

**PAKISTAN  
PENSION FUND**

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## FUND'S INFORMATION

<b>Pension Fund Manager</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Pension Fund Manager</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
<b>Chief Financial Officer &amp; Company Secretary of the Pension Fund Manager</b>	Mr. Muhammad Saqib Saleem	
<b>Audit Committee</b>	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
<b>Trustee</b>	Habib Metropolitan Bank Limited 8th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi.	
<b>Bankers</b>	Habib Metropolitan Bank Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi.	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Registrar</b>	Gangjees Registrar Services (Pvt.) Limited. Room No. 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.	
<b>Rating</b>	AM2 (Positive Outlook) Management Quality Rating assigned by PACRA	

## REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Pension Fund's accounts review for the first quarter ended September 30th 2011.

### ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, inflation has remained lower during the period with CPI inflation averaging 11.5% amid change in CPI methodology as well as high base-effect of last year. Like the major part of last year, external current account has also remained comfortable with a marginal deficit of US\$ 189 million during first two months of FY12. Fiscal side, on the other hand, has remained a cause of concern for the economic managers with FY11 deficit touching a level of 6.6% of the GDP (Rs. 1.2 trillion deficit size in absolute term). The government, however, has been able to keep its borrowing from SBP at lower levels, which coupled with lower inflation and contained current account deficit has compelled the central bank to lower its policy discount rate by 50 bps in Jul'11 monetary policy to bring it down to 13.5%.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. Due to depletion in net foreign assets (NFA) as well as net retirement in government borrowing from SBP, money supply (M2) has witnessed contraction during the period under review, thereby keeping market liquidity tight almost throughout the period. The SBP has constantly been injecting significant amount of money in the system through OMOs in order to calm down the market.

### EQUITIES MARKET OVERVIEW

Local equities market opened the year on a low with KSE100 index posting return of -5.87% during the period under review. Alongside negative returns, the market continued to remain dull with consistently low turnover throughout the period remained indicative of investor's shyness towards equity asset class. Even an unexpected 50 bps cut in DR by the SBP in July 2011 failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors. Global equities market went down significantly during the quarter, especially in August, which also had an adverse impact on emerging and frontier markets including Pakistan. Other resistive forces that played a dampening role for the market were political unrest, worsened law and order situation, strained Pak-US relations, floods in Sindh and energy crisis. Better corporate results and payouts by index heavy weights as well as expectations of a major cut in DR in upcoming monetary policy gave much needed support to the market towards the end of quarter and concentrated buying in selective high yielding and defensive stocks helped market to recover around 8.5% of its losses. Chemicals, Oil and Gas and Energy sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on individual financial performance.

### FUND PERFORMANCE

#### *Debt Fund*

During the period under review, the debt sub-fund generated an annualized return of 13.5%. The fund took exposure in GOP Ijarah Sukuk on the back of attractive yields and capital gains potential while marginally reducing its exposure towards Treasury Bills.

#### *Money Market Fund*

The money market sub-fund generated a return of 11.0% during the quarter. The fund increased its exposure in T-bills from 79.3% to 97.3% while reducing its cash exposure.

#### *Equity Fund*

The Equity sub-fund generated a return of -1.1% while the KSE-100 fell by 5.9% during the period under review. The sub-fund reduced its overall equity exposure to around 88%. Sector-wise, the sub-fund increased exposure in Banks, Chemicals and Oil & Gas sectors, while reducing exposure towards General Industrial sector.

## FUTURE OUTLOOK

Given declining trend in CPI inflation coupled with a comfortable external account position, the Central bank has decided to lower its policy DR further by 150 bps to 12.0% for Oct'11 - Nov'11 period to trigger growth stimulus in the economy. We continue to flag foreign inflow as the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. In our opinion, the absence of foreign flows and government's greater reliance on domestic sources for fiscal funding could result in rebound of inflation and interest rates going forward.

On the equities front, negative factors viz. alarming political and geopolitical scenario, deteriorating law and order situation, scarcity of energy, weak macroeconomic fundamentals and bearish trend in big global economies are deep rooted and not expected to reverse in short term. However sizeable cuts in discount rate coupled with strong corporate results of key listed stocks are expected to provide the thrust required to keep the wheel rolling. Moreover strong earnings growth, high dividend yields and relatively cheaper valuation offer decent returns for long term investors.

## ACKNOWLEDGMENT

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

On behalf of Directors,

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Yasir Qadri  
Chief Executive Officer

**Dated:** 26 October, 2011  
Karachi.

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

Note	Unaudited 2011			Audited	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2011
Rupees					
<b>Assets</b>					
Bank balances	6,118,389	2,185,390	1,536,855	9,840,634	17,176,249
Investments (as per Statement of Investments by Category)	51,841,052	84,144,884	67,028,994	203,014,930	197,493,562
Dividend receivable	775,901	-	-	775,901	282,251
Interest receivable	27,740	926,599	12,584	966,923	1,693,431
Deposits and other receivable	335,402	798,706	296,731	1,430,839	10,653,186
Taxation refundable	-	-	-	-	-
<b>Total assets</b>	<b>59,098,484</b>	<b>88,055,579</b>	<b>68,875,164</b>	<b>216,029,227</b>	<b>227,298,679</b>
<b>Liabilities</b>					
Payable to the Pension Fund Manager	79,496	124,500	97,671	301,667	265,823
Payable to the Trustee	8,872	13,894	10,900	33,666	34,366
Payable to auditors	86,929	118,685	95,590	301,204	225,500
Annual fee payable to the Securities and Exchange Commission of Pakistan	4,761	7,378	5,763	17,902	64,880
Front end load payable	-	-	-	-	-
Accrued and other liabilities	2,440,368	720,467	216,327	3,377,162	6,057,319
Taxation payable	-	-	-	-	-
<b>Total liabilities</b>	<b>2,620,426</b>	<b>984,924</b>	<b>426,251</b>	<b>4,031,601</b>	<b>6,647,888</b>
<b>NET ASSETS</b>	<b>56,478,058</b>	<b>87,070,655</b>	<b>68,448,913</b>	<b>211,997,626</b>	<b>220,650,791</b>
<b>Participants Sub-Funds</b> (as per Statement of Movement in Participants' sub funds)	<b>56,478,058</b>	<b>87,070,655</b>	<b>68,448,913</b>		
<b>Number of units in issue</b>	<b>561,838</b>	<b>627,527</b>	<b>473,123</b>		
<b>Net Asset Value per unit</b>	<b>100.52</b>	<b>138.75</b>	<b>144.67</b>		

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	-----For the quarter ended September 30, 2011-----				For the quarter ended September 30, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	-----Rupees-----				
<b>Income</b>					
Income from government securities	-	2,235,145	2,113,004	4,348,149	2,741,948
Income from term finance certificates and sukuk bonds	-	315,371	-	315,371	713,342
Capital gain / (loss) on sale of investments	(1,281,138)	(3,017)	-	(1,284,155)	2,816,847
Dividend income	1,041,112	-	-	1,041,112	465,400
Profit on bank accounts	82,326	63,233	115,973	261,532	227,740
Impairment loss on 'available-for-sale' investments	-	-	-	-	-
Element of income / (loss) and capital (losses)/ gain included in prices of units issued less those in units redeemed - net	7,733	(78,702)	(39,030)	(109,999)	7,343,932
<b>Total income / (loss)</b>	<b>(149,964)</b>	<b>2,532,030</b>	<b>2,189,950</b>	<b>4,572,016</b>	<b>13,577,713</b>
<b>Expenses</b>					
Remuneration of the Pension Fund Manager	248,586	385,124	300,924	934,634	677,317
Remuneration of the Trustee	27,712	42,948	33,269	103,929	88,313
Annual fee-Securities and Exchange Commission of Pakistan	4,761	7,378	5,764	17,903	15,051
Auditors' remuneration	20,040	31,079	24,586	75,705	75,617
Custody and settlement charges	27,890	3,111	1,000	32,001	41,508
Bank charges	1,259	4,233	579	6,071	3,443
Amortization of formation cost	-	-	-	-	-
Legal and professional charges	4,676	7,263	5,677	17,616	20,059
<b>Total expenses</b>	<b>334,924</b>	<b>481,136</b>	<b>371,799</b>	<b>1,187,859</b>	<b>921,308</b>
<b>Net income before taxation</b>	<b>(484,888)</b>	<b>2,050,894</b>	<b>1,818,151</b>	<b>3,384,157</b>	<b>12,656,405</b>
Provision for taxation	-	-	-	-	36,518
<b>Net income / (loss) after taxation</b>	<b>(484,888)</b>	<b>2,050,894</b>	<b>1,818,151</b>	<b>3,384,157</b>	<b>12,619,887</b>
<b>Other comprehensive income</b>					
Net unrealized (loss) / gain during the period in the market value of investments classified as 'available-for-sale'	(148,510)	787,096	12,591	651,177	(393,173)
<b>Total comprehensive income for the period</b>	<b>(633,398)</b>	<b>2,837,990</b>	<b>1,830,742</b>	<b>4,035,334</b>	<b>12,226,714</b>
<b>Earnings per unit</b>	<b>(0.84)</b>	<b>3.18</b>	<b>3.77</b>		

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

-----For the quarter ended September 30, 2011-----

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money- Market Sub-Fund	Total	For the quarter ended September 30, 2010
-----Rupees-----					
<b>Cash Flows From Operating Activities</b>					
Net income for the period before taxation	(484,888)	2,050,894	1,818,151	3,384,157	12,656,405
<b>Adjustments :</b>					
Amortisation of formation cost	-	-	-	-	-
Unrealized appreciation in fair value of investments at fair value through profit or loss	-	-	-	-	-
Impairment loss on investments classified as 'Available-for- Sale'	-	-	-	-	731,502
Elements of income/(loss) and capital gains / (losses) in prices of units issued less those in units redeemed - net	(7,733)	78,702	39,030	109,999	(7,343,932)
	(7,733)	78,702	39,030	109,999	(6,612,430)
<b>Decrease / (Increase) in assets</b>					
Investments	2,977,939	1,856,559	(9,704,699)	(4,870,201)	(14,303,722)
Dividend receivable	(493,650)	-	-	(493,650)	(81,280)
Interest receivable	(15,805)	743,694	(1,381)	726,508	811,249
Deposits and other receivables	1,994,412	4,644,413	2,583,522	9,222,347	(174,345)
	4,462,896	7,244,666	(7,122,558)	4,585,004	(13,748,098)
<b>(Decrease) / Increase in liabilities</b>					
Remuneration payable to Pension Fund Manager	3,963	18,544	13,337	35,844	16,866
Remuneration payable to the Trustee	(893)	196	(3)	(700)	2,137
Annual fee payable to the Securities and Exchange Commission of Pakistan	(14,321)	(17,888)	(14,760)	(46,969)	(34,832)
Payable against redemption of units	(473,443)	(2,523,056)	(2,874,620)	(5,871,119)	-
Payable to auditors	20,039	31,079	24,586	75,704	(148,882)
Front end load payable	-	-	-	-	1,500
Accrued and other liabilities	2,395,516	631,777	163,669	3,190,962	(3,861,029)
	1,930,861	(1,859,348)	(2,687,791)	(2,616,278)	(4,024,240)
Taxation paid	-	-	-	-	(36,245)
<b>Net cash inflow / (outflow) on operating activities</b>	5,901,136	7,514,914	(7,953,168)	5,462,882	(11,764,608)
<b>Cash Flows From Financing Activities</b>					
Receipt of contribution	1,108,308	391,946	588,489	2,088,743	27,130,001
Payment against withdrawal	(4,988,967)	(6,747,733)	(3,150,540)	(14,887,240)	(24,555,705)
<b>Net cash (ou flow) / inflow from financing activities</b>	(3,880,659)	(6,355,787)	(2,562,051)	(12,798,497)	2,574,296
<b>Net (decrease) in cash and cash equivalents</b>	2,020,477	1,159,127	(10,515,219)	(7,335,615)	(9,190,312)
Cash and cash equivalents at the beginning of the period	4,097,912	1,026,263	12,052,074	17,176,249	15,665,252
<b>Cash and cash equivalents at the end of the period</b>	6,118,389	2,185,390	1,536,855	9,840,634	6,474,940

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director



# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	-----For the quarter ended September 30, 2011-----				For the quarter Ended September 30, 2010
	PPF Equity Sub- Fund	PPF Debt Sub-Fund	PPF Money Market Sub -Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	60,999,848	90,509,750	69,141,193	220,650,791	175,808,664
Amount received on issue of units	1,108,308	391,946	588,488	2,088,742	27,130,000
Amount paid on redemption of units	(4,988,967)	(6,747,733)	(3,150,540)	(14,887,240)	(24,555,705)
	(3,880,659)	(6,355,787)	(2,562,052)	(12,798,498)	2,574,295
Element of loss / (income) and capital loss / (gains) Included in prices of units issued less those in units redeemed - net					
- amount representing (accrued income) / loss and realised (capital gain) / losses - net	(7,733)	78,702	39,030	109,999	(7,343,932)
- amount representing unrealised diminution / (appreciation) in fair value of investments - net	72,149	1,578,455	724,055	2,374,659	88,261
	64,416	1,657,157	763,085	2,484,658	(7,255,671)
Net unrealized (loss) / gains during the period in the market value of investments classified as 'available- for- sale'	(148,510)	787,096	12,591	651,177	(393,173)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed-amount representing unrealised appreciation/(diminution) in fair value of investments - net	(72,149)	(1,578,455)	(724,055)	(2,374,659)	(88,261)
Capital gain on sale of investments- net	(1,281,138)	(3,017)	-	(1,284,155)	2,816,847
Other net income	796,250	2,053,911	1,818,151	4,668,312	9,803,040
Net income / (loss) for the period after taxation	(484,888)	2,050,894	1,818,151	3,384,157	12,619,887
<b>Net assets at the end of the period</b>	<b>56,478,058</b>	<b>87,070,655</b>	<b>68,448,913</b>	<b>211,997,626</b>	<b>183,265,741</b>

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

# CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY (UNAUDITED) AS AT SEPTEMBER 30, 2011

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub -Fund	Total	Audited June 30, 2011
-----Rupees-----					
Available for sale investments (as per Statement of Investment Portfolio)					
- Listed equity securities	51,841,052	-	-	51,841,052	54,967,501
- Pakistan Investment Bonds	-	38,691,768	-	38,691,768	37,876,032
- Term Finance Certificates	-	8,737,373	-	8,737,373	8,498,566
- Govt Ijara Sukuk	-	5,051,824	-	5,051,824	-
- Market Treasury Bills	-	31,663,919	67,028,994	98,692,913	96,151,463
	51,841,052	84,144,884	67,028,994	203,014,930	197,493,562
	<u>51,841,052</u>	<u>84,144,884</u>	<u>67,028,994</u>	<u>203,014,930</u>	<u>197,493,562</u>

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED) AS AT SEPTEMBER 30, 2011

## PPF EQUITY SUB-FUND LISTED SHARES - 'AVAILABLE- FOR- SALE'

Name of the Investee Company	----- Number of shares -----					As at Sept 30, 2011			Market value as a % of net assets of the sub-fund	% of the paid up capital of the company
	As at July 1, 2011	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at September 30, 2011	Cost	Market value	Appreciation/ (Diminution)		
						----- Rupees -----				
Fully paid ordinary shares / certificates of Rs 10 each unless stated otherwise										
<b>PERSONAL GOODS</b>										
Nishat Mills Limited	49,086	-	-		49,086	-		-	-	-
Nishat Chunian Limited	72,000	-	-		72,000	-		-	-	-
						-	-	-	-	-
<b>CONSTRUCTION AND MATERIALS</b>										
Lucky Cement Limited	40,454	-	-	-	40,454	2,859,290	3,055,086	195,796	5.41	0.06
						2,859,290	3,055,086	195,796	5.41	0.06
<b>TOBACCO</b>										
Pakistan Tobacco Company Limited	17,988	-	-	-	17,988	1,933,038	1,304,310	(628,728)	2.31	0.05
						1,933,038	1,304,310	(628,728)	2.31	0.05
<b>INDUSTRIAL METAL AND MINING</b>										
International Industries Limited	56,519	-	-	-	56,519	3,289,437	2,263,021	(1,026,416)	4.01	0.23
						3,289,437	2,263,021	(1,026,416)	4.01	0.23
<b>ELECTRONIC AND EQUIPMENTS</b>										
Pakistan Cables Limited	9,532	-	-	-	9,532	1,558,249	390,049	(1,168,200)	0.69	0.18
						1,558,249	390,049	(1,168,200)	0.69	0.18
<b>GENERAL INDUSTRIES</b>										
Packages Limited	24,403	-	-	5,000	19,403	3,118,808	1,979,106	(1,139,702)	3.50	0.13
Thal Limited	25,100	-	-	10,000	15,100	1,664,344	1,372,439	(291,905)	2.43	0.54
						4,783,152	3,351,545	(1,431,607)	5.93	0.67
<b>BANKS</b>										
Allied Bank Limited	44,083	-	-	-	44,083	2,140,814	2,667,022	526,208	4.72	0.03
National Bank of Pakistan	35,500	26,000	-	-	61,500	2,823,319	2,816,700	(6,619)	4.99	0.02
Bank Al-Habib Limited	84,049	-	-	-	84,049	2,116,206	2,510,544	394,338	4.45	0.03
Meezan Bank Limited	149,785	20,000	-	20,000	149,785	2,093,525	3,010,679	917,154	5.33	0.04
Habib Metropolitan Bank Limited	115,611	-	-	24,860	90,751	1,829,372	1,660,743	(168,629)	2.94	0.02
						11,003,236	12,665,688	1,662,452	22.43	0.15
<b>ELECTRICITY</b>										
The Hub Power Company Limited	77,745	-	-	-	77,745	2,602,688	3,226,418	623,730	5.71	0.03
Kot Addu Power Company Limited	49,693	2,599	-	-	52,292	2,190,754	2,358,369	167,615	4.18	0.01
						4,793,442	5,584,787	791,345	9.89	0.03
<b>OIL AND GAS PRODUCERS</b>										
Pakistan State Oil Company Limited	9,767	-	-	-	9,767	2,705,882	2,486,483	(219,399)	4.40	0.14
Attock Petroleum Limited	-	2,500	-	-	2,500	888,225	994,625	106,400	1.76	0.06
Pakistan Oil Fields Limited	8,594	-	-	1,000	7,594	1,608,411	2,797,326	1,188,915	4.95	0.06
Pakistan Petroleum Limited	12,861	-	1,286	-	14,147	1,859,657	2,681,847	822,190	4.75	0.02
						7,062,175	8,960,281	1,898,106	15.87	0.28
<b>FIXED LINE TELECOMMUNICATION</b>										
Pakistan Telecommunication Company Limited 'A'	100,000	225,000	-	96,415	228,585	2,659,946	2,656,158	(3,788)	4.70	0.01
						2,659,946	2,656,158	(3,788)	4.70	0.01
<b>CHEMICALS</b>										
Engro Corporation Limited	14,709	4,850	-	5,000	14,559	2,284,797	2,087,615	(197,182)	3.70	0.06
Fauji Fertilizer Bin Qasim Limited	34,359	-	-	-	34,359	1,098,987	2,016,186	917,199	3.57	0.02
Fauji Fertilizer Company Limited	14,156	6,000	-	-	20,156	1,925,875	3,263,256	1,337,381	5.78	0.05
Sitara Chemical Industries Limited	20,767	-	-	-	20,767	2,885,994	1,807,144	(1,078,850)	3.20	0.89
						8,195,653	9,174,201	978,548	16.24	1.02
<b>FROSTERY AND PAPERS</b>										
Century Paper & Bond Mills Limited	98,170	-	-	-	98,170	1,725,067	1,394,015	(331,052)	2.47	0.04
Security Paper Limited	31,000	-	-	-	31,000	1,208,534	1,041,911	(166,623)	1.84	0.25
						2,933,601	2,435,926	(497,675)	4.31	0.29
Total						51,071,219	51,841,052	769,833	91.79	2.97

----- Total -----  
Unaudited September 30, 2011      Audited June 30, 2011

-----Rupees-----

51,841,052      54,967,501

Market value

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UNAUDITED) AS AT SEPTEMBER 30, 2011

## AVAILABLE- FOR- SALE' INVESTMENTS

Name of Investment	Face value				Balance as at September 30, 2011			Market value as a % of net assets of the sub-fund
	As at July 01, 2011	Purchases during the period	Sales / maturities during the period	As at September 30, 2011	Book value	Market value	Appreciation/ (Diminution)	
(----- Rupees -----)								
PPF DEBT SUB-FUND								
Pakistan Investment Bonds	40,000,000	-	-	40,000,000	39,734,163	38,691,771	(1,042,392)	44.44
Treasury bills	39,900,000	24,000,000	31,800,000	32,100,000	31,669,528	31,663,919	(5,609)	36.37
	79,900,000	24,000,000	31,800,000	72,100,000	71,403,691	70,355,690	(1,048,001)	80.80

## PPF MONEY MARKET SUB-FUND

Treasury bills	58,000,000	75,600,000	66,100,000	67,500,000	67,037,712	67,028,994	(8,717)	97.93
	<b>58,000,000</b>	<b>75,600,000</b>	<b>66,100,000</b>	<b>67,500,000</b>	<b>67,037,712</b>	<b>67,028,994</b>	<b>(8,717)</b>	<b>97.93</b>

Total

**138,441,403      137,384,684      (1,056,718)**

			----- Total -----	
			Unaudited	Audited
			September 30, 2011	June 30, 2011
			----- Rupees -----	
Market value			<b>137,384,684</b>	<b>134,027,494</b>

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

## CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UNAUDITED) AS AT SEPTEMBER 30, 2011

### PPF DEBT SUB-FUND TERM FINANCE CERTIFICATES AND SUKUK BONDS - 'AVAILABLE -FOR- SALE'

Name of the Investee Company	Issue date	Number of certificates				Balance as at September 30, 2011			Market value as a % of net assets of the sub-fund	Market value as a % of Total investments	Percentage in relation to the size of the issue
		As at July 01, 2011	Purchases during the period	Sales / matured during the period	As at September 30, 2011	Cost	Market value	Appreciation/ (diminution)			

----- Rupees -----

#### Term finance certificates

Bank Alfalah Limited - TFC IV (Floating)	2/Dec/09	500	-	-	500	2,499,749	2,533,490	33,741	4.49	3.01	0.05
Engro Fertilizer Limited - TFC PRP-1	18/Mar/08	800	-	-	800	3,462,000	3,760,000	298,000	6.66	4.47	0.10
Askari Commercial Bank Limited TFC	4/Feb/05	175	-	-	175	862,252	876,570	14,318	1.55	1.04	0.06
		1,475	-	-	1,475	6,824,001	7,170,060	346,059	13	9	

#### Sukuk bonds

Pak Electron Limited	28/Sep/07	750	-	-	750	1,378,937	1,567,313	188,376	2.78	1.86	0.25
		750	-	-	750	1,378,937	1,567,313	188,376	3	2	
		<b>2,225</b>	<b>-</b>	<b>-</b>	<b>2,225</b>	<b>8,202,938</b>	<b>8,737,373</b>	<b>534,435</b>	<b>15</b>	<b>10</b>	

-----Total-----  
Unaudited Audited  
September 30, June 30, 2011 2011  
-----Rupees-----

Market Value

8,737,373 8,498,566

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

## CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Contributions net of front end fee	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund		Total (Rupees)	For the quarter ended September 30, 2010 (Rupees)
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening	600,000	50,882,315	674,513	73,624,860	491,113	54,077,774	178,584,949	158,203,030
Individuals- issue of unit	11,627	1,108,308	8,367	391,946	4,131	588,488	2,088,742	27,130,000
redemption of units	(49,789)	(4,988,967)	(55,353)	(6,747,733)	(22,121)	(3,150,540)	(14,887,240)	(24,555,705)
	(38,162)	(3,880,659)	(46,986)	(6,355,787)	(17,990)	(2,562,052)	(12,798,498)	2,574,295
<b>Total</b>	<b>561,838</b>	<b>47,001,656</b>	<b>627,527</b>	<b>67,269,073</b>	<b>473,123</b>	<b>51,515,722</b>	<b>165,786,451</b>	<b>160,777,325</b>

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

# CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
Units outstanding at the beginning of the period	600,000	674,513	491,113
Add: Units issued during the period	11,627	8,367	4,131
Less: Units redeemed during the period	(49,789)	(55,353)	(22,121)
Units in issue at the end of the period	<b>561,838</b>	<b>627,527</b>	<b>473,123</b>

The annexed notes 1 to 12 form an integral part of these Condensed Interim financial statements.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

## 1 LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 4, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). During the year Habib Metropolitan Bank Limited has been appointed as new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 7, 2011. PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

Based on shareholders' resolutions of MCB-AMC and Arif Habib Investments Limited (AHI) the two companies have merged as of 27th June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHI being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30th July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable SHC. The honourable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Pension Fund Manager of the Fund has been licensed by the SECP to act as a Pension Fund Manager under VPS Rules. The registered office of the Pension Fund Manager is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan.

## 2 BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board, as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 or the requirements of the said directives prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the international Accounting Standard - 34; "Interim Financial Reporting" and Guidelines issued by the SECP for the preparation of the quarterly reports of a pension fund.

## 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published annual financial statements of the Fund for the year ended June 30, 2011.

## 4 REMUNERATION OF MANAGEMENT COMPANY

During the period, through Sindh sales tax on services Act 2011, General Sales Tax on Fund management services has been imposed @16%, effective from July 01, 2011. Management fee charged during the period includes General sales tax.

## 5 DEPOSITS AND OTHER RECEIVABLES

Security deposit - Central Depository  
Company of Pakistan Limited  
Receivable from sub-fund  
Receivable against sale of units

------(Un-audited)-----				Audited
-----As at September 30, 2011-----				As at June 30, 2011
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----				
200,000	200,000	100,000	500,000	800,000
-	126,968	83,346	210,314	-
135,402	471,738	113,385	720,525	9,853,186
335,402	798,706	296,731	1,430,839	10,653,186



**6 ACCRUED AND OTHER LIABILITIES**

	------(Un-audited)-----				Audited
	-----As at September 30, 2011-----				As at June 30, 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Payable against purchase of investments	1,709,996	-	-	1,709,996	5,871,119
Professional charges payable	47,190	60,799	49,627	157,616	140,000
Federal excise duty payable	1,200	-	-	1,200	-
Others	681,982	659,668	166,700	1,508,350	46,200
	<u>2,440,368</u>	<u>720,467</u>	<u>216,327</u>	<u>3,377,162</u>	<u>6,057,319</u>

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

	------(Un-audited)-----				Audited
	-----As at 30 <sup>th</sup> September 2011-----				As at 30 <sup>th</sup> June 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Market value of investments	51,841,052	79,093,063	67,028,995	197,963,110	197,493,561
Average Cost	(51,071,219)	(79,606,629)	(67,037,712)	(197,715,560)	(197,897,188)
	<u>769,833</u>	<u>(513,566)</u>	<u>(8,717)</u>	<u>247,550</u>	<u>(403,627)</u>
Impairment loss					
Opening	5,722,140	-	-	5,722,140	9,190,573
Charged During the Period	-	-	-	-	2,166,249
Derecognized on sale of investment	-	-	-	-	(5,634,682)
	<u>5,722,140</u>	<u>-</u>	<u>-</u>	<u>5,722,140</u>	<u>5,722,140</u>
	<u>6,491,973</u>	<u>(513,566)</u>	<u>(8,717)</u>	<u>5,969,690</u>	<u>5,318,513</u>
Net unrealised diminution in fair value of investments at the beginning of the period	6,640,483	(1,300,662)	(21,308)	5,318,513	(289,798)
	<u>(148,510)</u>	<u>787,096</u>	<u>12,591</u>	<u>651,177</u>	<u>5,608,311</u>

**8 TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons of the Fund include the Pension Fund Manager, other collective investment, schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more of units of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

## 8.1 Transactions during the period

-----Un Audited-----					For the quarter ended September 30, 2010
For the Quarter ended September 30, 2011					
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total		
----- Rupees -----					
<b>Pension Fund Manager</b>					
Remuneration	248,586	385,124	300,924	934,634	677,317
Sales load	1,095	1,725	405	3,225	12,020
<b>Summit Bank limited</b>					
Mark-up received during the period	-	-	-	-	143,781
<b>Habib Metropolitan Bank Limited</b>					
Trustee fee	27,712	42,948	33,269	103,929	-
Markup income during the period	85,725	73,749	118,769	278,243	-
Markup received during the period	69,920	65,906	114,506	250,332	-
<b>MCB Financial Services Limited -Trustee</b>					
Trustee fee	-	-	-	-	88,313
<b>Directors and officers</b>					
Issue of 2,004 units of PPF Equity sub - fund (2010: 21,201 units)	201,452	-	-	201,452	1,799,399
Issue of 3,350 units of PPF Debt sub - fund (2010: 84,571 units)	-	464,854	-	464,854	10,438,744
Issue of 3,035 units of PPF Money Market sub - fund (2010: 106,965 units)	-	-	439,016	439,016	13,863,009
Redemption of 42,908 units of PPF Equity sub - fund (2010: 211,448 units)	4,313,068	-	-	4,313,068	17,613,588
Redemption of 48,813 units of PPF Debt sub - fund (2009: 39,272 units)	-	6,772,791	-	6,772,791	4,846,456
Redemption of 20,667 units of PPF Money Market sub - fund (2010: 39,272 units)	-	-	2,989,906	2,989,906	122,378

## 8.2 Amounts outstanding as at period end

-----Un Audited-----					(Audited) June 30, 2011
As at September 30, 2011					
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total		
----- Rupees -----					
<b>Pension Fund Manager</b>					
Remuneration payable	79,496	124,500	97,671	301,667	265,823
Investment of 300,000 units as seed capital in each sub-fund (2011: 300,000)	30,156,000	41,625,000	43,401,000	115,182,000	112,992,000
<b>Summit Bank limited</b>					
Bank Balances	-	-	-	-	16,737,023
Mark-up receivable	-	-	-	-	56,444
<b>Habib Metropolitan Bank Limited</b>					
Trustee fee payable	-	-	-	-	34,366
Bank balance	6,277,367	2,481,849	1,823,183	-	16,737,022
Markup receivable	15,805	7,843	4,263	-	-

**MCB Financial Services Limited -Trustee**

Trustee fee payable	8,872	13,894	10,900	33,666	-
<b>Directors and Officers</b>					
Investment In PPF Equity Sub - Fund 87,625 units (2011: 128,529 units)	8,808,076	-	-	8,808,076	13,067,500
Investment In PPF Debt Sub - Fund 78,743 units (2011: 124,206 units)	-	10,925,658	-	10,925,658	16,667,215
Investment In PPF Money Market Sub - Fund 69,505 units (2011: 87,138 units)	-	-	10,055,303	10,055,303	12,267,229

**9 EARNINGS PER UNIT**

Earnings / (loss) per unit (EPU) for the quarter ended September 30, 2011 in respect of each sub-fund has been calculated by dividing the net income / (loss) after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

	Quarter ended September 30, 2011		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
Weighted average number of units	576,962	645,508	482,038

**10 CONTRIBUTION TO WORKERS WELFARE FUND**

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. 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 and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs 1.07 million (including Rs 0.07 million for the quarter ended September 30, 2011).

**11 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 26, 2011 by the Board of Directors of the Pension Fund Manager.

**12 GENERAL**

Figures have been rounded off to the nearest Rupees.

**For Arif Habib Investments Limited  
(Pension Fund Manager)**

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

\_\_\_\_\_  
Director