

IGI INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2012

| | | (Un-audited) December 31, 2012 | (Audited) June 30, 2012 |
|---|------|--------------------------------------|-------------------------------|
| | Note | ----- (Rupees) ----- | |
| Assets | | | |
| Bank balances | 5 | 42,561,834 | 11,119,424 |
| Investments | 6 | 1,709,920,969 | 876,548,551 |
| Security deposits | | 2,850,000 | 2,850,000 |
| Prepayments and other receivables | 7 | 7,682,579 | 5,667,099 |
| Total assets | | <u>1,763,015,382</u> | <u>896,185,074</u> |
| Liabilities | | | |
| Payable to the Management Company | | 2,686,584 | 1,072,583 |
| Remuneration payable to the Trustee | | 197,817 | 125,756 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | 481,554 | 837,687 |
| Dividend payable to unit holders | | 2,381,260 | 23,705 |
| Accrued and other liabilities | 8 | 849,765 | 688,972 |
| Total liabilities | | <u>6,596,980</u> | <u>2,748,703</u> |
| Net assets | | <u><u>1,756,418,402</u></u> | <u><u>893,436,371</u></u> |
| Unit holders' fund | | <u><u>1,756,418,402</u></u> | <u><u>893,436,371</u></u> |
| Contingency | 9 | | |
| | | ----- (Number of units) ----- | |
| Number of units in issue | | <u><u>17,418,350</u></u> | <u><u>8,788,474</u></u> |
| | | ----- (Rupees) ----- | |
| Net assets value per unit | | <u><u>100.8372</u></u> | <u><u>101.6600</u></u> |

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

For IGI Funds Limited
(Management Company)

Chief Executive Officer

Director

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

| | Note | Half year ended | | Quarter ended | |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Income | | | | | |
| Finance income | 10 | 70,565,030 | 71,502,797 | 41,437,676 | 41,396,489 |
| Net gain / (loss) on sale / redemption of investments classified as 'at fair value through profit or loss - held-for-trading' | | 5,486,387 | (4,552,242) | 1,602,106 | (4,767,988) |
| Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading' | | 5,729,410 | 4,013,993 | 3,417,426 | (317,877) |
| Provision for non-performing term finance certificates classified as held-for-trading | 6.1.1 | (5,568,924) | (4,029,670) | 2,011,000 | (3,219,217) |
| Total income | | 76,211,903 | 66,934,878 | 48,468,208 | 33,091,407 |
| Expenses | | | | | |
| Remuneration of the Management Company | | 8,025,902 | 7,033,502 | 4,930,536 | 4,169,155 |
| Sales tax on management fee | | 1,284,132 | 1,125,368 | 788,883 | 667,072 |
| Remuneration of the Trustee | | 965,772 | 886,716 | 549,541 | 497,178 |
| Annual fee to the Securities and Exchange Commission of Pakistan | | 481,554 | 422,013 | 295,826 | 250,151 |
| Brokerage expense | | 181,950 | 266,880 | 120,576 | 202,911 |
| Bank and settlement charges | | 130,503 | 118,538 | 71,029 | 90,034 |
| Amortisation of deferred formation cost | | - | 363,400 | - | 181,700 |
| Auditors' remuneration | | 271,051 | 246,208 | 148,708 | 135,908 |
| Clearing charges | | 222,303 | 95,829 | 113,637 | 45,829 |
| CDS transaction fee | | 6,031 | 3,059 | 3,026 | 1,515 |
| Annual listing fee | | 20,240 | 20,162 | 10,120 | 10,028 |
| Printing charges | | 62,928 | 62,756 | 31,464 | 31,464 |
| Annual rating fee | | 100,652 | 100,628 | 50,416 | 50,232 |
| Total expenses | | 11,753,018 | 10,745,059 | 7,113,762 | 6,333,177 |
| Net income from operating activities | | 64,458,885 | 56,189,819 | 41,354,446 | 26,758,230 |
| Element of income and capital gains included in prices of units sold less those in units redeemed - net | | 11,313,284 | 8,224,829 | 8,479,879 | 4,731,997 |
| Net income for the period before taxation | | 75,772,169 | 64,414,648 | 49,834,325 | 31,490,227 |
| Taxation | 14 | - | - | - | - |
| Net income for the period after taxation | | 75,772,169 | 64,414,648 | 49,834,325 | 31,490,227 |

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

For IGI Funds Limited
(Management Company)

Chief Executive Officer

Director

IGI INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012 (UN-AUDITED)

| | Half year ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Net income for the period | 75,772,169 | 64,414,648 | 49,834,325 | 31,490,227 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>75,772,169</u> | <u>64,414,648</u> | <u>49,834,325</u> | <u>31,490,227</u> |

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

For IGI Funds Limited
(Management Company)

Chief Executive Officer

Director

IGI INCOME FUND
CONDENSED INTERIM STATEMENT OF CASHFLOWS
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012 (UN-AUDITED)

| Note | Half year ended | | Quarter ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income for the period before taxation | 75,772,169 | 64,414,648 | 49,834,325 | 31,490,227 |
| Adjustments for: | | | | |
| Net (gain) / loss on sale / redemption of investments classified as 'at fair value through profit or loss - held-for-trading' | (5,486,387) | 4,552,242 | (1,602,106) | 4,767,988 |
| Net unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading' | (5,729,410) | (4,013,993) | (3,417,426) | 317,877 |
| Provision for non-performing term finance certificates classified as held-for-trading | 5,568,924 | 4,029,670 | (2,011,000) | 3,219,217 |
| Element of income and capital gains included in prices of units sold less those in units redeemed - net | (11,313,284) | (8,224,829) | (8,479,879) | (4,731,997) |
| Amortisation of deferred formation cost | - | 363,400 | - | 181,700 |
| | 58,812,012 | 61,121,138 | 34,323,914 | 35,245,012 |
| (Increase) / decrease in assets | | | | |
| Investments - net | (754,946,989) | (303,243,425) | (429,708,049) | 17,041,574 |
| Receivable against reverse repurchase transaction | - | 99,041,648 | - | - |
| Prepayments and other receivables | (2,015,480) | (4,908,393) | (1,971,935) | 29,749,436 |
| | (756,962,469) | (209,110,170) | (431,679,984) | 46,791,010 |
| Increase / (decrease) in liabilities | | | | |
| Payable to the Management Company | 1,614,001 | 511,346 | 1,546,883 | (312,064) |
| Remuneration payable to the Trustee | 72,061 | 12,159 | 66,447 | 39,787 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | (356,133) | (889,101) | (541,861) | (1,060,963) |
| Accrued and other liabilities | 137,088 | (689,056) | (47,804) | (627,327) |
| | 1,467,017 | (1,054,652) | 1,023,665 | (1,960,567) |
| Net cash (used in) / generated from operating activities | (696,683,440) | (149,043,684) | (396,332,405) | 80,075,455 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividend paid | (39,321) | (14,596,678) | (26,526) | (7,682,557) |
| Amounts received on issue of units | 1,752,347,093 | 1,075,771,232 | 1,121,971,325 | 613,316,686 |
| Payment made against redemption of units | (951,403,366) | (622,755,400) | (533,617,101) | (313,670,466) |
| Net cash generated from financing activities | 800,904,406 | 438,419,154 | 588,327,698 | 291,963,663 |
| Net increase in cash and cash equivalents during the period | 104,220,966 | 289,375,470 | 191,995,293 | 372,039,118 |
| Cash and cash equivalents at beginning of the period | 674,744,175 | 448,687,454 | 586,969,848 | 366,023,806 |
| Cash and cash equivalents at end of the period | 778,965,141 | 738,062,924 | 778,965,141 | 738,062,924 |

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

For IGI Funds Limited
(Management Company)

Chief Executive Officer

Director

IGI INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012 (UN-AUDITED)

| | Half year ended | | Quarter ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Undistributed income brought forward | 14,589,072 | 31,500,852 | 6,233,256 | 12,828,356 |
| Total comprehensive income for the period | 75,772,169 | 64,414,648 | 49,834,325 | 31,490,227 |
| Final distribution of bonus @ 1.0806 units for every 100 units held, approved on: July 05, 2012 (2011: @ 3.3679 units for every 100 units held, approved on: July 05, 2011) | (9,538,519) | (20,132,163) | - | - |
| Final distribution of cash dividend @ Rs.1.0868 per unit held, approved on: July 05, 2012 (2011: @ Rs.3.3867 per unit held, approved on: July 05, 2011) | (12,795) | (6,914,121) | - | - |
| | (9,551,314) | (27,046,284) | - | - |
| Interim distribution of bonus @ 2.2424 units for every 100 units held, approved on: September 26, 2012 (2011: @ 2.5038 units for every 100 units held, approved on: September 29, 2011) | (24,715,820) | (16,868,076) | - | - |
| Interim distribution of cash dividend @ Rs.2.2530 per unit held, approved on: September 26, 2012 (2011: @ Rs.2.5341 per unit held, approved on: September 29, 2011) | (26,526) | (7,682,557) | - | - |
| Interim distribution of bonus @ 2.4175 units for every 100 units held, approved on: December 31, 2012 (2011: @ 2.8025 units for every 100 units held, approved on: December 29, 2011) | (39,102,791) | (29,818,757) | (39,102,791) | (29,818,757) |
| Interim distribution of cash dividend @ Rs.2.4359 per unit held, approved on: December 31, 2012 (2011: @ Rs.2.8172 per unit held, approved on: December 29, 2011) | (2,381,260) | (6,256,904) | (2,381,260) | (6,256,904) |
| | (75,777,711) | (87,672,578) | (41,484,051) | (36,075,661) |
| Undistributed income carried forward | 14,583,530 | 8,242,922 | 14,583,530 | 8,242,922 |

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

For IGI Funds Limited
(Management Company)

Chief Executive Officer

Director

IGI INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012 (UN-AUDITED)

| | Half year ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Net assets at beginning of the period | 893,436,371 | 830,103,621 | 1,129,028,103 | 998,308,224 |
| Amount realized / unrealized on issuance of 17,197,043 units (December 31, 2011: 10,507,079 units) and 11,007,169 units (December 31, 2011: 5,992,466 units) for the six months and quarter ended respectively | 1,752,347,093 | 1,075,771,232 | 1,121,971,325 | 613,316,686 |
| Issuance of 728,916 bonus units in respect of final and interim distributions (December 31, 2011: 663,493 units) | 73,357,130 | 66,818,996 | 39,102,791 | 29,818,677 |
| Amount paid / payable on redemption of 9,296,083 units (December 31, 2011: 6,054,472 units) and 5,204,843 units (December 31, 2011: 3,041,764 units) for the six months and quarter ended respectively | (951,403,366) | (622,755,400) | (533,554,212) | (313,670,466) |
| | 1,767,737,228 | 1,349,938,449 | 1,756,548,007 | 1,327,773,121 |
| Element of income and capital gains included in prices of units sold less those in units redeemed - net | (11,313,284) | (8,224,829) | (8,479,879) | (4,731,997) |
| Total comprehensive income for the period before gains - realised and unrealised and provision for impairment | 70,125,296 | 68,982,567 | 42,803,793 | 39,795,309 |
| Net gain / (loss) on sale / redemption of investments classified as 'at fair value through profit or loss - held-for-trading' | 5,486,387 | (4,552,242) | 1,602,106 | (4,767,988) |
| Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading' | 5,729,410 | 4,013,993 | 3,417,426 | (317,877) |
| Provision for non-performing term finance certificates classified as held-for-trading | (5,568,924) | (4,029,670) | 2,011,000 | (3,219,217) |
| Total comprehensive income for the period | 75,772,169 | 64,414,648 | 49,834,325 | 31,490,227 |
| Distributions made during the period | | | | |
| Final distribution of bonus units | (9,538,519) | (20,132,163) | - | - |
| Final distribution of cash dividend | (12,795) | (6,914,121) | - | - |
| Interim distribution of bonus units | (63,818,611) | (46,686,833) | (39,102,791) | (29,818,757) |
| Interim distribution of cash dividend | (2,407,786) | (13,939,461) | (2,381,260) | (6,256,904) |
| | (75,777,711) | (87,672,578) | (41,484,051) | (36,075,661) |
| Net total comprehensive (loss) / income less distributions for the period | (5,542) | (23,257,930) | 8,350,274 | (4,585,434) |
| Net assets at end of the period | 1,756,418,402 | 1,318,455,690 | 1,756,418,402 | 1,318,455,690 |

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

For IGI Funds Limited
(Management Company)

Chief Executive Officer

Director

IGI INCOME FUND
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

IGI Income Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation), Rules 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on December 07, 2006. It has been constituted under a Trust Deed, dated December 18, 2006 between IGI Funds Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Fund is an open ended fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange Limited (LSE). The Fund was launched on April 14, 2007.

The Fund invests primarily in fixed-rate securities and other avenues of investment, which include corporate debt securities, certificates of investment, certificates of musharika, commercial papers, term deposit receipts, spread transactions and reverse repurchase agreements. The Fund is categorised as an income scheme as specified by SECP and is subject to the guidelines prescribed by SECP.

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

The JCR-VIS Credit Rating Company Limited has assigned a rating of A+ to the scheme as at October 05, 2012.

2. BASIS OF PRESENTATION

The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2012, except as described in note 3.1 below:

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

IAS 1 Presentation of Financial Statements – Presentation of items of comprehensive income

IAS 12 Income Taxes (Amendment) - Recovery of Underlying Assets

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on these condensed interim financial statements of the Fund.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2012.

| | | (Un-audited) December 31, 2012 | (Audited) June 30, 2012 |
|---|------|--------------------------------------|-------------------------------|
| | Note | ----- (Rupees) ----- | |
| 5. BANK BALANCES | | | |
| Bank Balances - local currency | 5.1 | <u>42,561,834</u> | <u>11,119,424</u> |
| | | <u>42,561,834</u> | <u>11,119,424</u> |
| 5.1 The deposit accounts with banks carry profit rates ranging from 6.00% to 11.50% per annum (June 30, 2012: 5.00% to 11.60% per annum). | | | |
| 6. INVESTMENTS | | | |
| Financial assets classified as 'at fair value through profit or loss' - held-for-trading | | | |
| Term finance certificates | 6.1 | 270,585,083 | 99,304,900 |
| Sukuk certificates | 6.2 | 20,196,000 | 60,560,000 |
| Application money for subscription of term finance certificates | 6.3 | 64,000,000 | - |
| Treasury bills | 6.4 | <u>853,390,844</u> | <u>388,677,916</u> |
| | | <u>1,208,171,927</u> | <u>548,542,816</u> |
| Held to maturity | | | |
| Certificates of deposit | 6.5 | 56,713,692 | 53,058,900 |
| Commercial papers | 6.6 | 194,140,708 | 105,343,587 |
| Letter of placement | | - | 89,548,422 |
| Term deposit receipts | 6.7 | 250,894,642 | 80,054,826 |
| | | <u>501,749,042</u> | <u>328,005,735</u> |
| | | <u>1,709,920,969</u> | <u>876,548,551</u> |

6.1 Term Finance Certificates (TFCs) - held-for-trading

| Name of the investee company | Maturity | Profit / mark-up rate | As at July 01, 2012 | Purchased during the period | Redeemed* / sold during the period | As at December 31, 2012 | Carrying value as at December 31, 2012 | Market value as at December 31, 2012 | % of net assets on the basis of market value | % of total investment on the basis of market value | |
|---|----------------|-----------------------|---------------------|-----------------------------|------------------------------------|-------------------------|--|--------------------------------------|--|--|-------|
| | | | | | | | | | | Investment as % of issue size | (%) |
| Quoted | | | | | | | | | | | |
| Pakistan Mobile | | | | | | | | | | | |
| Communications Limited - III | October 2013 | 11.25% | 7,000 | 16,900 | 17,896 | 6,004 | 29,663,426 | 29,872,392 | 1.70% | 1.75% | 0.54% |
| United Bank Limited - IV | February 2014 | 11.42% | - | 5,681 | - | 5,681 | 28,665,764 | 28,978,507 | 1.65% | 1.69% | 0.48% |
| Faysal Bank Limited (November 12, 2007) | November 2014 | 10.72% | - | 2,001 | - | 2,001 | 10,084,860 | 10,139,767 | 0.58% | 0.59% | 0.58% |
| Faysal Bank Limited (December 27, 2010) | December 2017 | 14.28% | - | 15,000 | 3,000 | 12,000 | 60,551,640 | 61,394,685 | 3.50% | 3.59% | 2.05% |
| | | | | | | | 128,965,690 | 130,385,351 | | | |
| Un-quoted | | | | | | | | | | | |
| Commercial banks | | | | | | | | | | | |
| Bank AlFalah Limited - IV - (Fixed) | December 2017 | 15.00% | 6,500 | - | - | 6,500 | 33,427,598 | 35,301,338 | 2.01% | 2.06% | 0.71% |
| Bank AlFalah Limited - IV - (Floating) | December 2017 | 12.04% | - | 13,650 | 3,000 | 10,650 | 54,781,683 | 55,668,827 | 3.17% | 3.26% | 1.11% |
| Bank AlHabib Limited - IV | June 2021 | 15.00% | 3,000 | 2,000 | 2,000 | 3,000 | 15,720,739 | 17,028,656 | 0.97% | 1.00% | 0.57% |
| Bank AlHabib Limited - III | June 2017 | 15.50% | - | 8,000 | 8,000 | - | - | - | 0.00% | 0.00% | - |
| Askari Bank Limited | October 2013 | 11.01% | - | 6,000 | - | 6,000 | 30,215,160 | 30,189,911 | 1.72% | 1.77% | 2.01% |
| | | | | | | | 134,145,180 | 138,188,732 | | | |
| | | | | | | | 263,110,870 | 268,574,083 | | | |
| Non-performing | | | | | | | | | | | |
| Bunnys Limited (see note 6.1.1) | September 2016 | 12.96% | 4,022 | - | - | 4,022 | 20,110,000 | 2,011,000 | 0.11% | 0.12% | 1.55% |
| Vision Developers (Private) Limited | - | - | 2,327 | - | 2,327 * | - | - | - | - | - | - |
| | | | | | | | 20,110,000 | 2,011,000 | | | |
| | | | | | | | 283,220,870 | 270,585,083 | | | |
| | | | | | | | | 18,099,000 | | | |

Provision for impairment against term finance certificates (see note 6.1.1)

6.1.1 Due to financial difficulties, Bunnys Limited was unable to make coupon payment due on May 30, 2011. Accordingly, these term finance certificates were classified as non-performing by MUFAP on June 14, 2011 and no rates are being quoted by MUFAP currently. The Fund has recognised a provision amounting to Rs.18.099 million (June 30, 2012: Rs.12.298 million) in respect of the principal outstanding. The above provision has been made in accordance with the requirements of Circular 33 of 2012 dated October 24, 2012 issued by SECP and the provisioning policy of the Fund.

Included herein is sum of Rs.2.011 million (June 30, 2012: Rs.Nil) representing further provision made against above referred debt securities in addition to the minimum provision as allowed under the above referred Circular and in accordance with the provisioning policy of the Fund.

6.2 Government Securities - Ijarah Sukuk - held-for-trading

| Issue Date | Maturity | Yield per annum | As at July 01, 2012 | Purchased during the period | Sold during the period | As at December 31, 2012 | Carrying value as at December 31, 2012 | Market value as at December 31, 2012 | Unrealised gain on revaluation | % of net assets on the basis of market value | % of total investment |
|---------------------------------------|----------|-----------------|---------------------|--------------------------------------|------------------------|-------------------------|--|--------------------------------------|--------------------------------|--|------------------------------|
| | | | | | | | | | | | on the basis of market value |
| | | | | ----- (Number of certificates) ----- | | | | ----- (Rupees) ----- | | ----- (%) ----- | |
| GOP Ijara Sukuk - VIII (May 16, 2011) | May 2014 | 9.26% | - | 4,000 | - | 4,000 | 20,130,000 | 20,196,000 | 66,000 | 1.15% | 1.18% |

6.3 Application money for subscription of term finance certificates - held-for-trading

| Name of investee company | Maturity | Profit / mark-up rate | As at July 01, 2012 | Purchased during the period | Sold during the period | As at December 31, 2012 | Carrying value as at December 31, 2012 | Market value as at December 31, 2012 | % of net assets on the basis of market value | % of total investment | |
|---|--------------|-----------------------|---------------------|--------------------------------------|------------------------|-------------------------|--|--------------------------------------|--|------------------------------|--|
| | | | | | | | | | | on the basis of market value | |
| | | | | ----- (Number of certificates) ----- | | | | -- (Rupees) -- | | ----- (%) ----- | |
| Bank Alfalah Limited - V (see note 6.3.1) | January 2021 | 10.67% | - | 12,800 | - | 12,800 | 64,000,000 | 64,000,000 | 3.64% | 3.74% | |

6.3.1 The Fund entered into an agreement with Bank Alfalah Limited for subscription (Pre-IPO) of 12,800 Term Finance Certificates (TFCs) on December 28, 2012. These TFCs carry a mark-up to the base rate of 1.25% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears and will mature in 7 years after the issue. These TFCs are unsecured. The Fund is entitled to a mark-up on the same basis during the period of Pre-IPO that would be used for TFCs.

6.4 Treasury bills - held-for-trading

| Issue Date | Note | As at July 01, 2012 | Purchased during the period | Sold during the period | As at December 31, 2012 | Carrying value as at December 31, 2012 | Market value as at December 31, 2012 | Unrealised gain on revaluation | % of net assets on the basis of market value | % of total investment | |
|--|-------|---------------------|-----------------------------|--------------------------------------|-------------------------|--|--------------------------------------|--------------------------------|--|------------------------------|--|
| | | | | | | | | | | on the basis of market value | |
| | | | | ----- (Number of certificates) ----- | | | | ----- (Rupees) ----- | | ----- (%) ----- | |
| Treasury bills having face value of Rs.100 each | | | | | | | | | | | |
| Maturity upto 3 months | 6.4.1 | 2,200,000 | 9,514,500 | 9,214,500 | 2,500,000 | 247,449,223 | 247,489,530 | 40,307 | 14.09% | 14.47% | |
| Maturity upto 6 months | 6.4.2 | 410,000 | 7,620,000 | 7,080,000 | 950,000 | 94,429,988 | 94,448,250 | 18,262 | 5.38% | 5.52% | |
| Maturity upto 12 months | 6.4.3 | 1,324,000 | 11,937,100 | 7,804,000 | 5,457,100 | 510,491,217 | 511,453,064 | 961,847 | 29.12% | 29.91% | |
| | | <u>3,934,000</u> | <u>29,071,600</u> | <u>24,098,500</u> | <u>8,907,100</u> | <u>852,370,428</u> | <u>853,390,844</u> | <u>1,020,416</u> | | | |

6.4.1 These represent market treasury bills having face value of Rs.250 million (June 30, 2012: Rs.220 million) carrying purchase yield ranging between 9.23% to 9.28% per annum (June 30, 2012: 11.84% to 11.87%). These treasury bills have maturity upto February 21, 2013 (June 30, 2012: August 09, 2012).

6.4.2 These represent market treasury bills having face value of Rs.95 million (June 30, 2012: Rs.41 million) carrying purchase yield ranging between 9.18% to 10.30% per annum (June 30, 2012: 11.74% to 11.88%). These treasury bills have maturity upto February 07, 2013 (June 30, 2012: July 26, 2012).

6.4.3 These represent market treasury bills having face value of Rs.545.71 million (June 30, 2012: Rs.132.4 million) carrying purchase yield ranging between 9.18% to 11.59% per annum (June 30, 2012: 11.81% to 11.93%). These treasury bills have maturity upto November 28, 2013 (June 30, 2012: November 29, 2012).

6.5 These carry mark-up rate of 14.50% per annum (June 30, 2012: 14.50% per annum) maturing on January 27, 2017 (June 30 2012: January 27, 2017) and have a credit rating A-. Investment in certificates of deposit of IGI Investment Bank Limited (a related party) represents 2.92% of total investment on the basis of face value and 2.85% of net assets on the basis of face value.

6.6 Commercial papers - Sukuk certificates (secured) - held to maturity

| Name of investee company | Rate of return per annum | ----- (Face value) ----- | | | | Carrying value as at December 31, 2012 | Maturity | Rating | % of net assets on the basis of Face value | % of total investment on the basis of Face value |
|--------------------------------|--------------------------|--------------------------|-----------------------------|---------------------------|-------------------------|--|-------------------|--------|--|--|
| | | As at July 01, 2012 | Purchased during the period | Matured during the period | As at December 31, 2012 | | | | | |
| Hub Power Company Limited | 11.83% | 100,000,000 | 90,000,000 | 100,000,000 | 90,000,000 | 94,025,435 | February 15, 2013 | AA+ | 5.35% | 5.50% |
| Kot Addu Power Company Limited | 10.52% | - | 100,000,000 | - | 100,000,000 | 100,115,273 | June 28, 2013 | AA+ | 5.70% | 5.85% |
| | | | | | | <u>194,140,708</u> | | | | |

6.7 Term deposit receipts are maintained with various financial institutions and carry profit rates from 9.75% to 9.80% per annum (June 30, 2012: 12.25%). These deposits will mature on February 11, 2013 and February 25, 2013 (June 30, 2012: 18 July 2012) respectively.

6.8 As per Circular No. 7 of 2009 dated March 06, 2009 and Circular No. 16 dated July 07, 2010 issued by the SECP, the rating of any security in the portfolio shall not be lower than investment grade. However, as of December 31, 2012, rating of the following security was below investment grade:

| Name of non compliant investment | Type of investment | Value of investment before provision | Rating | Provision held if any | Value of investment after provisioning | % of gross assets | % of net assets |
|----------------------------------|---------------------------|--------------------------------------|-----------|-----------------------|--|-------------------|-----------------|
| Bunnys Limited | Term finance certificates | 20,110,000 | Not rated | (18,099,000) | 2,011,000 | 0.11% | 0.11% |

| | (Un-audited) December 31, 2012 ----- (Rupees) ----- | (Audited) June 30, 2012 ----- |
|--|--|--|
| 7. PREPAYMENTS AND OTHER RECEIVABLES | | |
| Prepayments | | |
| National Clearing Company of Pakistan Limited - margin trading system fee | 40,390 | 166,430 |
| Annual listing fee | 19,760 | - |
| Others receivables | | |
| Deposit margin against clearing of securities - considered good | 1,900,813 | - |
| Mark-up / return receivable on: | | |
| Considered good | | |
| - bank balances | 694,369 | 124,813 |
| - term finance certificates (TFCs) | 5,027,247 | 5,375,856 |
| Considered doubtful | | |
| - term finance certificates (TFCs) | - | 1,033,639 |
| - provision against accrued interest on TFCs | - | (1,033,639) |
| | - | - |
| | <u>7,682,579</u> | <u>5,667,099</u> |
| 8. ACCRUED AND OTHER LIABILITIES | | |
| Brokerage and settlement charges payable | 92,110 | 61,026 |
| Auditors' remuneration | 251,051 | 250,000 |
| Annual rating fee payable | 399,692 | 310,000 |
| Clearing charges payable | 32,800 | 15,000 |
| Printing charges payable | 25,688 | 50,000 |
| Withholding tax and capital gains tax payable | 48,424 | 2,946 |
| | <u>849,765</u> | <u>688,972</u> |
| 9. CONTINGENCY | | |
| 9.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. | | |

During the year 2012, the Honorable Lahore High Court (LHC) in a similar 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. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF. Hence, aggregate unrecognised amount of WWF as at December 31, 2012 amounted to Rs.13.799 million (June 30, 2012: Rs.12.284 million). Had the provision been made the net asset value per unit of the Fund would have been lower by Rs.0.792 per unit (0.79%) (June 30, 2012: Rs.1.398 per unit (1.38%)).

| | Half year ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| 10. FINANCE INCOME | | | | |
| Interest income on: | | | | |
| Investments classified as 'at fair value through profit or loss' - held-for-trading | | | | |
| - Sukuk and term finance certificates | 11,346,483 | 10,214,473 | 6,454,902 | 6,659,695 |
| - Treasury Bills | 42,050,335 | 48,411,240 | 25,652,503 | 27,032,756 |
| - Pakistan Investment Bonds | 385,959 | 2,839,561 | 385,959 | 2,839,561 |
| Held to maturity | | | | |
| - Commercial papers | 5,324,189 | - | 2,798,913 | - |
| - Certificates of deposit | 3,654,792 | 5,062,001 | 1,827,396 | 2,548,973 |
| - Certificates of investment | 1,189,233 | - | 1,032,372 | - |
| - Letters of placement | 1,885,810 | 284,220 | - | - |
| - Term deposit receipts | 1,366,644 | 940,035 | 910,211 | 940,035 |
| | 13,420,668 | 6,286,256 | 6,568,892 | 3,489,008 |
| Reverse repurchase transactions | - | 739,152 | - | - |
| Others | | | | |
| - Bank deposits | 3,337,692 | 3,010,252 | 2,353,047 | 1,373,606 |
| - Others | 23,893 | 1,863 | 22,373 | 1,863 |
| | <u>70,565,030</u> | <u>71,502,797</u> | <u>41,437,676</u> | <u>41,396,489</u> |

11. CASH AND CASH EQUIVALENTS

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Bank balances | 42,561,834 | 126,404,798 | 42,561,834 | 126,404,798 |
| Certificates of deposit | | | | |
| maturing within 3 months | - | 25,724,722 | - | 25,724,722 |
| Term deposit receipts | | | | |
| maturing within 3 months | 250,894,642 | 229,940,035 | 250,894,642 | 229,940,035 |
| Treasury bills maturing within 3 months | 391,483,230 | 355,993,369 | 391,483,230 | 355,993,369 |
| Commercial paper | 94,025,435 | - | 94,025,435 | - |
| | <u>778,965,141</u> | <u>738,062,924</u> | <u>778,965,141</u> | <u>738,062,924</u> |

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include IGI Funds Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, IGI Investment Bank Limited being the holding company of the Management Company, IGI Finex Securities Limited being the subsidiary of the IGI Investment Bank Limited, IGI Insurance Limited being the associated company of the IGI Investment Bank Limited and Packages Limited being the holding company of IGI Insurance Limited, Tri Pack Films Limited, Tetra Pak Pakistan Limited being the associates of IGI Insurance Limited, Key Management personnel of the Management Company and unit holders having 10% or more of units in issue. Transactions with these related parties involve issue and redemption of units and issue of bonus units.

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively.

12.1 Unit Holders' Fund

| | Half year ended December 31, 2012 (Un-audited) | | | | | | | | | |
|---|--|--------------------|---------|----------|-------------------------------|------------------------|--------------------|------------|-------------|-----------------------------------|
| | As at July 01, 2012 | Issued for cash | Bonus | Redeemed | As at December 31, 2012 | As at July 01, 2012 | Issued for cash | Bonus | Redeemed | NAV as at December 31, 2012 |
| | ----- Units ----- | | | | | ----- (Rupees) ----- | | | | |
| Connected persons | | | | | | | | | | |
| Packages Limited - Employees Gratuity Fund | - | 222,917 | - | - | 222,917 | - | 23,000,000 | - | 543,005 | 22,478,373 |
| Packages Limited - Staff Pension Fund | 85,445 | 1,002,593 | 13,265 | - | 1,101,303 | 8,686,324 | 102,580,899 | 1,335,902 | 1,608,866 | 111,052,353 |
| Packages Limited - Employees Provident Fund | - | 1,378,187 | 19,610 | 484,603 | 913,194 | - | 139,854,673 | 1,975,969 | 50,200,711 | 92,083,930 |
| IGI Funds Limited - Management Company | 702,450 | 711,758 | 42,685 | 624,433 | 832,460 | 71,411,091 | 72,900,000 | 4,295,122 | 64,000,000 | 83,942,987 |
| Other Related Parties | | | | | | | | | | |
| Tri Pack Films Limited - Employees Gratuity Fund | 60,758 | 48,460 | 3,096 | 34,522 | 77,792 | 6,176,706 | 5,000,000 | 281,642 | 3,500,000 | 7,844,345 |
| Tri Pack Films Limited - Employees Provident Fund | 83,676 | 48,460 | 6,063 | - | 138,199 | 8,506,507 | 5,000,000 | 610,192 | - | 13,935,635 |
| Tetra Pack Pakistan Limited - Employees Provident Fund | - | 103,751 | 2,508 | - | 106,259 | - | 10,500,000 | 252,727 | - | 10,714,872 |
| Tetra Pack Pakistan Limited - Employees Gratuity Fund | - | 97,822 | 2,365 | - | 100,187 | - | 9,900,000 | 238,285 | - | 10,102,593 |
| Tetra Pack Pakistan Limited - Employees Pension Fund | 150,085 | - | 8,774 | - | 158,859 | 15,257,645 | - | 882,738 | - | 16,018,853 |
| Babar Ali Foundation | 1,071,726 | - | 61,212 | 59,479 | 1,073,459 | 108,951,652 | - | 6,158,560 | - | 108,244,595 |
| Adi Jehangir Cawasji | - | 65,101 | 2,923 | - | 68,024 | - | 6,650,000 | 294,093 | - | 6,859,338 |
| Key Management Personnel - Management Company | | | | | | | | | | |
| Employees | - | 9,805 | - | 9,805 | - | - | 1,000,000 | - | 1,008,094 | - |
| Unit holder holding 10% or more units | | | | | | | | | | |
| The Nishat Mills Limited Employees Provident Fund Trust | - | 4,213,641 | 118,163 | 838,059 | 3,493,745 | - | 427,934,424 | 11,895,872 | 86,343,488 | 352,299,451 |
| | Half year ended December 31, 2011 (Un-audited) | | | | | | | | | |
| | As at July 01, 2011 | Issued for cash | Bonus | Redeemed | As at December 31, 2011 | As at July 01, 2011 | Issued for cash | Bonus | Redeemed | NAV as at December 31, 2011 |
| | ----- Units ----- | | | | | ----- (Rupees) ----- | | | | |
| Connected persons | | | | | | | | | | |
| IGI Investment Bank Limited | - | 974,694 | - | 974,694 | - | - | 100,000,000 | - | 100,233,342 | - |
| Packages Limited - Staff Pension Fund | 75,160 | - | 6,708 | - | 81,868 | 7,665,140 | - | 675,771 | - | 8,238,303 |
| IGI Funds Limited - Management Company | 748,394 | 29,667 | 64,053 | 123,107 | 719,007 | 77,458,530 | 3,000,000 | 6,452,981 | 12,600,000 | 72,353,027 |
| Other Related Parties | | | | | | | | | | |
| Tri Pack Films Limited - Employees Gratuity Fund | 25,689 | 29,409 | 3,117 | - | 58,215 | 2,670,217 | 3,000,000 | 313,825 | - | 5,858,123 |
| Tri Pack Films Limited - Employees Provident Fund | 27,344 | 49,015 | 3,814 | - | 80,173 | 2,842,240 | 5,000,000 | 383,938 | - | 8,067,737 |
| Key Management Personnel - Management Company | | | | | | | | | | |
| Employees | - | 16,285 | 379 | 16,664 | - | - | 1,674,931 | 38,323 | 1,720,600 | - |

Quarter ended December 31, 2012 (Un-audited)

| | As at | | As at | | As at | | As at | | NAV as at | |
|---|---------------------|--------------------|----------------|----------|----------------------|---------------------|--------------------|-------------------|------------|----------------------|
| | October 01, 2012 | Issued for cash | Bonus Units | Redeemed | December 31, 2012 | October 01, 2012 | Issued for cash | Bonus (Rupees) | Redeemed | December 31, 2012 |
| Connected persons | | | | | | | | | | |
| Packages Limited - Employees Gratuity Fund | - | 222,917 | - | - | 222,917 | - | 23,000,000 | - | 543,005 | 22,478,373 |
| Packages Limited - Staff Pension Fund | 88,305 | 1,002,593 | 10,405 | - | 1,101,303 | 8,879,511 | 102,580,899 | 1,048,453 | 1,608,866 | 111,052,353 |
| Packages Limited - Employees Provident Fund | - | 1,378,187 | 19,610 | 484,603 | 913,194 | - | 139,854,673 | 1,975,969 | 50,200,711 | 92,083,930 |
| IGI Funds Limited - Management Company | 704,203 | 674,566 | 19,650 | 565,959 | 832,460 | 70,811,253 | 69,100,000 | 1,979,926 | 58,000,000 | 83,942,987 |
| Other Related Parties | | | | | | | | | | |
| Tri Pack Films Limited - Employees Gratuity Fund | 27,495 | 48,460 | 1,836 | - | 77,791 | 2,764,827 | 5,000,000 | 185,021 | - | 7,844,345 |
| Tri Pack Films Limited - Employees Provident Fund | 86,477 | 48,460 | 3,262 | - | 138,199 | 8,695,696 | 5,000,000 | 328,694 | - | 13,935,635 |
| Tetra Pack Pakistan Limited - Employees Provident Fund | - | 103,751 | 2,508 | - | 106,259 | - | 10,500,000 | 252,727 | - | 10,714,872 |
| Tetra Pack Pakistan Limited - Employees Gratuity Fund | - | 97,822 | 2,365 | - | 100,187 | - | 9,900,000 | 238,285 | - | 10,102,593 |
| Tetra Pack Pakistan Limited - Employees Pension Fund | 155,109 | - | 3,750 | - | 158,859 | 15,596,982 | - | 377,830 | - | 16,018,853 |
| Babar Ali Foundation | 1,107,600 | - | 25,338 | 59,479 | 1,073,459 | 111,374,788 | - | 2,553,117 | 6,000,000 | 108,244,595 |
| Adi Jehangir Cawasji | 60,041 | 6,377 | 1,606 | - | 68,024 | 6,037,407 | 650,000 | 161,788 | - | 6,859,338 |
| Key Management Personnel - Management Company | | | | | | | | | | |
| Employees | - | 9,805 | - | 9,805 | - | - | 1,000,000 | - | 1,008,094 | - |
| Unit holder holding 10% or more units | | | | | | | | | | |
| The Nishat Mills Limited Employees Provident Fund Trust | 1,627,503 | 2,268,378 | 82,467 | 484,603 | 3,493,745 | 163,653,695 | 229,000,000 | 8,309,531 | 50,000,000 | 352,299,451 |

Quarter ended December 31, 2011 (Un-audited)

| | As at | | As at | | As at | | As at | | NAV as at | |
|--|---------------------|--------------------|----------------|----------|----------------------|---------------------|--------------------|-------------------|-----------|----------------------|
| | October 01, 2011 | Issued for cash | Bonus Units | Redeemed | December 31, 2011 | October 01, 2011 | Issued for cash | Bonus (Rupees) | Redeemed | December 31, 2011 |
| Connected persons | | | | | | | | | | |
| Packages Limited - Staff Pension Fund | 79,636 | - | 2,232 | - | 81,868 | 8,067,284 | - | 224,351 | - | 8,238,303 |
| IGI Funds Limited - Management Company | 787,973 | - | 19,601 | 88,567 | 719,007 | 79,822,952 | - | 1,970,368 | 9,100,000 | 72,353,027 |
| Other Related Parties | | | | | | | | | | |
| Tri Pack Films Limited - Employees Gratuity Fund | 27,219 | 29,409 | 1,587 | - | 58,215 | 2,757,321 | 3,000,000 | 159,533 | - | 5,858,123 |
| Tri Pack Films Limited - Employees Provident Fund | 28,972 | 49,015 | 2,186 | - | 80,173 | 2,934,956 | 5,000,000 | 219,707 | - | 8,067,737 |
| Key Management Personnel - Management Company | | | | | | | | | | |
| Employees | 15,501 | 1,163 | - | 16,664 | - | 1,570,327 | 119,200 | - | 1,720,600 | - |

12.2 Other transactions

| | Half year ended (Un-audited) | | Quarter ended (Un-audited) | |
|---|------------------------------|----------------------|----------------------------|----------------------|
| | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Connected persons | | | | |
| IGI Funds Limited - Management Company | | | | |
| Remuneration of the Management Company | 8,025,902 | 7,033,502 | 4,930,536 | 4,169,155 |
| Sales tax on management fee | 1,284,132 | 1,125,368 | 788,883 | 667,072 |
| Sales load | 590,339 | 1,656,351 | 589,250 | 592,504 |
| IGI Investment Bank | | | | |
| Placement in certificates of deposit | - | 25,000,000 | - | 25,000,000 |
| Certificates of deposit matured | - | 65,000,000 | - | - |
| Interest income from certificate of deposit | 3,654,792 | 5,061,977 | 1,827,396 | 2,548,973 |
| Investment in reverse repurchase transaction | - | - | - | - |
| Reverse repurchase transaction matured | - | 89,217,000 | - | - |
| Income under reverse repurchase transaction | - | 739,152 | - | - |
| Term finance certificates - purchased | 135,393,636 | 41,546,889 | 135,393,636 | - |
| Term finance certificates - sold | - | 73,724,245 | - | - |
| Investment in letter of placement | - | 90,000,000 | - | - |
| Letter of placement matured | - | 90,000,000 | - | - |
| Interest income from letter of placement | - | 284,220 | - | - |
| Treasury bills - purchased | - | 77,925,354 | - | 77,925,354 |
| Packages Limited | | | | |
| Treasury Bills - sold | - | 16,919,250 | - | - |
| Packages Limited - Employees Provident Fund | | | | |
| Treasury Bills - sold | - | 13,933,500 | - | - |
| Packages Limited - Employees Gratuity Fund | | | | |
| Treasury Bills - sold | - | 4,976,250 | - | - |
| IGI Money Market Fund - (Common Management) | | | | |
| Treasury Bills - purchased | - | 123,438,474 | - | - |
| Treasury Bills - sold | - | 19,839,010 | - | 9,884,670 |
| IGI Aggressive Income Fund - (Common Management) | | | | |
| Term Finance Certificates - purchased | - | 48,583,991 | - | - |
| Treasury Bills - sold | - | 4,964,150 | - | - |
| Treasury Bills - purchased | - | 6,803,146 | - | 6,803,146 |
| IGI Capital Protected Fund - (Common Management) | | | | |
| Treasury Bills - purchased | - | 13,714,320 | - | 13,714,320 |
| IGI Finex Securities Limited | | | | |
| Brokerage charges | 18,739 | 36,532 | 18,739 | 36,532 |
| IGI Investment Bank Limited Group Provident Fund | | | | |
| Treasury Bills - sold | - | 389,538 | - | - |
| Other related parties | | | | |
| TETRA PAK - Gratuity Fund | | | | |
| Term Finance Certificates - sold | - | 12,432,271 | - | 12,432,271 |
| TETRA PAK - Staff Pension Fund | | | | |
| Term Finance Certificates - sold | - | 2,958,343 | - | 2,958,343 |
| TETRA PAK - Provident Fund | | | | |
| Term Finance Certificates - sold | - | 8,116,084 | - | 8,116,084 |
| Central Depository Company of Pakistan Limited - (Trustee of the Fund) | | | | |
| Remuneration of the Trustee | 965,772 | 886,716 | 549,541 | 497,178 |

| | (Un-audited) December 31, 2012 | (Audited) June 30, 2012 |
|---|--------------------------------------|-------------------------------|
| | ----- (Rupees) ----- | |
| 12.3 Other balances | | |
| <u>Connected persons</u> | | |
| IGI Funds Limited - Management Company | | |
| Remuneration payable to the Management Company | 1,847,308 | 924,640 |
| Sales tax payable on management fee | 295,572 | 147,943 |
| Sales load payable | 543,704 | - |
| IGI Investment Bank Limited | | |
| Certificate of deposit | 56,713,692 | 53,058,900 |
| IGI Finex Securities Limited | | |
| Brokerage payable | 39,022 | 20,283 |
| <u>Other related parties</u> | | |
| Central Depository Company of Pakistan Limited - (Trustee of the Fund) | | |
| Remuneration payable to the Trustee | 197,817 | 125,756 |

13. FAIR VALUE HIERARCHY

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2012, the Fund held the following financial instruments measured at fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------------|---------------|------------|---------------|
| | ----- (Rupees) ----- | | | |
| Investments classified as 'at fair value through profit or loss' - held-for-trading | | | | |
| Government securities | | | | |
| - Market treasury bills | - | 853,390,844 | - | 853,390,844 |
| - GOP Ijarah Sukuks | - | 20,196,000 | - | 20,196,000 |
| Term finance certificates | - | 268,574,083 | 66,011,000 | 334,585,083 |
| | - | 1,142,160,927 | 66,011,000 | 1,208,171,927 |

As at June 30, 2012, the Fund held the following financial instruments measured at fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------------|--------------------|------------------|--------------------|
| | ----- (Rupees) ----- | | | |
| Investments classified as 'at fair value through profit or loss' - held-for-trading | | | | |
| Government securities | | | | |
| - Market treasury bills | - | 388,677,916 | - | 388,677,916 |
| Term finance certificates | - | 91,492,938 | 7,811,962 | 99,304,900 |
| | <u>-</u> | <u>480,170,854</u> | <u>7,811,962</u> | <u>487,982,816</u> |

During the half year ended December 31, 2012, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements except as follows:

| | December 31, 2012 |
|---|--------------------------|
| Opening balance | 7,811,962 |
| Transfer in | 64,000,000 |
| Provision against non-performing assets | (5,800,962) |
| Balance as at December 31, 2012 | <u><u>66,011,000</u></u> |

In accordance with Circular No. 33 of 2012 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which includes variables including yields on government securities, Karachi Inter Bank Offer Rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the abovementioned Circular and are hence classified as Level 3.

Hence, default on installment amounts by investee companies results in transfer into Level 3 while subsequent classification of a defaulting security as performing will result in transfer from Level 3 to Level 2.

14. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. The Management Company intends to distribute not less than 90% of its annual accounting income, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended December 31, 2012.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **11th February 2013** by the Board of Directors of the Management Company.

16. GENERAL

- 16.1** Figures for the quarters ended December 31, 2012 and December 31, 2011 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 16.2** Figures are rounded off to the nearest rupee.

**For IGI Funds Limited
(Management Company)**

Chief Executive Officer

Director