized cost.

3.2 Taxation

The income of the Trust is exempt from tax under Section 57(3)(xii) of Part I of the Second Schedule of the Income Tax Ordinance 2001, therefore no provision for taxation has been made in these financial

3.3 Investments

The Trust classifies its investments as held to maturity, available-for-sale and at fair value through profit or loss.

Initial measurement

All investments are initially recognized at cost being the fair value of the consideration given including acquisition cost, except in case of financial assets at fair value through profit or loss, in which case the transaction costs are taken directly to the income statement in the period in which they arise.

Subsequent measurement

Financial assets at fair value through profit or loss

These include investments which are acquired principally for the purpose of generating profit from short term fluctuations in price are classified as financial assets at fair value through profit or loss. These are stated at fair values with any resulting surplus/(deficit) recognized in the income statement.

Held to maturity

The investments with fixed maturity or determinable payments where management has both intent and ability to hold to maturity are classified as held to maturity. These are stated at amortized cost using the effective interest rate method less impairment, if any. The amortization for the period is taken to the income statement.

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Available-for-sale

Investments which can not be classified as loans and receivables, held to maturity or at fair value through profit or loss are classified as available-for-sale.

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates or equity prices are classified as available-for-sale.

Available-for-sale investments are measured at subsequent reporting dates at fair value. However investments for which fair value cannot be determined are valued at cost. Surplus/(deficit) on re-measurement is kept in accumulated pension Trust, until the security is disposed off or is determined to be impaired, at which time, the cumulative surplus/(deficit) is included in the income statement.

Fair value of financial assets is determined as follows:

a) **Government securities**

Fair value of government securities is determined on the basis of rates announced by the Financial Market Association.

b) **National saving schemes**

Fair value of national saving schemes is determined on the basis of redemption value for each scheme.

c) **Debt securities**

Fair value of debt securities, other than government securities, is determined on the basis of prices announced by the Mutual Trusts Association of Pakistan (MUFAP) in accordance with the Securities and Exchange Commission of Pakistan (SECP) Circular No. 1 of 2009 dated 6 January 2009.

d) **Listed shares**

Fair value of listed shares is determined on the basis of closing quoted market prices available at the Karachi stock exchange.

e) **Mutual trust**

Fair value of mutual trust's units is determined with reference to the net asset value declared by the respective Trust.

3.4 Revenue recognition

- a) Gains/losses arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- b) Dividend income is recognized when the Trust's right to receive dividend is established. Dividend received on marketable securities acquired after the announcement of dividend till the book closure date is accounted for as reduction in the cost of investment.
- c) Income on government securities, national saving schemes, bonds and term finance certificates is recognized on an accrual basis using the effective interest rate method.

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d) Income on bank deposits is recognized on accrual basis.

3.5 Financial instruments

- (i) Financial assets and financial liabilities are recognized when the Trust becomes a party to the contractual provisions of the instrument.
- (ii) Financial assets are de-recognized when the Trust loses control of the contractual rights that comprise the financial asset.
- (iii) Financial liabilities are de-recognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.
- (iv) Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.
- (v) Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.
- (vi) The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

3.6 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if the Trust has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.7 Provisions

A provision is recognized in the statement of assets and liabilities when the Trust has legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each reporting date and are adjusted to reflect the current balance.

3.8 Impairment

The carrying amounts of the assets are reviewed at each reporting date to identify the circumstances indicating the occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the income statement. Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the revised recoverable amount. A reversal of the impairment loss is recognized in income statement.

Provision for non-performing debt securities is made on the basis of time based criteria in accordance with the SECP Circular No. 1 of 2009 dated 6 January 2009.

As allowed under SECP Circular No. 13 of 2009 dated 4 May 2009, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Management Committee.

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3.9 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupee at the foreign exchange rate ruling at the date of transaction. Assets and liabilities in foreign currency are translated at the rates of exchange prevailing on the reporting date. All exchange gains/losses are taken to the income statement.

3.10 Spread transactions (Ready-Future Transactions)

The Trust enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the future market. The security purchased in ready market is classified as "Investment at fair value through profit or loss" and carried in the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement account. The forward sale of the security in the future market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the income statement in accordance with the requirements of International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement'.

3.11 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Trust commits to purchase or sell an asset.

3.12 Transactions with related parties

The Trust enters into transaction with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at cost. Cash and cash equivalents includes balances with banks.

		<u>Carrying value</u>	<u>Fair value</u>
		<u>(Un-Audited)</u>	<u>(Un-Audited)</u>
		<u>31 December</u>	<u>31 December</u>
		<u>2011</u>	<u>2011</u>
		<u>Rupees</u>	<u>Rupees</u>
4	Investments - Available-for-sale		
	Pakistan Investment Bonds	4.1 8,587,960,810	8,700,219,573
	Market Treasury Bills	4.2 -	-
	Term Finance Certificates	4.3 488,295,004	522,599,354
		<u>9,076,255,814</u>	<u>9,222,818,927</u>
	Fair value adjustment	146,563,113	
		<u>9,222,818,927</u>	

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4.1 Pakistan Investment Bonds

Issue date	Tenor - Years	Face value					Balance as at 31 December 2011			Fair value as percentage of net assets	Fair value as percentage of total investments
		As at 27 September 2011	Transferred in from Punjab Pension Fund	Purchase during the period	Sales / Matured during the period	As at 31 December 2011	Carrying value	Fair value	Appreciation / (Diminution)		
-----Rupees-----											
30-Aug-08	10 - Years	-	500,000,000	-	-	500,000,000	485,271,731	479,645,620	(5,626,111)	3.24	5
3-Sep-09	10 - Years	-	3,050,000,000	-	-	3,050,000,000	2,983,258,213	2,911,286,003	(71,972,210)	19.70	31
22-Jul-10	10 - Years	-	2,300,000,000	-	-	2,300,000,000	2,066,097,630	2,187,178,186	121,080,556	14.80	23
31-Oct-06	15 - Years	-	68,000,000	-	-	68,000,000	56,825,652	56,820,402	(5,250)	0.38	0
30-Aug-08	15 - Years	-	1,400,000,000	-	-	1,400,000,000	1,339,324,403	1,353,880,724	14,556,321	9.16	11
18-Aug-11	15 - Years	-	25,000,000	-	-	25,000,000	23,419,811	23,990,691	570,880	0.16	0
30-Aug-08	20 - Years	-	900,000,000	-	-	900,000,000	865,152,254	889,342,693	24,190,439	6.02	9
31-Oct-06	20 - Years	-	25,000,000	-	-	25,000,000	20,999,455	20,747,722	(251,733)	0.14	0
20-Jan-04	20 - Years	-	5,000,000	-	-	5,000,000	4,124,793	4,082,776	(42,017)	0.03	0
30-Aug-08	30 - Years	-	750,000,000	-	-	750,000,000	743,486,868	773,244,756	29,757,888	5.23	8
		-	9,023,000,000	-	-	9,023,000,000	8,587,960,810	8,700,219,573	112,258,763		

4.2 Market Treasury Bills

Issue date	Tenor - Months	Face value					Balance as at 31 December 2011			Fair value as percentage of net assets	Fair value as percentage of total investments
		As at 27 September 2011	Transferred in from Punjab Pension Fund	Purchase during the period	Sales / Matured during the period	As at 31 December 2011	Carrying value	Fair value	Appreciation / (Diminution)		
-----Rupees-----											
21-Apr-11	6 Months	-	-	150,000,000	150,000,000	-	-	-	-	-	-
		-	-	150,000,000	150,000,000	-	-	-	-	-	-

4.3 Term Finance Certificates

Name of issuer	Issue Date	Number of Certificates					Balance as at 31 December 2011			Fair value as percentage of net assets	Fair value as percentage of total investments
		As at 27 September 2011	Transferred in from Punjab Pension Fund	Purchase during the period		As at 31 December 2011	Carrying value	Fair value	Appreciation / (Diminution)		
United Bank Limited	14-Feb-08	-	5,000	-	-	5,000	23,418,943	24,890,465	1,471,522	0.17	0.2
Engro Perpetual I	18-Mar-08	-	40,000	-	-	40,000	189,025,404	197,368,800	17,343,396	1.34	2.1
Engro Perpetual II	18-Mar-08	-	6,800	-	-	6,800	30,116,078	31,348,126	4,232,048	0.23	0.3
Bank Alhabib Limited III	15-Jun-09	-	20,000	-	-	20,000	104,764,579	107,023,823	2,259,244	0.72	1.1
Bank Alhabib Limited IV	30-Jun-11	-	30,000	-	-	30,000	149,570,000	158,968,200	8,998,200	1.68	1.7
		-	101,800	-	-	101,800	488,295,004	522,599,354	34,304,350		
Grand Total							9,076,255,814	9,222,818,927	146,563,113		

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(Un-Audited)
31 December
2011
Rupees

5	Short term investments	Note	
	Term Deposit Receipts	5.1	<u>4,450,000,000</u>

5.1 Term Deposit Receipts are placed with commercial banks for one year term at the rates ranging from 12.43% to 14.00% per annum.

(Un-Audited)
31 December
2011
Rupees

6	Accrued interest	Note	
	Accrued interest on:		
	Term Deposit Receipts		8,060,917
	Pakistan Investment Bonds		393,653,766
	Term Finance Certificates		12,659,076
			<u>414,373,759</u>

7	Cash and cash equivalents		
	Cash at bank		
	Saving account	7.1	14,472,217
	Term deposit receipts	7.2	680,000,000
			<u>694,472,217</u>

7.1 This carries mark up @ of 11.00% per annum.

7.2 Term Deposit Receipts placed with commercial banks at rates ranging from 12.25% to 13.75%.

8 Contingencies and commitments

There were no contingencies and commitments as at 31 December 2011.

9 Date of authorization for issue


The financial statements were authorized for issue on 05 DEC 2012 by the Management Committee of the Fund.

10 General

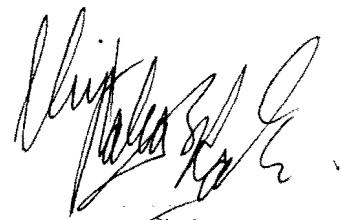
Figures have been presented in rupees.

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05 DEC 2012
Lahore


General Manager


Private Member


Chairman