

**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 MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund's** accounts review for the first half ended December 31st 2011.

## ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, inflationary pressures have remained largely on the lower side during the period with YoY CPI inflation averaging 10.9% amid change in CPI methodology as well as high base-effect of last year. External account, however, has started deteriorating significantly with 1H FY12 current account balance posting a sizeable deficit of US\$ 2.2 billion amid higher trade deficit despite record remittances flows. On the fiscal side, the government posted a budget deficit of 1.2% of GDP during 1Q FY12 with its entire funding coming from the domestic sources. Non-realization of official flows is not only hurting the BOP position, it would continue to affect the funding profile of fiscal deficit - which would have its implications on the monetary mechanism as well as exchange rate. Citing some improvements in key macro variables, the SBP decided to ease its monetary stance by lowering its policy discount rate cumulatively by 200 bps to 12.0% during early part of the period. Significant deterioration in macroeconomic balances, however, has compelled them to keep DR unchanged during the latter part.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. Due to sizeable depletion in net foreign assets (NFA) of the banking system, market liquidity remained largely tight almost throughout the period - compelling the SBP to constantly inject significant amount of money in the system through OMOs in order to calm down the market.

## EQUITIES MARKET OVERVIEW

Bearish trend continued at the local bourses with the KSE-100 index went down by 9.2% during the period under review with abysmally low volumes. Attractive valuations were marred by the dearth of liquidity, extremely volatile global markets and fragile domestic economic and geo-political conditions. Deteriorating macroeconomic balances coupled with rising tension in the political arena restrained local investors from taking counter positions against foreigners, which remained net seller during the period with a net FIPI outflow of over US\$ 151 million. Even a cumulative reduction in DR of 200 bps by the SBP during early part of the period failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors as well as lack of clarity on political and macro fronts. Sector-wise, Chemicals and Oil & Gas sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on their respective fundamentals and valuations.

## FUND PERFORMANCE

### *Debt Fund*

During the period under review, the debt sub-fund generated an annualized return of 13.1%. The fund built its exposure in GOP Ijarah Sukuk on the back of attractive yields and capital gains potential. The fund also increased its exposure in Treasury Bills to around 45% while reducing its exposure in PIBs from around 41% to 34% period-end.

### *Money Market Fund*

The money market sub-fund generated an annualized return of 10.5% during the period under review. The fund increased its exposure in Treasury Bills from 79.3% to 95.6% while reducing its cash exposure on the other hand.

### *Equity Fund*

The Equity sub-fund generated a return of -8.2% while the KSE-100 fell by 9.2% during the period under review. The sub-fund increased its overall equity exposure to around 94%. Sector-wise, the sub-fund increased exposure in Oil & Gas, Banks, Chemicals, Electricity and Fixed Line Telecommunications sectors while reducing its holdings from General Industrial and Industrial Metals & Mining sectors.

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011**

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### **FUTURE OUTLOOK**

Despite continued improvement on inflation front, fragile external and fiscal accounts would continue to keep a check on the SBP's future monetary direction. We continue to flag realization of foreign flows 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.

Although the external environment may remain challenging in the near term, the stock market may find support from the December earnings season with a focus on dividend laden results including Banking, Electricity and Chemicals Sectors and could redraw attention to the fundamental strength in the listed companies. Strong earnings growth, high dividend yield and relatively cheaper valuations offer decent returns for long term investors in our opinion.

### **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: January 27, 2012

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

**Pakistan Pension Fund** was established under a Trust Deed dated June 4, 2007 executed between Arif Habib Investments Limited, as the Pension Fund Manager and MCB Financial Services Limited (MCBFSL), as the Trustee.

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

In our opinion, the Pension Fund Manager has in all material respects managed the Fund during the six months period ended 31 December 2011 in accordance with the provisions of the following:

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

For the purpose of information, the attention to note 9 to the interim financial statements, which refer to an uncertainty relating to the future outcome of the litigation regarding contribution to Workers Welfare Fund, which is currently pending adjudication at the Honorable High Court of Sindh.

**Azam Zaidi**

Senior Executive Vice President

Habib Metropolitan Bank Limited

Karachi: February 23, 2012

# AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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## *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Pension Fund** (the Fund) as at December 31, 2011, and the related condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub-funds and condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table and condensed interim statement of number of units in issue together with notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the six month period ended December 31, 2011. The Pension Fund Manager (Arif Habib Investments Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub-funds, condensed interim contribution table and condensed interim statement of number of units in issue for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2011.

## *Scope of Review*

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

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

## *Emphasis of matter*

We draw attention to note 9 to the interim financial information which refers to an uncertainty relating to the future outcome of litigation regarding contribution to the Workers' Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh. Our opinion is not qualified in respect of this matter.

## **Chartered Accountants**

### **Engagement Partner**

Mushtaq Ali Hirani

Karachi

Dated: January 27, 2012

# CONDENSED INTERIM BALANCE SHEET

## As at 31 December 2011

----- (Un-Audited) -----						(Audited)
Note	December 31, 2011				June 30, 2011	
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund	Total		
----- Rupees -----						
<b>ASSETS</b>						
Balances with banks	6	202,979	1,750,959	2,235,975	4,189,913	17,176,249
Investments (as per condensed interim statement of investments by category)		48,805,707	82,524,384	64,607,477	195,937,568	197,493,562
Dividend receivable		107,305	-	-	107,305	282,251
Interest receivable		30,746	1,814,385	11,451	1,856,582	1,693,431
Deposits and other receivables	7	2,802,482	950,370	840,131	4,592,983	10,653,186
<b>TOTAL ASSETS</b>		<b>51,949,219</b>	<b>87,040,098</b>	<b>67,695,034</b>	<b>206,684,351</b>	<b>227,298,679</b>
<b>LIABILITIES</b>						
Payable against redemption of units		198,415	235,746	23,166	457,327	5,871,119
Payable to Pension Fund Manager		76,510	128,658	100,841	306,009	265,823
Payable to the Trustee		8,567	14,382	11,266	34,215	34,366
Payable to Auditors		43,887	68,182	53,764	165,833	225,500
Annual fee payable to the Securities and Exchange Commission of Pakistan		9,326	14,723	11,508	35,557	64,880
Payable against purchase of investment		71,466	-	-	71,466	-
Accrued and other liabilities	8	308,546	28,252	141,681	478,479	186,200
<b>TOTAL LIABILITIES</b>		<b>716,717</b>	<b>489,943</b>	<b>342,226</b>	<b>1,548,886</b>	<b>6,647,888</b>
<b>NET ASSETS</b>		<b>51,232,502</b>	<b>86,550,155</b>	<b>67,352,808</b>	<b>205,135,465</b>	<b>220,650,791</b>
<b>CONTINGENCY</b>						
Participants Sub-Funds (as per condensed interim statement of movement in participants' sub-funds)	9	51,232,502	86,550,155	67,352,808		
<b>Number of units in issue</b>		<b>549,010</b>	<b>605,039</b>	<b>454,301</b>		
<b>Net assets value per unit</b>		<b>93.32</b>	<b>143.05</b>	<b>148.26</b>		

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director



# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Note	Half year ended December 31, 2011				Half year ended December 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----					
<b>INCOME</b>					
Capital (loss)/gain on sale of investments - net	(5,148)	1,777	5,559	2,188	3,519,095
Dividend income	2,028,983	-	-	2,028,983	1,408,747
Income from investment in government securities	-	4,407,348	4,145,504	8,552,852	6,214,121
Income from Term Finance Certificates - Sukuk	-	656,394	-	656,394	1,416,945
Profit on bank deposits	216,238	101,230	149,704	467,172	395,207
Impairment loss on listed equity investments classified as "available-for-sale"	10.1 (2,229,682)	-	-	(2,229,682)	(593,272)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(24,166)	(194,005)	(150,544)	(368,715)	7,759,202
<b>Total Income</b>	(13,775)	4,972,744	4,150,223	9,109,192	20,120,045
<b>EXPENSES</b>					
Remuneration to Pension Fund Manager	419,708	662,515	517,929	1,600,152	1,393,272
Sales tax on remuneration to Pension Fund Manager	67,153	106,002	82,868	256,023	-
Remuneration to the Trustee	54,350	85,724	66,725	206,799	181,521
Annual fee - Securities and Exchange Commission of Pakistan	9,325	14,723	11,508	35,556	30,961
Auditors' Remuneration	48,188	73,815	58,330	180,333	151,233
Custody and settlement charges	102,266	5,200	1,000	108,466	64,228
Legal and professional charges	9,224	14,584	11,403	35,211	40,117
Bank charges	4,855	6,355	3,807	15,017	12,516
<b>Total Expenses</b>	715,069	968,918	753,570	2,437,557	1,873,848
<b>Net (loss) /income before taxation</b>	(728,844)	4,003,826	3,396,653	6,671,635	18,246,197
Provision for taxation - current	12 -	-	-	-	80,264
<b>Net (loss) / income after taxation</b>	(728,844)	4,003,826	3,396,653	6,671,635	18,165,933
<b>Other comprehensive (loss) / income for the period</b>					
Unrealised (loss)/ gain on re-valuation of investments classified as 'available for sale' - net	10 (3,916,454)	1,389,478	(10,518)	(2,537,494)	6,168,118
<b>Total comprehensive (loss) / income for the period</b>	(4,645,298)	5,393,304	3,386,135	4,134,141	24,334,051
<b>Earnings per unit</b>	13 (1.29)	6.34	7.16		

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Note	Quarter ended December 31, 2011				Quarter ended December 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----					
<b>INCOME</b>					
Capital gain on sale of investments - net	1,275,990	4,794	5,559	1,286,343	702,248
Dividend income	987,871	-	-	987,871	943,347
Income from investment in government securities	-	2,172,203	2,032,500	4,204,703	3,472,173
Income from term finance certificates and sukuk bonds	-	341,023	-	341,023	703,603
Profit on bank accounts	133,909	37,997	33,728	205,634	167,467
Impairment loss on investments classified as 'available-for-sale'	10.1 (2,229,682)	-	-	(2,229,682)	138,230
Element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed	(31,899)	(115,303)	(111,514)	(258,716)	415,270
<b>Total Income</b>	<b>136,189</b>	<b>2,440,714</b>	<b>1,960,273</b>	<b>4,537,176</b>	<b>6,542,338</b>
<b>EXPENSES</b>					
Remuneration to Pension Fund Manager	205,410	330,511	258,512	794,433	715,955
Sales tax on remuneration to Pension Fund Manager	32,865	52,882	41,361	127,108	-
Remuneration to Trustee	26,638	42,776	33,456	102,870	93,208
Annual fee - Securities and Exchange Commission of Pakistan	4,564	7,345	5,744	17,653	15,910
Auditors' Remuneration	28,148	42,736	33,744	104,628	75,616
Custody and settlement charges	74,376	2,089	-	76,465	22,720
Legal and professional charges	4,548	7,321	5,726	17,595	20,058
Bank charges	3,596	2,122	3,228	8,946	9,079
<b>Total expenses</b>	<b>380,145</b>	<b>487,782</b>	<b>381,771</b>	<b>1,249,698</b>	<b>952,546</b>
<b>Net (loss) /income before taxation</b>	<b>(243,956)</b>	<b>1,952,932</b>	<b>1,578,502</b>	<b>3,287,478</b>	<b>5,589,792</b>
Provision for taxation - current	12 -	-	-	-	43,746
<b>Net (loss) / income after taxation</b>	<b>(243,956)</b>	<b>1,952,932</b>	<b>1,578,502</b>	<b>3,287,478</b>	<b>5,546,046</b>
<b>Other comprehensive (loss) / income for the period</b>					
Unrealised (loss)/ gain on re-valuation of investments classified as 'available for sale' - net	(3,767,944)	602,382	(23,109)	(3,188,671)	6,561,291
<b>Total comprehensive (loss) / income for the period</b>	<b>(4,011,900)</b>	<b>2,555,314</b>	<b>1,555,393</b>	<b>98,807</b>	<b>12,107,337</b>
<b>Earnings per unit</b>	13 (0.44)	3.15	3.37		

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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	Half year ended December 31, 2011				Half year ended December 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market sub Fund	Total	
	----- Rupees -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income before taxation	(728,844)	4,003,826	3,396,653	6,671,635	18,246,197
<b>Adjustments for non cash items:</b>					
Impairment loss on investments classified as 'available-for-sale'	2,229,682	-	-	2,229,682	593,272
Elements of loss / (income) and capital losses/ (gains) in prices of units issued less those in units redeemed - net	24,166	194,005	150,544	368,715	(7,759,202)
	2,253,848	194,005	150,544	2,598,397	(7,165,930)
<b>(Increase) / decrease in assets</b>					
Investments - net	15,658	4,079,441	(7,306,281)	(3,211,182)	(24,403,468)
Dividend receivable	174,946	-	-	174,946	132,052
Interest receivable	(18,811)	(144,092)	(248)	(163,151)	59,818
Deposits and other receivables	(472,668)	4,492,749	2,040,122	6,060,203	1,942,502
	(300,875)	8,428,098	(5,266,407)	2,860,816	(22,269,096)
<b>(Decrease) / increase in liabilities</b>					
Payable against redemption of units	(275,028)	(2,287,310)	(2,851,454)	(5,413,792)	-
Remuneration payable to Pension Fund Manager	977	22,702	16,507	40,186	41,487
Payable to Trustee	(1,198)	684	363	(151)	5,283
Payable to Auditors	(23,003)	(19,424)	(17,240)	(59,667)	(73,267)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(9,756)	(10,543)	(9,024)	(29,323)	(18,923)
Payable against purchase of investment	71,466	-	-	71,466	-
Other liabilities	263,694	(60,438)	89,023	292,279	(3,841,475)
	27,152	(2,354,329)	(2,771,825)	(5,099,002)	(3,886,895)
Taxation paid	-	-	-	-	(76,083)
<b>Cash (used in)/generated from operating activities</b>	1,251,281	10,271,600	(4,491,035)	7,031,846	(15,151,807)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	2,094,439	2,972,719	1,874,745	6,941,903	32,968,023
Payment against redemptions	(7,240,653)	(12,519,623)	(7,199,809)	(26,960,085)	(27,390,303)
<b>Cash (used in) /generated from financing activities</b>	(5,146,214)	(9,546,904)	(5,325,064)	(20,018,182)	5,577,720
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(3,894,933)	724,696	(9,816,099)	(12,986,336)	(9,574,087)
Cash and cash equivalents at 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 end of the period</b>	202,979	1,750,959	2,235,975	4,189,913	6,091,165

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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Quarter ended December 31, 2011					Quarter ended December 31, 2010
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market sub-Fund	Total		
----- Rupees -----					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income before taxation	(243,956)	1,952,932	1,578,502	3,287,478	5,589,792
<b>Adjustments for:</b>					
Impairment loss on investments classified as 'available-for-sale'	2,229,682	-	-	2,229,682	(138,230)
Elements of loss / (income) and capital losses / (gains) in prices of units issued less those in units redeemed - net	31,899	115,303	111,514	258,716	(415,270)
	2,261,581	115,303	111,514	2,488,398	(553,500)
<b>(Increase) / decrease in assets</b>					
Investments - net	(2,962,281)	2,222,882	2,398,418	1,659,019	(10,099,746)
Dividend receivable	668,596	-	-	668,596	213,332
Interest receivable	(3,006)	(887,786)	1,133	(889,659)	(751,431)
Deposits and other receivables	(2,467,080)	(151,664)	(543,400)	(3,162,144)	2,116,847
	(4,763,771)	1,183,432	1,856,151	(1,724,188)	(8,520,998)
<b>(Decrease) / increase in liabilities</b>					
Payable against redemption of units	198,415	235,746	23,166	457,327	-
Remuneration payable to Pension Fund Manager	(2,986)	4,158	3,170	4,342	24,621
Payable to Trustee	(305)	488	366	549	3,146
Payable to Auditors	(43,042)	(50,503)	(41,826)	(135,371)	75,615
Annual fee payable to the Securities and Exchange Commission of Pakistan	4,565	7,345	5,736	17,646	15,909
Payable against purchase of investment	71,466	-	-	71,466	-
Front end load payable					(1,500)
Other liabilities	(2,131,822)	(692,215)	(74,646)	(2,898,683)	19,553
	(1,903,709)	(494,981)	(84,034)	(2,482,724)	137,344
Taxation paid	-	-	-	-	(39,838)
<b>Cash (used in) / generated from operating activities</b>	<b>(4,649,855)</b>	<b>2,756,686</b>	<b>3,462,133</b>	<b>1,568,964</b>	<b>(3,387,200)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipt of contribution	986,131	2,580,773	1,286,256	4,853,160	5,838,023
Payment against redemptions	(2,251,686)	(5,771,890)	(4,049,269)	(12,072,845)	(2,834,598)
<b>Cash (used in) / generated from financing activities</b>	<b>(1,265,555)</b>	<b>(3,191,117)</b>	<b>(2,763,013)</b>	<b>(7,219,685)</b>	<b>3,003,425</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>					
	(5,915,410)	(434,431)	699,120	(5,650,721)	(383,775)
Cash and cash equivalents at beginning of the period	6,118,389	2,185,390	1,536,855	9,840,634	6,474,940
<b>Cash and cash equivalents at end of the period</b>	<b>202,979</b>	<b>1,750,959</b>	<b>2,235,975</b>	<b>4,189,913</b>	<b>6,091,165</b>

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 1 of 2

	Half year ended December 31, 2011				Half year ended December 31, 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	2,094,439	2,972,719	1,874,745	6,941,903	32,968,023
Amount paid on redemption of units	(7,240,653)	(12,519,623)	(7,199,809)	(26,960,085)	(27,390,303)
	(5,146,214)	(9,546,904)	(5,325,064)	(20,018,182)	5,577,720
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing loss / (income) and realised capital losses / (gains) - net	24,166	194,005	150,544	368,715	(7,759,202)
- amount representing unrealised diminution / (appreciation) in fair value of investments	22,966	2,405,443	1,493,345	3,921,754	64,915
	47,132	2,599,448	1,643,889	4,290,469	(7,694,287)
Net unrealized (loss) / gain during the period in the market value of investments classified as available-for-sale	(3,916,454)	1,389,478	(10,518)	(2,537,494)	6,168,118
Element of (loss) / income and capital (losses)/gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net	(22,966)	(2,405,443)	(1,493,345)	(3,921,754)	(64,915)
Net (loss) /income after taxation for the period	(728,844)	4,003,826	3,396,653	6,671,635	18,165,933
Net assets at the end of the period	<u>51,232,502</u>	<u>86,550,155</u>	<u>67,352,808</u>	<u>205,135,465</u>	<u>197,961,233</u>

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 2 of 2

	Quarter ended December 31, 2011				Quarter ended December 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub Fund	Total	
	Rupees				
Net assets at the beginning of the period	56,478,058	87,070,655	68,448,913	211,997,626	183,265,741
Amount received on issue of units	986,131	2,580,773	1,286,256	4,853,160	5,838,023
Amount paid on redemption of units	(2,251,686)	(5,771,890)	(4,049,269)	(12,072,845)	(2,834,598)
	(1,265,555)	(3,191,117)	(2,763,013)	(7,219,685)	3,003,425
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing loss / (income) and realised capital losses / (gains) - net	31,899	115,303	111,514	258,716	(415,270)
- amount representing unrealised (appreciation) / diminution in fair value of investments	(49,183)	826,988	769,290	1,547,095	(23,346)
	(17,284)	942,291	880,804	1,805,811	(438,616)
Net unrealized (loss) / gain during the period in the market value of investments classified as available-for-sale	(3,767,944)	602,382	(23,108)	(3,188,670)	6,561,291
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net	49,183	(826,988)	(769,290)	(1,547,095)	23,346
Net (loss) / income after taxation for the period	(243,956)	1,952,932	1,578,502	3,287,478	5,546,046
Net assets at the end of the period	51,232,502	86,550,155	67,352,808	205,135,465	197,961,233

The annexed notes form an integral part of this condensed interim financial information

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

## CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT DECEMBER 31, 2011

----- (Un-Audited) -----				(Audited)
December 31, 2011				
PPF Equity	PPF Debt	PPF Money Market Sub-	Total	June 30, 2011
Sub-Fund	Sub-Fund	Fund		
----- Rupees -----				

### Available-for-sale investments

Listed equity securities	48,805,707	-	-	48,805,707	54,967,501
Pakistan Investment Bonds	-	39,219,522	-	39,219,522	37,876,032
Treasury Bills	-	29,432,182	64,607,477	94,039,659	96,151,463
Ijara Sukuk	-	5,068,495	-	5,068,495	-
Term Finance Certificates and Sukuk bonds	-	8,804,185	-	8,804,185	8,498,566
	<u>48,805,707</u>	<u>82,524,384</u>	<u>64,607,477</u>	<u>195,937,568</u>	<u>197,493,562</u>

The annexed notes form an integral part of this condensed interim financial information

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

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2011

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

Name of the Investee Company	Number of shares					As at December 31, 2011			Market value as a % of net assets of the sub-fund	% of paid up capital of the investee company
	As at July 01, 2011	Purchases during the period	Bonus/ Right Issue during the period	Sales during the period	As at December 31, 2011	Cost	Market value	Appreciation/ (Diminution)		
Rupees										
Personal Goods										
Nishat Mills Limited	49,086	-	-	49,086	-	-	-	-	-	-
Nishat Chunian Limited	72,000	-	-	72,000	-	-	-	-	-	-
Tobacco										
Pakistan Tobacco Company Limited	17,988	299	-	698	17,589	1,876,060	976,190	(899,870)	1.91%	0.01%
Industrial Metals and Mining										
International Industries Limited	56,519	-	-	56,519	-	-	-	-	-	-
Electronic and Electrical Equipment										
Pakistan Cables Limited	9,532	-	-	-	9,532	1,558,248	305,027	(1,253,221)	0.60%	0.04%
Chemicals										
Fauji Fertilizers Bin Qasim Limited	34,359	-	-	34,000	359	11,483	15,232	3,749	0.03%	0.00%
Engro Corporation Limited	14,709	15,850	-	5,000	25,559	3,366,905	2,369,319	(997,586)	4.62%	0.01%
Fauji Fertilizers Company Limited	14,156	7,400	-	4,700	16,856	1,693,123	2,520,646	827,523	4.92%	0.00%
Sitara Chemical Industries Limited	20,767	13,000	-	-	33,767	3,797,528	2,437,977	(1,359,551)	4.76%	0.16%
Fatima Fertilizer Co. Limited.	-	112,000	-	112,000	-	-	-	-	-	-
						8,869,039	7,343,174	(1,525,865)	14.33%	
General Industries										
Packages Limited	24,403	-	-	24,403	-	-	-	-	-	-
Thal Limited	25,100	-	3,020	10,000	18,120	1,664,344	1,482,216	(182,128)	2.89%	0.02%
						1,664,344	1,482,216	(182,128)	2.89%	
Banks										
Allied Bank Limited	44,083	-	-	-	44,083	2,140,814	2,374,751	233,937	4.64%	0.01%
Meezan Bank Limited	149,785	20,000	-	20,000	149,785	2,093,525	2,603,264	509,739	5.08%	0.02%
Habib Metropolitan Bank Limited	115,611	-	-	37,760	77,851	1,569,332	1,314,904	(254,428)	2.57%	0.00%
National Bank of Pakistan Limited	35,500	26,000	-	61,500	-	-	-	-	-	-
United Bank Limited	-	48,000	-	-	48,000	2,548,152	2,514,720	(33,432)	4.91%	0.00%
Bank Al-Habib Limited	84,049	26,000	-	20,000	90,049	2,352,008	2,569,098	217,090	5.01%	0.01%
						10,703,831	11,376,737	672,906	22.21%	
Balance carried forward						24,671,522	21,483,344	(3,188,178)	41.93%	



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## PAKISTAN PENSION FUND

[illegible]

The above include shares with a market value aggregating to Rs. 3,691,250 (June 2011: NIL) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

The annexed notes form an integral part of this condensed interim financial information

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

**Yasir Qadri**  
**Chief Executive Officer**

**Nasim Beg**  
**Director**

# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2011

**PPF DEBT SUB-FUND**  
**AVAILABLE-FOR-SALE INVESTMENTS**

Name of Investment	Face value			As at December 31, 2011			Market value as a % of net asset of the sub - fund
	As at July 1	Purchases during the period	Sales/ maturities during the period	As at December 31	Book value	Market value	Appreciation/ (Diminution)
----- Rupees -----							
Pakistan investment bonds	40,000,000	-	-	40,000,000	39,765,789	39,219,522	(546,267) 45.31%
Treasury bills	39,900,000	56,000,000	63,900,000	32,000,000	29,404,515	29,432,182	27,667 34.01%
Government Ijarah Sukuk (3 years)	-	5,000,000	-	5,000,000	5,062,825	5,068,495	5,670 5.86%
	<u>79,900,000</u>	<u>61,000,000</u>	<u>63,900,000</u>	<u>77,000,000</u>	<u>74,233,129</u>	<u>73,720,199</u>	<u>(512,930) 85.18%</u>

Name of Investment	Issue Date	Number of Certificates				As at December 31, 2011			Market value as a percentage of net asset of the sub -	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 1, 2011	Purchases during the period	Sales/ matured during the period	As at December 31, 2011	Cost	Market value	Appreciation / (Diminution)			
<div>(-----Number of Certificates -----) (----- Rupees -----) (----- % -----)</div>											
Term Finance Certificates (TFCs)											
Bank Alfalah TFC-IV (Floating)	2-Dec-09	500	-	-	500	2,499,251	2,508,004	8,753	2.83	1.28	0.05%
Engro Fertilizer Limited- TFC PRP-1	18-Mar-08	800	-	-	800	3,462,000	3,947,376	485,376	4.46	2.01	0.10%
Askari Commercial Bank Limited TFC	4-Feb-05	175	-	-	175	862,252	872,026	9,774	0.98	0.45	0.06%
		1,475	-	-	1,475	6,823,503	7,327,406	503,903	8.27	3.74	
Sukuk Bonds											
Pak Electron Limited	8-May-08	750	-	-	750	1,378,937	1,476,779	97,842	1.67	0.75	0.13%
		750	-	-	750	1,378,937	1,476,779	97,842	1.67	0.75	
Total		2,225	-	-	2,225	8,202,440	8,804,185	601,745	9.94	4.49	

----- Total -----  
Dec 2011      June 2011  
----- Rupees -----

Market Value of government securities	73,720,199	76,715,780
Market Value of TFCs and Sukuk bonds	8,804,185	8,498,567
	<u>82,524,384</u>	<u>85,214,347</u>

The annexed notes form an integral part of these condensed interim financial information

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

\_\_\_\_\_  
**Yasir Qadri**  
**Chief Executive Officer**

\_\_\_\_\_  
**Nasim Beg**  
**Director**

# CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2011

## AVAILABLE-FOR-SALE INVESTMENTS

Name of Investment	Face value				As at December 31, 2011			Market value as a % of net asset of the sub - fund
	As at July 1	Purchases during the period	Sales/ maturities during the period	As at December 31	Book value	Market value	Appreciation/ (Diminution)	

----- Rupees -----

## PPF MONEY MARKET SUB-FUND

Treasury bills	58,000,000	179,600,000	171,600,000	66,000,000	64,639,304	64,607,477	(31,827)	95.92%
	<u>58,000,000</u>	<u>179,600,000</u>	<u>171,600,000</u>	<u>66,000,000</u>	<u>64,639,304</u>	<u>64,607,477</u>	<u>(31,827)</u>	<u>95.92%</u>

-----Total-----

**December 31, 2011      June 30, 2011**

----- Rupees -----

Market value						<u>64,607,477</u>	<u>76,715,780</u>	
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The annexed notes form an integral part of these condensed interim financial information

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

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 1 of 2

Contributions net of front end fee	Half year ended December 31, 2011							Half year ended December 31, 2010
	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	600,000	50,882,315	674,513	73,624,860	491,113	54,077,774	178,584,949	158,203,030
Individuals - issue of units	17,333	2,094,439	19,773	2,972,719	12,375	1,874,745	6,941,903	32,968,023
- redemption of units	(68,323)	(7,240,653)	(89,247)	(12,519,623)	(49,187)	(7,199,809)	(26,960,085)	(27,390,303)
	(50,990)	(5,146,214)	(69,474)	(9,546,904)	(36,812)	(5,325,064)	(20,018,182)	5,577,720
Closing balance	549,010	45,736,101	605,039	64,077,956	454,301	48,752,710	158,566,767	163,780,750

The annexed notes form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 2 of 2

Contributions net of front end fee	Quarter ended December 31, 2011							Quarter ended December 31, 2010
	PIPF Equity Sub-fund		PIPF Debt Sub-fund		PIPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	561,838	47,001,656	627,527	67,269,073	473,123	51,515,722	165,786,451	160,777,325
Individuals - issue of units	5,706	986,131	11,406	2,580,773	8,244	1,286,257	4,853,161	5,838,023
- redemption of units	(18,534)	(2,251,686)	(33,894)	(5,771,890)	(27,066)	(4,049,269)	(12,072,845)	(2,834,598)
	(12,828)	(1,265,555)	(22,488)	(3,191,117)	(18,822)	(2,763,012)	(7,219,684)	3,003,425
Closing balance	549,010	45,736,101	605,039	64,077,956	454,301	48,752,710	158,566,767	163,780,750

The annexed notes form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 1 of 2

	Half year ended December 31, 2011		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund
	----- No of units -----		
Total units outstanding at the beginning of the period	600,000	674,513	491,113
Add: Units issued during the period	17,333	19,773	12,375
Less: Units redeemed during the period	(68,323)	(89,247)	(49,187)
Total units in issue at the end of the period	549,010	605,039	454,301

The annexed notes form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Pension Fund Manager)

\_\_\_\_\_  
Yasir Qadri  
Chief Executive Officer

\_\_\_\_\_  
Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Page 2 of 2

	Quarter ended December 31, 2011		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund
	----- No of units -----		
Total units outstanding at the beginning of the period	561,838	627,527	473,123
Add: Units issued during the period	5,706	11,406	8,244
Less: Units redeemed during the period	(18,534)	(33,894)	(27,066)
Total units in issue at the end of the period	<u>549,010</u>	<u>605,039</u>	<u>454,301</u>
	-	-	-
The annexed notes form an integral part of this condensed interim financial information.	-	-	-

For Arif Habib Investments Limited  
(Pension Fund Manager)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

## 1 LEGAL STATUS AND NATURE OF BUSINESS

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 July 24, 2007 and was executed on September 5, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Through a revised Trust Deed dated June 16, 2011, Habib Metropolitan Bank Limited has been appointed as new Trustee in place of MCFSL which was approved by SECP on July 7, 2011. The Fund 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 Asset Management Company Limited and Arif Habib Investments Limited the two companies have merged as of 27 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 10 June 2011). Arif Habib Investments Limited 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 30 July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHIL/348/2011 dated 27 June 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 honorable Sindh High Court (SHC). The honorable Sindh High Court (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 has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension fund Manager is situated at Techno city Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

## 2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Trust Deed, the VPS Rules and the directives issued by SECP.

Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting' and guidelines issued by the SECP for the preparation of the quarterly reports of a pension fund.

- 2.2 This condensed interim financial information comprise of the condensed interim balance sheet as at December 31, 2011 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investment by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the half year ended December 31, 2011, which have been subject to a review but not audited.
- 2.3 This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2011.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2011, except for the change in methodology as stated below:

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

During the period, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement. Previously, the proportion of opening undistributed income received / paid on issue / redemption of units was being recognised in the income statement.



The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund.

#### 4. RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2011.

#### 5. STANDARDS AND INTERPRETATIONS ADOPTED WITH NO EFFECT ON THE CONDENSED INTERIM FINANCIAL INFORMATION

##### 5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

##### 5.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

(Un-audited)				(Audited)
As at December 31, 2011				As at June 30, 2011
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

Rupees

#### 6. BALANCES WITH BANKS

Current accounts	-	9,859	9,511	19,370	-
Savings accounts	202,979	1,741,100	2,226,464	4,170,543	17,176,249
	202,979	1,750,959	2,235,975	4,189,913	17,176,249

Saving accounts with banks carry interest at the rates ranging 5.00% to 8.00% per annum (June 2011: 5.00% to 11.75%)

#### 7. DEPOSITS AND OTHER RECEIVABLES

Security deposit	2,700,000	200,000	100,000	3,000,000	800,000
Receivable against issuance of units	102,482	591,238	496,343	1,190,063	9,853,186
Others	-	159,132	243,788	402,920	-
	2,802,482	950,370	840,131	4,592,983	10,653,186

#### 8. ACCRUED AND OTHER LIABILITIES

Professional charges	19,807	27,912	22,343	70,062	140,000
Federal excise duty	3,284	-	-	3,284	-
Others	285,455	340	119,338	405,133	46,200
	308,546	28,252	141,681	478,479	186,200

**9. CONTINGENCY**

**9.1 Contribution To Workers Welfare Fund**

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

Subsequently, 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.

During the period, the Honorable 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 Honorable High Court of Sindh. 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 December 31, 2011 amounted to Rs. 1.14 million (June 2011: Rs. 1.003 million).

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

	------(Un-audited)-----				Audited
	As at December 31, 2011				As at June 30, 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----					
Market value	48,805,707	82,524,384	64,607,477	195,937,568	197,493,561
Average cost	(51,139,362)	(82,435,568)	(64,639,303)	(198,214,233)	(197,897,188)
Net surplus/(deficit)	(2,333,655)	88,816	(31,826)	(2,276,665)	(403,627)
Impairment loss					
Opening	5,722,140	-	-	5,722,140	9,190,573
Charged during the period	2,229,682	-	-	2,229,682	2,166,249
Derecognized on sale of investment	(2,894,138)	-	-	(2,894,138)	(5,634,682)
	5,057,684	-	-	5,057,684	5,722,140
Net unrealised (appreciation) /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)
Current	(3,916,454)	1,389,478	(10,518)	(2,537,494)	5,608,311

**10.1** As at December 31, 2011, the management has carried out a scrip wise analysis of impairment in respect of equity securities classified as 'available - for- sale'.

**11. SALES TAX ON REMUNERATION OF PENSION FUND MANAGER**

During the current period, the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Pension Fund Manager through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

**12. TAXATION**

Through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which provisions of section 113 regarding minimum tax shall not apply. Earlier minimum tax @1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2011, although the income of the fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

### 13. EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended December 31, 2011 in respect of each sub-fund has been calculated by dividing the net income 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:

<b>Half year ended December 31, 2011</b>			
	<b>PPF Equity Sub-Fund</b>	<b>PPF Debt Sub-Fund</b>	<b>PPF Money Market Sub-Fund</b>
Weighted average number of units	565,287	631,064	474,143
Net income after taxation (Rupees)	(728,844)	4,003,826	3,396,653
Earnings per unit	(1.29)	6.34	7.16

  

<b>Quarter ended December 31, 2011</b>			
	<b>PPF Equity Sub-Fund</b>	<b>PPF Debt Sub-Fund</b>	<b>PPF Money Market Sub-Fund</b>
Weighted average number of units	555,848	619,346	467,793
Net income after taxation (Rupees)	(243,956)	1,952,932	1,578,502
Earnings per unit	(0.44)	3.15	3.37

### 14. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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.

#### 14.1 Transactions during the period

	-----Un Audited-----				Half year ended December 31, 2010
	Half year ended December 31, 2011				
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	
	----- Rupees -----				
<b>Arif Habib Investments Limited - Pension Fund Manager</b>					
Remuneration	486,861	768,517	600,797	1,856,175	1,393,272
Sales load	1,995	3,473	831	6,299	14,451
<b>Habib Metropolitan Bank Limited</b>					
Mark-up received during the year	188,273	89,921	139,872	418,066	-
Summit Bank Limited (Formaly: Arif Habib Bank Ltd)	-	-	-	-	314,856
<b>Habib Metropolitan Bank Limited - Trustee</b>					
Trustee fee	54,350	85,724	66,725	206,799	-
<b>MCB Financial Services Limited - Former Trustee</b>					
Trustee fee payable	-	-	-	-	181,521
<b>Directors and officers</b>					
Issue of 5,426 units of PPF Equity sub - fund (2010: 37,781 units)	523,566	-	-	523,566	3,389,914
Issue of 6,529 units of PPF Debt sub - fund (2010: 99,668 units)	-	907,072	-	907,072	12,327,322
Issue of 5,350 units of PPF Money Market sub - fund (2010: 114,397 units)	-	-	774,124	774,124	14,847,423

**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

**FOR THE HALF YEAR AND  
QUARTER ENDED DECEMBER 31, 2011**

	-----Un Audited-----				Half year ended December 31, 2010
	Half year ended December 31, 2011				
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	
	-----Rupees-----				
Redemption of 52,208 units of PPF Equity sub - fund (2010: 218,603 units)	5,231,830	-	-	5,231,830	18,301,294
Redemption of 67,545 units of PPF Debt sub - fund (2010: 43,691 units)	-	9,250,112	-	9,250,112	5,397,953
Redemption of 44,419 units of PPF Money Market sub - fund (2010: 3,704 units)	-	-	6423138	6,423,138	485,545
<b>Arif Habib Investments Limited - Pension Fund Manager</b>					
Remuneration	238,275	383,393	299,873	921,541	715,955
Sales load	900	1,748	426	3,074	2,431
<b>Habib Metropolitan Bank Limited</b>					
Mark-up received during the year	118,353	24,015	25,366	167,734	-
<b>Summit Bank Limited</b>					
(Formaly: Arif Habib Bank Ltd)	-	-	-	-	171075
<b>Habib Metropolitan Bank Limited - Trustee</b>					
Trustee fee	26,638	42,776	33,456	102,870	-
<b>MCB Financial Services Limited - Former Trustee</b>					
Trustee fee payable	-	-	-	-	93,208
<b>Directors and officers</b>					
Issue of 3,422 units of PPF Equity sub - fund (2010: 16,580 units)	322,114			322,114	1,590,029
Issue of 3,494 units of PPF Debt sub - fund (2010: 15,097 units)		442,218		442,218	1,888,578
Issue of 2,315 units of PPF Money Market sub - fund (2010: 7,433 units)			335,108	335,108	984,414
Redemption of 9,300 units of PPF Equity sub - fund (2010: 7,154 units)	918,762			918,762	687,705
Redemption of 18,732 units of PPF Debt sub - fund (2010: 4,419 units)		2,477,321		2,477,321	551,497
Redemption of 23,752 units of PPF Money Market sub - fund (2010: 2,752 units)			3,433,232	3,433,232	363,166

**14.2 Amounts outstanding as at period end**

	-----Un Audited-----				(Audited) <input type="checkbox"/>
	As at December 31, 2011				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2011
	-----Rupees-----				
<b>Arif Habib Investments Limited - Pension Fund Manager</b>					
Remuneration payable	198,415	235,746	23,166	457,327	265,823
Investment of 300,000 units as seed capital in each sub-fund (June 2011: 300,000)	27,996,000	42,915,000	44,478,000	115,389,000	112,992,000
<b>Habib Metropolitan Bank Limited</b>					
Bank Balances	202,979	1,741,100	2,226,464	4,170,543	16,737,023
Mark-up receivable	30,746	15,599	11,451	57,796	56,444
<b>Habib Metropolitan Bank Limited -Trustee</b>					
Trustee fee payable	8,567	14,382	11,266	34,215	-
<b>MCB Financial Services Limited - Former Trustee</b>	-	-	-	-	34,366
Trustee fee payable					

-----Un Audited-----				(Audited) □
As at December 31, 2011				
PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	June 30, 2011
----- Rupees -----				

**Directors and Officers**

Investment In PPF Equity Sub - Fund 81,746 units (June 2011: 128,529 units)	7,628,512		7,628,512	13,067,500
Investment In PPF Debt Sub - Fund 63,190 units (June 2011: 124,206 units)		9,036,833	9,036,833	16,667,215
Investment In PPF Money Market Sub - Fund 48,068 units (June, 2011: 87,138 units)		7,124,647	7,124,647	12,267,229

**15. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were consistent as those that applied to financial statements as at and for the year ended June 30, 2011.

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arms length transaction.

Investments are revalued at the market prices using the appropriate method prevailing on the balance sheet date. The estimated fair value of all other assets and liabilities is considered not different from book value.

**17. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on January 27, 2012 by the Board of Directors of the Pension Fund Manager.

**18. SIGNIFICANT EVENTS AFTER THE END OF INTERIM PERIOD**

There is no significant event to report after the end of interim period ended December 31, 2011

**19. GENERAL**

Figures have been rounded off to the nearest Rupee.

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

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director