

IGI Money Market Fund

Condensed Interim Financial Information  
Un-audited  
For the six months period ended  
31 December 2010

IGI Money Market Fund

Condensed Interim Statement of Assets and Liabilities (Un-audited)

As at 31 December 2010

	<i>Note</i>	<b>31 December 2010 (Un-audited)</b>	30 June 2010 (Audited)
		<b>(Rupees)</b>	
<b>ASSETS</b>			
Balances with banks	5	<b>507,460,177</b>	378,799,546
Investments	6.	<b>808,713,526</b>	435,802,350
Deferred formation cost		<b>1,707,894</b>	1,903,854
Interest receivable on bank deposits		<b>4,057,394</b>	5,912,095
Prepayments		<b>102,573</b>	91,285
<b>Total assets</b>		<b><u>1,322,041,564</u></b>	<u>822,509,130</u>
<b>LIABILITIES</b>			
Amount payable on redemption of units		<b>2,100,000</b>	3,145,354
Amount payable against purchase of Government Securities		<b>97,186,100</b>	-
Payable to the Management Company	7	<b>3,059,104</b>	2,457,873
Remuneration payable to the Trustee		<b>224,804</b>	159,189
Annual fee payable to Securities and Exchange Commission of Pakistan		<b>492,411</b>	60,344
Dividend payable to unit holders		<b>1,258,800</b>	-
Accrued and other liabilities	8	<b>1,153,974</b>	194,174
<b>Total liabilities</b>		<b>105,475,193</b>	6,016,934
<b>Contingency</b>	11		
<b>Net assets attributable to unit holders</b>		<b><u>1,216,566,371</u></b>	<u>816,492,196</u>
<b>Unit holders' funds</b> (as per statement attached)		<b><u>1,216,566,371</u></b>	<u>816,492,196</u>
<b>Number of units in issue</b>		<b><u>12,091,471</u></b>	<u>8,084,512</u>
		<b>(Number)</b>	
<b>Net assets value per unit</b>		<b><u>100.61</u></b>	<u>100.99</u>
		<b>(Rupees)</b>	

The annexed notes from 1 to 14 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

IGI Money Market Fund  
Condensed Interim Income Statement (Un-audited)  
For the six months period ended 31 December 2010

		<u>Six months period ended</u> 31 December 2010	<u>Quarter period ended</u> 31 December 2010
	<i>Note</i>	(Rupees)	
<b>Income</b>			
Financial income	9	79,785,930	50,524,019
Capital loss on sale of investments classified as 'at fair value through profit or loss - held for trading' - net		(741,628)	(741,628)
Unrealised gain in fair value of investments classified as 'at fair value through profit or loss - held for trading' - net		(937)	(146,101)
Net element of loss included in prices of units sold less those in units redeemed		<u>(10,089,356)</u>	<u>(10,633,292)</u>
<b>Total income</b>		<b>68,954,009</b>	<b>39,002,998</b>
<b>Expenses</b>			
Remuneration to the Management Company		5,412,288	3,233,733
Remuneration to the Trustee		1,157,984	659,761
Annual fee to the Securities and Exchange Commission of Pakistan		488,933	299,678
Brokerage expense		202,157	170,897
Bank charges		17,538	8,090
Amortization of deferred formation cost		195,960	97,980
Auditors' remuneration		106,633	39,251
Credit rating fee		92,712	42,296
Annual listing fee		46,000	23,000
Printing charges		111,628	80,164
Workers' Welfare Fund	11	(159,860)	-
<b>Total expenses</b>		<b>7,671,973</b>	<b>4,654,850</b>
<b>Net income for the period</b>		<b><u>61,282,036</u></b>	<b><u>34,348,148</u></b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

IGI Money Market Fund  
Condensed Interim Statement of Comprehensive Income (Un-audited)  
*For the six months period ended 31 December 2010*

	<u>Six months period ended 31 December 2010</u>	<u>Quarter period ended 31 December 2010</u>
	(Rupees)	
Net income for the period	61,282,036	34,348,148
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u><u>61,282,036</u></u>	<u><u>34,348,148</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

IGI Money Market Fund  
Condensed Interim Cash Flow Statement (Un-audited)  
For the six months period ended 31 December 2010

	<u>Six months period ended</u> 31 December 2010	<u>Quarter period ended</u> 31 December 2010
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	61,282,036	34,348,148
<b>Adjustments for:</b>		
Amortization of deferred formation cost	195,960	97,980
Net unrealised gain in fair value of investments classified as 'at fair value through profit or loss - held for trading'	937	146,101
Net capital loss on sale of investments classified as 'at fair value through profit or loss - held for trading'	741,628	741,628
Net element of loss included in prices of units sold less those in units redeemed	<u>10,089,356</u>	<u>10,633,292</u>
	72,309,917	45,967,149
<b>Change in:</b>		
Investments - net	141,833,506	99,150,765
Interest receivable on bank deposits	1,854,701	448,324
Other assets	(11,288)	(34,288)
Amount payable on redemption of units	(1,045,354)	(9,653,046)
Amount payable against purchase of Government Securities	97,186,100	97,186,100
Payable to the Management Company	601,231	449,095
Remuneration payable to the Trustee	65,615	62,473
Annual fee to the Securities and Exchange Commission of Pakistan	432,067	299,678
Accrued and other liabilities	959,800	733,288
	<u>241,876,378</u>	<u>188,642,389</u>
<b>Net cash from operating activities</b>	314,186,295	234,609,538
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distributions paid	(1,682,600)	(1,200,400)
Proceeds from issuance of units	2,026,175,423	1,270,360,789
Payment against redemption of units	(1,694,531,240)	(1,136,758,176)
<b>Net cash from financing activities</b>	329,961,583	132,402,213
<b>Cash and cash equivalents at beginning of the period</b>	672,025,825	949,161,952
<b>Cash and cash equivalents at end of the period</b>	<u>1,316,173,703</u>	<u>1,316,173,703</u>

Note

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The annexed notes from 1 to 14 form an integral part of these condensed interim financial information.

For IGI Funds Limited  
(Management Company)

Chief Executive

Director

IGI Money Market Fund  
Condensed Interim Distribution Statement (Un-audited)  
For the six months period ended 31 December 2010

	<u>Six months period ended 31 December 2010</u>	<u>Quarter period ended 31 December 2010</u>
	(Rupees)	
<b>Undistributed income carried forward</b>	8,040,855	27,175,006
Total comprehensive income for the period	61,282,036	34,348,148
<b>Distributions during the year</b>		
Final distribution of cash dividend @ Rs.0.9648 per unit for the year ended 30 June 2010, declared on 24 August 2010	(482,200)	-
Final distribution of bonus @ 0.9645 units for every 100 units held, for the year ended 30 June 2010 , declared on 24 August 2010	(7,317,537)	-
	<u>(7,799,737)</u>	-
Interim distribution of cash dividend @ Rs.2.4008 per unit approved on 01 October 2010	(1,200,400)	(1,200,400)
Interim distribution of bonus @ 2.3941 units for every 100 units held approved on 01 October 2010	(23,126,113)	(23,126,113)
Interim distribution of cash dividend @ Rs.2.5176 per unit approved on 01 October 2010	(1,258,800)	(1,258,800)
Interim distribution of bonus @ 2.5046 units for every 100 units held approved on 01 October 2010	(28,518,447)	(28,518,447)
	<u>(61,903,497)</u>	<u>(54,103,760)</u>
<b>Undistributed income carried forward</b>	<u><u>7,419,394</u></u>	<u><u>7,419,394</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

IGI Money Market Fund  
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-audited)  
For the six months period ended 31 December 2010

	<u>Six months period ended December 2010</u>	<u>Quarter period ended December 2010</u>
	(Rupees)	
Net assets at beginning of the period	816,492,196	1,040,441,518
Amount realized on issuance of 20,026,671 units	2,026,175,423	1,270,360,789
Amount paid / payable on redemption of 16,607,195 units	(1,694,531,240)	(1,136,758,176)
Amount realized on issuance of Bonus Units of 587,483 units	<u>58,962,097</u>	<u>51,644,560</u>
	1,207,098,476	1,225,688,691
Net element of loss included in prices of units sold less those in units redeemed	10,089,356	10,633,292
Net unrealised gain in fair value of investments classified as 'at fair value through profit or loss- held for trading'	(937)	(146,101)
Others	61,282,973	34,494,249
Total comprehensive income for the period	61,282,036	34,348,148
<i>Distributions made during the period</i>		
Final distribution of bonus units	(58,962,097)	(51,644,560)
Final distribution of cash dividend	(2,941,400)	(2,459,200)
	<u>(61,903,497)</u>	<u>(54,103,760)</u>
	(621,461)	(19,755,612)
<b>Net assets at end of the period</b>	<u><u>1,216,566,371</u></u>	<u><u>1,216,566,371</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

# IGI Money Market Fund

## Notes to the Condensed Interim Financial Statements (Un-audited)

*For the six months period ended 31 December 2010*

### **1. LEGAL STATUS AND NATURE OF BUSINESS**

IGI Money Market Fund (the Fund) has been constituted under Trust Deed dated 4 March 2010, between IGI Funds Limited (IGIFL) as Management Company, incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee incorporated under the Companies Ordinance, 1984.

The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a notified entity under Regulation 44 of the Non Banking finance Companies and Notified Entities Regulations, 2008 "NBFC Regulations" vide its letter No. NBFC-II/AD/IGI/MMF/218 dated 18 March 2010 and Offering Document was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. NBFC-II/JE/IGI/MMF/354 dated 3 May 2010.

The Fund is an open ended money market mutual fund listed on Lahore Stock Exchange. The Fund offers units for public subscription on continuous basis. These can be redeemed by surrendering them to the Fund at the option of the unit holder, except for the units issued to core investors which are not redeemable for a period of two years from the date of initial public offer.

The Fund invests primarily in the money market and more specifically in cash and near cash instruments such as cash in bank account (excluding TDRs), treasury bills, money market placement, and deposits, certificates of deposits, certificate of musharika (COM), TDRs, commercial papers, and reverse repos. The Fund will not take any direct or indirect exposures to equities.

Subsequent to the quarter ended 30 September 2010, the JCR-VIS Credit Rating Company Limited has assigned stability rating of AA+ to the scheme.

### **2. BASIS OF PRESENTATION**

#### **2.1 Statement of compliance**

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement, and notes thereto, for the six months period ended 31 December 2010.



These condensed interim financial information are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

## 2.2 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest of rupees.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2010.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2010.

The Funds' financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2010.

## 5. BALANCES WITH BANK - local currency

This represents balance in deposit accounts with various banks and carry profit rate of 5% -13% per annum (30 June 2010: 9% to 10.5% per annum).

## 6. INVESTMENTS

		<b>31 December 2010 (Un-audited)</b>	30 June 2010 (Audited)
		<b>(Rupees)</b>	
<b>Financial asset at fair value through profit and loss - held for trading</b>			
Investment in Treasury Bills	6.1	273,134,347	435,929,854
Less: Net unrealised gain in fair value		(937)	(127,504)
		<u>273,133,410</u>	<u>435,802,350</u>
<b>Held to maturity</b>			
Term deposits	6.2	535,580,116	-
		<u>808,713,526</u>	<u>435,802,350</u>

## 6.1

Issue date	Maturity date	Yield	Purchased during the period	Sold / matured during the period	As at 31 December 2010	Cost as at 31 December 2010	Interest accrued	Carrying amount as at 31 December 2010	Market value as at 31 December 2010	% of net assets on the basis of market value	% of total investment on the basis of market value
			----- (Number of Certificates) -----			----- (Rupees) -----					
<b>Treasury bills face value -</b>											
<b>face value of Rs. 100</b>											
<b>each issued on</b>											
10-Jun-10	02-Dec-10	12.10%	-	1,500,000	-	-	-	-	-	-	-
17-Jun-10	09-Sep-10	12.10%	-	1,000,000	-	-	-	-	-	-	-
17-Jun-10	09-Sep-10	12.06%	-	2,000,000	-	-	-	-	-	-	-
01-Feb-10	02-Aug-10	12.05%	1,000,000	1,000,000	-	-	-	-	-	-	-
13-Aug-09	12-Aug-10	12.00%	1,000,000	1,000,000	-	-	-	-	-	-	-
25-Mar-10	23-Sep-10	12.25%	1,000,000	1,000,000	-	-	-	-	-	-	-
10-Sep-09	09-Sep-10	12.25%	1,000,000	1,000,000	-	-	-	-	-	-	-
11-Mar-10	09-Sep-10	12.15%	1,000,000	1,000,000	-	-	-	-	-	-	-
25-Feb-10	26-Aug-10	12.07%	-	2,500,000	-	-	-	-	-	-	-
11-Mar-10	09-Sep-10	12.15%	1,000,000	1,000,000	-	-	-	-	-	-	-
25-Mar-10	23-Sep-10	12.15%	500,000	500,000	-	-	-	-	-	-	-
10-Sep-09	09-Sep-10	12.18%	1,800,000	1,800,000	-	-	-	-	-	-	-
10-Sep-09	09-Sep-10	12.18%	2,000,000	2,000,000	-	-	-	-	-	-	-
10-Sep-09	09-Sep-10	12.05%	300,000	300,000	-	-	-	-	-	-	-
29-Jul-10	21-Oct-10	12.30%	400,000	400,000	-	-	-	-	-	-	-
22-Apr-10	21-Oct-10	12.30%	150,000	150,000	-	-	-	-	-	-	-
29-Jul-10	21-Oct-10	12.30%	1,750,000	1,750,000	-	-	-	-	-	-	-
22-Apr-10	21-Oct-10	12.25%	250,000	250,000	-	-	-	-	-	-	-
15-Jul-10	07-Oct-10	12.20%	500,000	500,000	-	-	-	-	-	-	-
08-Apr-10	07-Oct-10	12.20%	500,000	500,000	-	-	-	-	-	-	-
25-Mar-10	23-Sep-10	12.00%	1,750,000	1,750,000	-	-	-	-	-	-	-
22-Apr-10	21-Oct-10	12.23%	950,000	950,000	-	-	-	-	-	-	-
29-Jul-10	21-Oct-10	12.23%	50,000	50,000	-	-	-	-	-	-	-
29-Jul-10	21-Oct-10	12.00%	1,000,000	1,000,000	-	-	-	-	-	-	-
13-Aug-10	04-Nov-10	12.30%	1,000,000	1,000,000	-	-	-	-	-	-	-
13-Aug-10	04-Nov-10	12.40%	500,000	500,000	-	-	-	-	-	-	-
06-May-10	04-Nov-10	12.10%	2,000,000	2,000,000	-	-	-	-	-	-	-
13-Aug-10	04-Nov-10	12.22%	1,000,000	1,000,000	-	-	-	-	-	-	-
29-Jul-10	21-Oct-10	12.00%	1,000,000	1,000,000	-	-	-	-	-	-	-
09-Sep-10	02-Dec-10	12.32%	1,000,000	1,000,000	-	-	-	-	-	-	-
13-Aug-10	04-Nov-10	12.10%	1,000,000	1,000,000	-	-	-	-	-	-	-
23-Sep-10	16-Dec-10	12.48%	1,500,000	1,500,000	-	-	-	-	-	-	-
17-Jun-10	16-Dec-10	12.48%	500,000	500,000	-	-	-	-	-	-	-
21-Oct-10	13-Jan-11	12.69%	2,000,000	2,000,000	-	-	-	-	-	-	-
25-Mar-10	24-Mar-11	12.82%	1,000,000	1,000,000	-	-	-	-	-	-	-
21-Oct-10	21-Apr-11	12.97%	2,250,000	2,250,000	-	-	-	-	-	-	-
04-Nov-10	27-Jan-11	12.79%	1,250,000	1,250,000	-	-	-	-	-	-	-
04-Nov-10	27-Jan-11	12.75%	1,250,000	1,250,000	-	-	-	-	-	-	-
21-Oct-10	13-Jan-11	12.59%	1,250,000	1,250,000	-	-	-	-	-	-	-
07-Oct-10	30-Dec-10	12.35%	1,250,000	1,250,000	-	-	-	-	-	-	-
09-Sep-10	02-Dec-10	12.10%	1,250,000	1,250,000	-	-	-	-	-	-	-
16-Nov-10	10-Feb-11	12.81%	2,200,000	2,200,000	-	-	-	-	-	-	-
16-Nov-10	10-Feb-11	12.77%	2,200,000	2,200,000	-	-	-	-	-	-	-
21-Oct-10	13-Jan-11	12.46%	1,000,000	1,000,000	-	-	-	-	-	-	-
07-Oct-10	30-Dec-10	12.45%	1,000,000	1,000,000	-	-	-	-	-	-	-
02-Dec-10	24-Feb-11	13.12%	500,000	500,000	-	-	-	-	-	-	-
02-Dec-10	24-Feb-11	13.07%	500,000	500,000	-	-	-	-	-	-	-
02-Dec-10	24-Feb-11	13.02%	500,000	500,000	-	-	-	-	-	-	-
02-Dec-10	24-Feb-11	12.98%	500,000	500,000	-	-	-	-	-	-	-
21-Oct-10	13-Jan-11	12.78%	1,250,000	1,250,000	-	-	-	-	-	-	-
02-Dec-10	24-Feb-11	13.06%	500,000	500,000	-	-	-	-	-	-	-
23-Sep-10	16-Dec-10	12.67%	900,000	900,000	-	-	-	-	-	-	-
07-Oct-10	30-Dec-10	12.83%	1,250,000	1,250,000	-	-	-	-	-	-	-
18-Dec-10	10-Mar-11	13.20%	300,000	300,000	-	-	-	-	-	-	-
18-Dec-10	10-Mar-11	13.15%	1,000,000	1,000,000	-	-	-	-	-	-	-
16-Nov-10	10-Feb-11	13.02%	300,000	300,000	-	-	-	-	-	-	-
07-Oct-10	30-Dec-10	12.85%	500,000	500,000	-	-	-	-	-	-	-
16-Nov-10	10-Feb-11	13.02%	25,000	25,000	-	-	-	-	-	-	-
16-Nov-10	10-Feb-11	13.03%	500,000	500,000	-	-	-	-	-	-	-
15-Jul-10	13-Jan-11	12.94%	500,000	500,000	-	-	-	-	-	-	-
21-Oct-10	13-Jan-11	12.96%	200,000	200,000	-	-	-	-	-	-	-
16-Nov-10	10-Feb-11	13.03%	200,000	200,000	-	-	-	-	-	-	-
02-Dec-10	24-Feb-11	12.92%	500,000	-	500,000	48,535,000	518,221	49,053,221	49,052,250	4.03%	6.07%
18-Dec-10	10-Mar-11	13.01%	300,000	-	300,000	29,136,000	145,730	29,281,730	29,281,560	2.41%	3.62%
21-Dec-10	03-Jan-11	12.97%	1,000,000	-	1,000,000	97,232,600	380,696	97,613,296	97,605,200	8.02%	12.07%
31-Dec-10	24-Mar-11	13.02%	1,000,000	-	1,000,000	97,186,100	-	97,186,100	97,194,400	7.99%	12.02%
			<b>60,025,000</b>	<b>61,725,000</b>	<b>2,800,000</b>	<b>272,089,700</b>	<b>1,044,647</b>	<b>273,134,347</b>	<b>273,133,410</b>		

6.2 Term deposit account is maintained with various financial institutions and carry profit rate of 12.70 % to 12.75% (June 2010: 0.00%) per annum. This deposit will mature on 02 February 2011 to 08 February 2011 (June 2010: Nil). Investment in term deposit receipts represent 40.5% of total assets on the basis of carrying amount and 44% of net assets on the basis of carrying amount.

<b>7. PAYABLE TO MANAGEMENT COMPANY</b>	<b>31 December 2010 (Un-audited)</b>	<b>30 June 2010 (Audited)</b>
	<b>(Rupees)</b>	
Remuneration payable to the Management Company	<b>1,118,948</b>	422,717
Formation cost payable	<b>1,940,156</b>	1,940,156
Other payables	-	95,000
	<b><u>3,059,104</u></b>	<b><u>2,457,873</u></b>
<b>8. ACCRUED AND OTHER LIABILITIES</b>		
Withholding tax payable	<b>950,318</b>	3,664
Auditors' remuneration	<b>102,383</b>	30,000
Brokerage payable	<b>55,845</b>	650
Printing charges payable	<b>45,428</b>	-
Workers' Welfare Fund payable	-	159,860
	<b><u>1,153,974</u></b>	<b><u>194,174</u></b>
<b>9. FINANCIAL INCOME</b>	<b>Six months period ended 31 December 2010 (Un-audited)</b>	<b>Quarter period ended 31 December 2010 (Un-audited)</b>
Financial income on:		
<b>Financial assets at fair value through profit and loss - Held for trading</b>		
Treasury Bills	<b>41,936,025</b>	<b>27,082,384</b>
<b>Held to maturity</b>		
Term deposits	<b>11,657,516</b>	<b>11,623,269</b>
Letter of placement	<b>2,034,252</b>	<b>1,455,338</b>
<b>Others</b>		
Bank deposits	<b><u>24,158,137</u></b>	<b><u>10,363,028</u></b>
	<b><u>79,785,930</u></b>	<b><u>50,524,019</u></b>
<b>10. CASH AND CASH EQUIVALENTS</b>		<b>31 December 2010 (Un-audited) (Rupees)</b>
Balances with bank		<b>507,460,177</b>
Term Deposits with maturity within 3 months		<b>535,580,116</b>
Treasury Bills with maturity within 3 months		<b>273,133,410</b>
		<b><u>1,316,173,703</u></b>
<b>11. CONTINGENCY - WORKERS' WELFARE FUND</b>		

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment

Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. The Central Depository Company of Pakistan on behalf of funds under its trusteeship along with a few Collective Investment Schemes (CISs) filed a petition before the Honourable High Court of Sindh on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that “Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*.”

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry’s letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and that MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry before Honourable High Court of Sindh.

In view of the above stated matters, the Management Company is of the view that notwithstanding the show cause notices issued to a number of mutual funds, WWF is not applicable to the Funds and there have been favourable developments supporting Mutual Fund’s point of view hence provision in respect of WWF made upto 2 August 2010 amounted to Rs. 0.357 million (including provision upto 30 June 2010 of Rs. 0.160 million) has been reversed and the provision for the period from 3 August 2010 to 31 December 2010 amounting to Rs. 1.025 million has not been made.

## **12. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

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 and IGI Insurance Limited being the holding 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 and Key Management personnel. Transactions with these related parties involve issue and redemption of units and issue of bonus shares.

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.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

## 12.1 Unit Holders' Fund

	Six months period ended 31 December 2010										
	As at 01 July 2010	Issued for cash/ conversion in/ transfer in	Bonus	Redeemed/ conversion out / transfer out	As at 31 December 2010	As at 01 July 2010	Issued for cash/ conversion in / transfer in	Bonus	Redeemed/ conversion out / transfer out	As at 31 December 2010	Net asset value as at 31 December 2010
	Units					(Rupees)					
<b>Associated companies / undertakings</b>											
IGI Investment Bank Limited	995,076	-	21,684	1,016,760	-	560,491,435	-	2,172,027	103,224,190	459,439,272	-
IGI Insurance Limited	249,411	-	2,406	251,817	-	24,985,000	-	240,632	25,252,510	(26,878)	-
IGI Finex Securities Limited	-	514,886	12,986	-	527,872	-	52,514,874	1,296,276	-	53,811,150	53,309,793
IGI Funds Limited Staff	-	-	-	-	-	-	-	-	-	-	-
Provident Fund	-	5,418	136	-	5,554	-	550,000	13,640	-	563,640	-
Packages Limited	-	5,930,521	-	5,930,521	-	-	600,233,854	-	605,325,680	(5,091,826)	-
<b>Other Related Parties</b>											
Transactions with employees	11,614	11,237	371	13,179	10,043	1,151,313	1,140,930	37,297	1,326,634	1,002,906	1,014,243
<b>Key Management Personnel</b>											
Syed Babar Ali - Group Chairman	469,770	492,188	27,669	989,627	-	47,133,799	50,000,000	2,773,582	46,953,596	52,953,785	-

	Quarter ended 31 December 2010										
	As at 01 July 2010	Issued for cash/ conversion in/ transfer in	Bonus	Redeemed/ conversion out / transfer out	As at 31 December 2010	As at 01 July 2010	Issued for cash/ conversion in / transfer in	Bonus	Redeemed/ conversion out / transfer out	As at 31 December 2010	Net asset value as at 31 December 2010
	Units					(Rupees)					
<b>Associated companies / undertakings</b>											
IGI Investment Bank Limited	504,823	-	12,086	516,909	-	510,948,484	-	1,211,978	52,721,190	459,439,272	-
IGI Insurance Limited	-	-	-	-	-	-	-	-	-	-	-
IGI Finex Securities Limited	-	514,886	12,986	-	527,872	-	52,514,874	1,296,276	-	53,811,150	-
IGI Funds Limited Staff	-	-	-	-	-	-	-	-	-	-	-
Provident Fund	-	5,418	136	-	5,554	-	550,000	13,640	-	563,640	560,898
Packages Limited	-	4,438,396	-	4,438,396	-	-	450,233,854	-	454,854,368	(4,620,514)	-
<b>Other Related Parties</b>											
Transactions with employees	-	10,440	261	658	10,043	-	1,060,738	26,284	66,191	1,020,831	1,014,243
<b>Key Management Personnel</b>											
Syed Babar Ali - Group Chairman	966,489	-	23,138	989,627	-	97,587,034	-	2,320,347	46,953,596	52,953,785	-
<b>Other transactions</b>											

## 12.2 Associated Companies / Undertakings

### IGI Funds Limited - Management Company

	Six months period ended December 2010	Quarter period ended December 2010
	(Rupees)	

Management fee	5,412,288	3,233,733
Listing fee paid	95,000	-
Credit rating fee paid	150,000	150,000
Printing charges paid	48,700	48,700

### IGI Finex Securities Limited

Brokerage / Commission	25,146	16,247
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### IGI Income Fund

Treasury bills sale	144,153,450	-
Treasury bills sale	99,764,500	-
Treasury bills sale	197,655,400	-
Treasury bills Buy	19,887,020	-

## 12.3 Other Related Parties

### Central Depository Company of Pakistan Limited

Trustee fee	1,157,984	659,761
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### Other balances

	31 December 2010	30 June 2010
	(Un-audited) (Audited)	
	(Rupees)	

### Associated Companies / Undertakings

#### IGI Funds Limited - Management Company

Remuneration payable to the Management Company	1,118,948	422,717
Formation cost payable	1,940,156	1,940,156
Listing fee payable	-	95,000

#### IGI Finex Securities Limited

Brokerage / Commission	7,929	650
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## 12.4 Other Related Parties

### Central Depository Company of Pakistan Limited

Trustee fee payable	224,804	159,189
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**13. 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 realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The management company has declared at period end a sufficient distribution out of accounting income of the Fund for the six months period ended 31 December 2010 in order to comply with the above stated clause and regulation and intends to distribute not less than 90% of the its annual accounting income, if any, to comply with the above clause and regulation at year end. Accordingly, no tax provision has been made in this condensed interim financial information for the six months period ended 31 December 2010.

**14. GENERAL**

- 14.1** This condensed interim financial information was authorised for issue by Board of Directors of the Management Company on February 09 2010.

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

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**Chief Executive**

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**Director**