

Half Year Report

December 31, 2012
(Unaudited)



PAKISTAN PENSION FUND

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FUND'S INFORMATION

Pension Fund Manager	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	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 Officer (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)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Habib Metropolitan Bank Limited 8th Floor, HBZ Building I.I. Chundrigar Road, Karachi.	
Bankers	Habib Metropolitan Bank Limited	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountant Cavish Court, 8-35 Block 7-8 KUSHU, Shara-e-Faisal Karachi	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE HALF YEAR ENDED DECEMBER 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Pension Fund's accounts review for the half year ended December 31st 2012.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, CPI inflation continued to maintain its downward trajectory amid lower food inflation and downward adjustments in gas prices with 1H FY13 CPI inflation averaging at 8.3%. Although current account balance remained comfortable during 1H FY13 with a decent surplus of US\$ 250 million courtesy release of two tranches of Coalition Support Fund proceeds by the US worth around US\$ 1.9 billion, weaker financial account coupled with sizeable repayments (including IMF) continued to put significant pressure on the FX reserves, which eventually came down to a level of around US\$ 13.5 billion. On the fiscal front, the government has continued to rely on domestic sources of funding with YTD GoP borrowing from banking system has risen to PKR 644 billion by Dec'28 2012. Despite highlighting concerns on the external and fiscal accounts, the State Bank of Pakistan took comfort from declining inflationary trend and lowered its policy discount rate cumulatively by 250 bps to 9.5% during the period under review.

In the money market, short term market rates remained largely on the higher side amid tight liquidity scenario in the system with few exceptions where the market witnessed floors also. The SBP continued to inject significant amount of liquidity in the system through OMOs during the period. Given a downward trajectory in YoY CPI inflation coupled with SBP monetary easing stance, the yield curve has adjusted significantly downwards during the period. 1 year PKRV adjusted downwards by 267 bps to 9.3%, while longer tenure 10 year PKRV adjusted downwards by 180 bps to 11.5% during the period under review.

EQUITIES MARKET OVERVIEW

The KSE-100 index made an impressive start in FY13 as well and posted a return of 22.5% during the first half of FY13, outperforming most of the regional players. Although the market remained strong as far as returns are concerned, activity remained dull in terms of both volumes and turnover. Foreigners, however, made a strong return to the local market with a cumulative net inflow of around US\$ 157 million during the period under review.

Major interest during the period remained in Construction & Materials, Consumer and Electricity Sectors where strong inherent bottom line growth, healthy payouts and favorable projected impact of fall in interest rates thrived investor interest. Highly levered companies were also remained in the limelight during the period amid aggressive policy rate cut of cumulative 250 bps by the SBP during the period. Strong corporate results as well as healthy payouts by key companies served to keep the positive momentum intact in the market.

FUND PERFORMANCE

Equity Fund

The Equity sub-fund generated a return of 27.9% while the KSE-100 increased by 22.5% during the period under review. The sub-fund increased its overall equity exposure from 83.8% to 93.7%. Sector-wise, the sub-fund increased its exposure in Banks, Chemicals, Electricity and Oil & Gas sectors, whilst reduced its exposure towards Construction & Material, Automobile & Parts and Pharma & Bio Tech sectors.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 90.229 million as compared to Rs 74.227 million as at June 30 2012 registering an increase/decrease of 21.56%.

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 149.60 as compared to opening NAV of Rs. 116.84 per unit as at June 30, 2012 registering an increase of Rs. 32.76 per unit.

Debt Fund

The debt sub-fund generated an annualized return of 11.1% during the period under review. The fund's exposure towards GoP Ijarah Sukuk broadly remained unchanged whereas exposure towards PIBs declined considerably from 32.4% to 8.3% after realizing gain from the downward shift in the yield curve. The Fund, on the other hand, increased its exposure towards T-Bills from 39.4% to 77.8% during the period under review.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 134.923 million as compared to Rs 124.591 million as at June 30 2012 registering an increase of 8.29%.

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 157.16 as compared to opening NAV of Rs. 148.83 per unit as at June 30, 2012 registering an increase of Rs. 8.33 per unit.

Money Market Fund

The money market sub-fund generated a return of 8.6% during the period. The fund increased its exposure in T-bills from 91.9% to 97.7% while cash exposure increased from 0.6% to 2.2% during the period.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 93.633 million as compared to Rs 87.072 million as at June 30 2012 registering an increase/decrease of 7.54%.

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 162.06 as compared to opening NAV of Rs. 155.31 per unit as at June 30, 2012 registering an increase of Rs. 6.75 per unit.

FUTURE OUTLOOK

Despite receiving another tranche of CSF as well as continued lower range of CPI inflation, we believe that further rate cut would be difficult given deteriorating fiscal and external accounts, significant IMF repayments ahead and alarming monetary growth - while the potential return to the IMF would result in a cycle of monetary tightening by 2Q CY13 in our opinion. The Government bond market, which remained active for last few months on the back of soft inflation numbers and expected monetary easing, has started to become inactive or relatively less active with the anticipation of no rate cut and possible rate hikes in the next 4-6 months. In this backdrop, the activities are expected to be concentrated at short-end papers going forward.

On the equities front, investors are pinning hopes on Dec-end results, expecting strong payout from Commercial Banks, Electricity, Chemicals, and Oil & Gas sectors. However, on the account of mounting political uncertainty and precarious macroeconomic position especially on the external front reflected through depleting FX reserves and steady depreciation of Pak Rupee, the market could correct itself in the shorter term. We therefore prefer to remain vigilant of fading triggers on macro front and potential opportunities arising out of micro dynamics in stock and sector allocation.

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,

Yasir Qadri
Chief Executive Officer
February 04th 2013



HABIBMETRO

TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN PENSION FUND

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

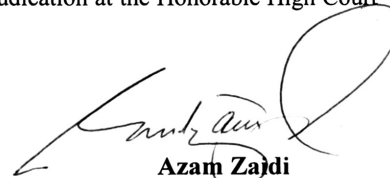
Pakistan Pension Fund was established under a Trust Deed dated June 4, 2007 executed between Arif Habib Investments Limited, as the Pension Fund Manager and MCB Financial Services Limited (MCBFSL), as the Trustee.

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 month period ended 31 December 2012 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, we draw attention to note 8 to the interim financial statements, which refers to 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 14, 2013

Habib Metropolitan Bank Ltd.
(Subsidiary of Habib Bank AG Zurich)

Trustee Division: HBZ Plaza 8th Floor, I.I. Chundrigar Road, Karachi
Tel: (92 21) 3263 3311-30 | Fax: (92 21) 3227 4768, 3263 0495
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AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

Phone: +92 (0) 21- 3454 6494-7
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Web: www.deloitte.com

AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Pension Fund (the Fund) as at December 31, 2012, and the related condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investments portfolio, 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 half year ended December 31, 2012. 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Member of
Deloitte Touche Tohmatsu Limited

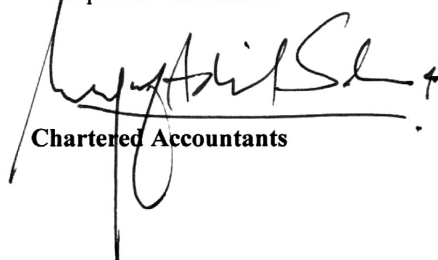
AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Emphasis of matter

We draw attention to note 8 to the interim financial information which refers to an uncertainty relating to the future outcome of matter regarding contribution to the Workers Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh. Our conclusion is not qualified in respect of this matter.



Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated: February 4, 2013

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2012

Note	(Un-Audited)				(Audited)
	December 31, 2011				June 30, 2012
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund	Total	
Rupees					
ASSETS					
Balances with banks	5. 736,405	2,292,892	2,047,264	5,076,561	5,888,838
Investments (as per condensed interim statement of investments by category)	86,521,294	133,497,307	92,248,560	312,267,161	254,286,300
Dividend receivable	803,894	-	-	803,894	661,029
Profit receivable	10,464	559,325	11,667	581,456	1,885,422
Deposits and other receivables	6. 4,374,445	228,557	153,722	4,756,724	25,783,699
TOTAL ASSETS	92,446,502	136,578,081	94,461,213	323,485,796	288,505,288
LIABILITIES					
Payable against redemption of units	1,505,101	1,087,671	330,277	2,923,049	479,358
Payable to Arif Habib Investments Limited - Pension Fund Manager	134,912	200,565	138,521	473,998	357,717
Payable to the Habib Metropolitan Bank Limited - Trustee	13,072	19,405	13,398	45,875	39,464
Payable to Auditors	46,068	69,789	48,394	164,251	250,203
Annual fee payable to the Securities and Exchange Commission of Pakistan	14,317	21,776	15,094	51,187	73,591
Accrued expenses and other liabilities	7. 503,950	255,950	282,209	1,042,109	1,415,218
TOTAL LIABILITIES	2,217,420	1,655,156	827,893	4,700,469	2,615,551
NET ASSETS	90,229,082	134,922,925	93,633,320	318,785,327	285,889,737
CONTINGENCY					
8 Participants' Sub-Funds (as per condensed interim Statement of Movement in Participants' sub-funds)	90,229,082	134,922,925	93,633,320		
Number of units					
Number of units in issue	603,152	858,505	577,786		
Amount in Rupees					
Net assets value per unit	149.60	157.16	162.06		

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

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

Note	Half year ended December 31, 2012				Half year ended December 31, 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
----- Rupees -----					
INCOME					
Capital gain on sale of investments	11,067,238	1,952,750	346	13,020,334	2,188
Dividend income	3,107,055	-	-	3,107,055	2,028,983
Income from investment in government securities	-	5,792,186	4,684,532	10,476,718	8,552,852
Income from Term Finance Certificates - Sukuk	-	954,893	-	954,893	656,394
Profit on bank and other deposits	247,619	200,830	92,624	541,073	467,172
Unrealized gain in fair of investment classified as 'at fair value through profit or loss'	5,999,227	238,612	17,230	6,255,069	
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(697,028)	111,199	64,060	(521,769)	(368,715)
Total Income	19,724,111	9,250,470	4,858,792	33,833,373	11,338,874
Provision against investments classified as 'available for sale'	-	(835,719)	-	(835,719)	(2,229,682)
Total Income - net of provision against investments	19,724,111	8,414,751	4,858,792	32,997,654	9,109,192
EXPENSES					
Remuneration of Arif Habib Investments Limited - Pension Fund Manager	10. 643,982	979,476	678,928	2,302,386	1,600,152
Sales tax on remuneration to Pension Fund Manager	103,037	156,715	108,629	368,381	256,023
Remuneration of Habib Metropolitan Bank Limited - Trustee	79,465	120,901	83,807	284,173	206,799
Annual fee - Securities and Exchange Commission of Pakistan	14,317	21,776	15,095	51,188	35,556
Auditors' Remuneration	52,495	80,621	55,933	189,049	180,333
Custody and settlement charges	532,144	115,772	-	647,916	108,466
Legal and professional charges	9,865	15,015	10,409	35,289	35,211
Bank charges	1,532	6,692	2,536	10,760	15,017
Total Expenses	1,436,837	1,496,968	955,337	3,889,142	2,437,557
Net income before taxation	18,287,274	6,917,783	3,903,455	29,108,512	6,671,635
Provision for taxation - current	11. -	-	-	-	-
Net income after taxation	18,287,274	6,917,783	3,903,455	29,108,512	6,671,635
Other comprehensive income / (loss) for the period					
Unrealised gain / (Loss) on re-valuation of investments classified as 'available for sale' - net	1,496,119	240,038	-	1,736,157	(2,537,494)
Total comprehensive income for the period	19,783,393	7,157,821	3,903,455	30,844,669	4,134,141
Earnings per unit	12. 29.20	8.20	6.90		

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2012

Note	Quarter ended December 31, 2012				Quarter ended December 31, 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
-----Rupees-----					
INCOME					
Capital gain / (Loss) on sale of investments - net	4,056,526	1,396,916	-	5,453,442	1,286,343
Dividend income	1,678,527	-	-	1,678,527	987,871
Income from investment in government securities	-	2,923,659	2,204,584	5,128,243	4,204,703
Income from Term Finance Certificates - Sukuk bonds	-	466,734	-	466,734	341,023
Profit on bank and other deposit	139,499	78,788	39,338	257,625	205,634
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	-
Unrealized gain / (loss) on revaluation of investment classified as 'at fair value through profit and loss'-net	3,138,816	(634,080)	(35,985)	2,468,751	-
Element of income / (loss) and capital gain / (losses)included in prices of units issued less those in units redeemed	(700,077)	165,696	90,322	(444,059)	-
Total Income	8,313,291	4,397,713	2,298,259	15,009,263	(2,229,682)
Provision against investments classified as 'available for sale'	-	(594,646)	-	(594,646)	-
Total Income - net of provision against investments	8,313,291	3,803,067	2,298,259	14,414,617	(258,716)
EXPENSES					
Remuneration of Arif Habib Investments Limited - Pension Fund Manager	332,655	499,021	344,894	1,176,570	794,433
Sales tax on remuneration to Pension Fund Manager	53,224	79,843	55,183	188,250	127,108
Remuneration of Habib Metropolitan Bank Limited - Trustee	40,748	61,127	42,247	144,122	102,870
Annual fee - Securities and Exchange Commission of Pakistan	7,392	11,090	7,665	26,147	-
Auditors' Remuneration	28,808	44,038	30,496	103,342	17,653
Custody and settlement charges	252,176	51,747	-	303,923	104,628
Legal and professional charges	4,088	7,483	5,172	16,743	76,465
Bank charges	1,060	2,474	1,157	4,691	17,595
Total Expenses	720,151	756,824	486,814	1,963,788	8,946
Net income before taxation	7,593,140	3,046,243	1,811,445	12,450,829	1,249,698
Provision for taxation - current	-	-	-	-	-
Net income after taxation	7,593,140	3,046,243	1,811,445	12,450,829	3,287,478
Other comprehensive income / (loss) for the period					
Unrealised gain / (Loss) on re-valuation of investments classified as 'available for sale' - net	289,536	(496,024)	-	(206,488)	-
Total comprehensive income for the period	7,882,676	2,550,219	1,811,445	12,244,341	(3,188,671)
Earnings per unit	12.30	3.60	3.19		98,807

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Half year ended December 31, 2012				Half year ended December 31, 2011
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market sub Fund	Total	
	----- Rupees -----				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	18,287,274	6,917,783	3,903,455	29,108,512	6,671,635
Adjustments for non cash items:					
Capital (gain) / loss on sale of investment-net	(11,067,238)	(1,952,750)	(346)	(13,020,334)	(2,188)
(Reversal) / Impairment loss on investments classified as 'available-for-sale'	-	835,719	-	835,719	2,229,682
Unrealized (gain) / loss on revaluation of investment classified as 'at fair value through profit and loss'	(5,999,227)	(238,612)	(17,230)	(6,255,069)	
Elements of (income) / loss and (gains) / capital losses in prices of units issued less those in units redeemed - net	697,028	(111,199)	(64,060)	521,769	368,715
	(16,369,437)	(1,466,842)	(81,636)	(17,917,915)	2,596,209
(Increase) / decrease in assets					
Investments - net	(4,565,797)	(21,500,575)	(11,738,648)	(37,805,020)	(3,208,994)
Dividend receivable	(142,865)	-	-	(142,865)	174,946
Profit receivable	1,453	1,301,393	1,120	1,303,966	(163,151)
Deposits and other receivables	3,190,740	11,464,642	6,371,593	21,026,975	6,060,203
	(1,516,469)	(8,734,540)	(5,365,935)	(15,616,944)	2,863,004
(Decrease) / increase in liabilities					
Payable against redemption of units	1,319,687	905,535	218,469	2,443,691	(5,413,792)
Payable to Arif Habib Investments Limited - Pension Fund Manager	38,263	49,252	28,766	116,281	40,186
Payable to the Habib Metropolitan Bank Limited - Trustee	2,409	2,712	1,290	6,411	(151)
Payable to Auditors	(21,378)	(33,506)	(31,068)	(85,952)	(59,667)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(5,421)	(8,736)	(8,247)	(22,404)	(29,323)
Payable against purchase of investment	-	-	-	-	71,466
Accrued expenses and other liabilities	(579,838)	60,643	146,086	(373,109)	292,279
	753,722	975,900	355,296	2,084,918	(5,099,002)
Cash (used in) / generated from from operating activities	1,155,090	(2,307,699)	(1,188,820)	(2,341,429)	7,031,846
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	4,423,878	12,892,853	11,271,385	28,588,116	6,941,903
Payment against redemptions	(8,902,063)	(9,607,692)	(8,549,209)	(27,058,964)	(26,960,085)
Cash (used in) / generated from financing activities	(4,478,185)	3,285,161	2,722,176	1,529,152	(20,018,182)
Net (decrease) / increase in cash and cash equivalents	(3,323,095)	977,462	1,533,356	(812,277)	(12,986,336)
Cash and cash equivalents at beginning of the period	4,059,500	1,315,430	513,908	5,888,838	17,176,249
Cash and cash equivalents at end of the period	736,405	2,292,892	2,047,264	5,076,561	4,189,913

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

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2012

	Quarter ended December 31, 2012				Quarter ended December 31, 2011
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market sub Fund	Total	
	Rupees				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income before taxation	7,593,140	3,046,243	1,811,445	12,450,829	3,287,478
Adjustments for:					
Capital (gain) / loss on sale of investment-net	(4,056,526)	(1,396,916)	-	(5,453,442)	
Unrealized (gain) / loss on revaluation of investment classified as 'at fair value through profit and loss'	(3,138,816)	634,080	35,985	(2,468,751)	
Impairment loss on investments classified as 'available-for-sale'	-	594,646	-	594,646	2,229,682
Elements of (income) / loss and (gains) / capital losses in prices of units issued less those in units redeemed - net	700,077 (6,495,265)	(165,696) (333,886)	(90,322) (54,337)	444,059 (6,883,488)	258,716 2,488,398
(Increase) / decrease in assets					
Investments - net	93,774	(10,565,124)	(4,344,306)	(15,056,729)	1,659,019
Dividend receivable	791,144	-	-	791,144	668,596
Profit receivable	13,720	849,762	(2,857)	860,626	(889,659)
Deposits and other receivables	(1,252,381)	657,722	492,841	(101,818)	(3,162,144)
	(353,743)	(9,057,640)	(3,854,321)	(13,265,705)	(1,724,188)
Increase / (Decrease) in liabilities					
Payable against redemption of units	1,428,838	81,987	(412,773)	1,098,052	457,327
Payable to Arif Habib Investments Limited - Pension Fund Manager	12,955	17,389	10,578	40,922	4,342
Payable to the Habib Metropolitan Bank Limited - Trustee	490	515	198	1,203	549
Payable to Auditors	(45,065)	(70,089)	(56,504)	(171,658)	(135,371)
Annual fee payable to the Securities and Exchange Commission of Pakistan	7,392	11,090	7,664	26,146	17,646
Payable against purchase of Investment					71,466
Accrued expenses and other liabilities	(778,927)	50,128	148,379	(580,420)	(2,898,683)
	625,684	91,021	(302,459)	414,246	(2,482,724)
Cash (used in) / generated from operating activities	1,369,816	(6,254,262)	(2,399,671)	(7,284,118)	1,568,964
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	1,795,738	6,547,940	3,473,264	11,816,942	4,853,160
Payment against redemptions	(4,272,129)	(2,066,760)	(619,612)	(6,958,501)	(12,072,845)
Cash generated / (used in) from operating activities	(2,476,391)	4,481,180	2,853,652	4,858,441	(7,219,685)
Net (decrease) / increase in cash and cash equivalents	(1,106,575)	(1,773,082)	453,981	(2,425,676)	(5,650,721)
Cash and cash equivalents at beginning of the period	1,842,980	4,065,973	1,593,284	7,502,237	9,840,634
Cash and cash equivalents at end of the period	736,405	2,292,892	2,047,264	5,076,561	4,189,913

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

	Half year ended December 31, 2012				Half year ended December 31, 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	74,226,846	124,591,142	87,071,749	285,889,737	220,650,791
Amount received on issue of units	4,423,878	12,892,853	11,271,385	28,588,116	6,941,903
Amount paid on redemption of units	(8,902,063)	(9,607,692)	(8,549,209)	(27,058,964)	(26,960,085)
	(4,478,185)	3,285,161	2,722,176	1,529,152	(20,018,182)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed -net					
- amount representing (income) / loss and realised capital (gains) / losses - net	697,028	(111,199)	(64,060)	521,769	358,715
- amount representing unrealised (appreciation) / diminution in fair value of investments	(650,886)	1,049,152	-	398,266	3,921,754
	46,142	937,953	(64,060)	920,035	4,290,469
Net unrealized gain / (loss) during the period in the market value of investments classified as available-for-sale	1,496,119	240,038	-	1,736,157	(2,537,494)
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	650,886	(1,049,152)	-	(398,266)	(3,921,754)
Net income after taxation for the period	18,287,274	6,917,783	3,903,455	29,108,512	6,671,635
Net assets at the end of the period	<u>90,229,082</u>	<u>134,922,925</u>	<u>93,633,320</u>	<u>318,785,327</u>	<u>205,135,465</u>

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2012**

	Quarter ended December 31, 2012				Quarter ended December 31, 2011
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Net assets at the beginning of the period	84,123,686	128,057,222	89,058,544	301,239,452	211,997,626
Amount received on issue of units	1,794,771	6,547,940	3,473,264	11,815,975	4,853,160
Amount paid on redemption of units	(4,272,129)	(2,066,760)	(619,612)	(6,958,501)	(12,072,845)
	(2,477,358)	4,481,180	2,853,652	4,857,474	(7,219,685)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed -net					
- amount representing (income) / loss and realised capital (gains) / losses - net	700,077	(165,696)	(90,322)	444,059	258,716
- amount representing unrealised (appreciation) / diminution in fair value of investments	(714,909)	670,884	(29,960)	(73,985)	1,547,095
	(14,832)	505,188	(120,282)	370,074	1,805,811
Net unrealized gain / (loss) during the period in the market value of investments classified as available-for-sale	289,536	(496,024)	-	(206,488)	(3,188,670)
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	714,909	(670,884)	29,960	73,985	(1,547,095)
Net income after taxation for the period	7,593,141	3,046,243	1,811,446	12,450,830	3,287,478
Net assets at the end of the period	90,229,082	134,922,925	93,633,320	318,785,327	205,135,465

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT DECEMBER 31, 2012

----- (Un-Audited) -----				(Audited)
December 31, 2012				
PPF Equity	PPF Debt	PPF Money Market Sub- Fund	Total	June 30, 2012
Sub-Fund	Sub-Fund			
----- Rupees -----				

Rupees

Investment 'at fair value through profit and loss'

Listed equity securities	68,021,558	-	-	68,021,558	43,576,371
Pakistan Investment Bonds	-	981,450	-	981,450	931,282
Market Treasury Bills	-	106,271,976	92,248,560	198,520,536	98,728,046
Term Finance Certificates and Sukuk bonds	-	7,077,000	-	7,077,000	7,000,000
	68,021,558	114,330,426	92,248,560	274,600,544	150,235,699

Available-for-sale' investments

Listed equity securities	18,499,736	-	-	18,499,736	19,816,542
Pakistan Investment Bonds	-	10,342,490	-	10,342,490	39,635,741
Market Treasury Bills	-	-	-	-	31,159,568
Term Finance Certificates and Sukuk bonds	-	3,775,391	-	3,775,391	8,436,250
Government Ijara Sukuk	-	5,049,000	-	5,049,000	5,002,500
	18,499,736	19,166,881	-	37,666,617	104,050,601
	86,521,294	133,497,307	92,248,560	312,267,161	254,286,300

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

LISTED SHARES-INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS

CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)


AS AT DECEMBER 31, 2012

Name of the Investee Company	Number of shares -----					As at December 31, 2012			Market value as a % of net assets of the sub-fund	% of the paid up capital of the company
	Opening balance	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at December 31, 2012	Cost	Market value	Appreciation/ (Diminution)		
						----- Rupees -----			%	%
PHARMA AND BIO TECH										
Abbott Laboratories Pakistan	27,500	-	-	27,500	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	35,500	550	24,500	11,550	1,009,829	925,271	(84,559)	1.03	0.0383
GlaxoSmithKline Limited	42,000	5,500	-	47,500	-	-	-	-	-	-
						<u>1,009,829</u>	<u>925,271</u>	<u>(84,559)</u>	<u>1.03</u>	
MEDIA										
Hum Network Limited	50,000	22,000	-	-	72,000	1,577,750	1,900,800	323,050	2.11	0.1440
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited	-	100,000	-	100,000	-	-	-	-	-	-
Wateen Telecom Limited	185,000	42,000	-	227,000	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
ELECTRICITY										
* Hub Power Company Limited	41,600	10,750	-	-	52,350	2,227,592	2,368,314	140,722	2.62	0.0045
Kot Addu Power Company Limited	-	92,000	-	-	92,000	4,266,205	4,543,880	277,675	5.04	0.0105
						<u>6,493,797</u>	<u>6,912,194</u>	<u>418,397</u>	<u>7.66</u>	
BANKS										
Askari Bank Limited	-	271,000	-	163,000	108,000	1,683,881	1,859,760	175,879	2.06	0.0133
Bank Al-Falah Limited	196,000	-	-	196,000	-	-	-	-	-	-
Bank Al-Habib Limited	17,850	53,500	-	-	71,350	2,118,190	2,263,936	145,746	2.51	0.0071
BankIslami Pakistan Limited	-	210,000	-	-	210,000	1,841,975	1,934,100	92,125	2.14	0.0398
Habib Bank Limited	-	-	-	-	-	-	-	-	-	-
JS Bank Limited	-	111,500	-	111,500	-	-	-	-	-	-
Meezan Bank Limited	6,500	45,000	-	-	51,500	1,492,980	1,547,575	54,595	1.72	0.0057
National Bank Of Pakistan	-	36,000	-	10,000	26,000	1,158,119	1,284,140	126,021	1.42	0.0014
United Bank Limited	26,700	18,000	-	16,000	28,700	2,248,004	2,401,329	153,325	2.66	0.0023
						<u>10,543,149</u>	<u>11,290,840</u>	<u>747,691</u>	<u>12.51</u>	
NON LIFE INSURANCE										
Pakistan Reinsurance Company Limited	-	225,500	-	150,000	75,500	1,363,936	1,845,975	482,039	2.05	0.0252
Total						<u>62,022,331</u>	<u>68,021,558</u>	<u>5,999,227</u>	<u>75</u>	

		----- Total -----
		Dec 2012 June 2012
		----- Rupees -----
Market value		<u>68,021,558</u> <u>43,576,371</u>

* The above include shares with a market value aggregating to Rs. 2.262 million (June 2012: Rs. 2.897 million) 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 these condensed interim financial information


 Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


 Director

STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT DECEMBER 31, 2012

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

Name of the Investee Company	Number of shares					As at December 31, 2012			Market value as a % of net assets of the sub-fund	% of the issued capital of the investee company
	Opening balance	Purchases during the year	Bonus / Right issue during the year	Sales during the year	As at December 31, 2012	Cost	Market value	Appreciation/ (Diminution)		
						Rupees			%	%
OIL AND GAS PRODUCERS										
Attock Petroleum Limited	3,846	-	-	1,400	2,446	949,874	1,252,328	302,454	1.39	0.0035
Pakistan Oilfields Limited	4,654	-	-	300	4,354	922,178	1,905,049	982,871	2.11	0.0018
Pakistan Petroleum Limited	11,949	-	2,487	2,000	12,436	1,406,990	2,198,560	791,571	2.44	0.0008
						3,279,042	5,355,937	2,076,895	5.94	
CHEMICALS										
Fauji Fertilizer Company Limited	28	-	-	28	-	-	-	-	-	-
FORESTRY AND PAPER										
Security Papers Limited	45,760	-	-	-	45,760	1,740,820	2,348,403	607,583	2.60	0.1112
CONSTRUCTION AND MATERIALS										
Lucky Cement Limited	22,054	-	-	7,100	14,954	1,056,949	2,266,129	1,209,180	2.51	0.0046
GENERAL INDUSTRIALS										
Thal Limited	10,020	-	-	10,020	-	-	-	-	-	-
ELECTRONIC AND ELECTRICAL EQUIPMENT										
Pakistan Cables Limited	9,532	-	-	-	9,532	1,558,249	448,004	(1,110,245)	0.50	0.0335
ELECTRICITY										
Hub Power Company Limited	50,145	-	-	2,000	48,145	1,749,239	2,178,080	428,840	2.41	0.0042
BANKS										
Bank Al-Habib Limited	103,556	-	-	-	103,556	2,352,009	3,285,832	933,823	3.64	0.0102
Meezan Bank Limited	64,825	-	-	-	64,825	805,383	1,947,991	1,142,609	2.16	0.0072
United Bank Limited	16,000	-	-	8,000	8,000	424,692	669,360	244,668	0.74	0.0007
						3,582,083	5,903,183	2,321,100	6.54	
Total						12,966,382	18,499,736	5,533,354	21	
									Total	
									Dec 2012	June 2012
									Rupees	
Market value									18,499,736	19,816,542

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS PORTFOLIO (UN-AUDITED) AS AT DECEMBER 31, 2012

PPF DEBT SUB-FUND
AT FAIR VALUE THROUGH PROFIT OR LOSS


Name of Investment	Face value				As at December 31, 2012			Market value as a % of net asset of the sub - fund
	As at July 1 2012	Purchases during the period	Sales/ maturities during the period	As at December 31 2012	Carrying value	Market value	Appreciation	
----- Rupees -----								
Pakistan investment bonds	1,000,000	225,000,000	225,000,000	1,000,000	931,282	981,450	50,168	0.73
Treasury bills	18,550,000	194,500,000	100,450,000	112,600,000	106,160,532	106,271,976	111,444	78.76
	19,550,000	419,500,000	325,450,000	113,600,000	107,091,814	107,253,426	161,612	

Name of Investment	Issue Date	Number of Certificates				As at December 31, 2012			Market value as a percentage of net asset of the sub - fund	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, 2012	Carrying value	Market value	Appreciation			
<div>(-----Number of Certificates -----) (----- Rupees -----) (----- % -----)</div>											
Term Finance Certificates (TFCs)											
Standard Chartered Bank-TFC	29-Jun-12	1,400	-	-	1,400	7,000,000	7,077,000	77,000	5.25	2.27	0.35%
Total		1,400	-	-	1,400	7,000,000	7,077,000	77,000	5	2	

Market Value of government securities
Market Value of TFCs and Sukuk bonds

----- Total -----	
Dec 2012	June 2012
----- Rupees -----	
107,253,426	19,166,992
7,077,000	7,000,000
<u>114,330,426</u>	<u>26,166,992</u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2012

PPF DEBT SUB-FUND
AVAILABLE FOR SALE' INVESTMENTS


Name of Investment	Face value				As at December 31, 2012			Market value as a % of net assets of the sub - fund
	As at July 1, 2012	Purchases during the period	Sales/ maturities during the period	As at December 31, 2012	Cost	Market value	Appreciation/ (Diminution)	
----- Rupees -----								
Pakistan investment bonds	40,000,000	-	30,000,000	10,000,000	9,861,470	10,342,490	481,020	7.67
Treasury bills	32,000,000	-	32,000,000	-	-	-	-	
Government Ijarah Sukuk (3 years)	5,000,000	-	-	5,000,000	5,062,825	5,049,000	(13,825)	3.74
	77,000,000	-	62,000,000	15,000,000	14,924,295	15,391,490	467,195	

Name of Investment	Issue Date	Number of Certificates				As at December 31, 2012			Market value as a percentage of net asset of the sub - fund	Market value as a percentage of total investments	Percentage in relation to the total size of the issue
		As at July 1, 2012	Purchases during the period	Sales/ matured during the period	As at December 31, 2012	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	2,498,249	2,613,560	115,311	2.95	0.84	0.05%
Engro Fertilizer Limited- TFC PRP-1	18-Mar-08	800	-	800	-	-	-	-	-	-	
Askari Commercial Bank Limited TFC	4-Feb-05	175	-	-	175	861,904	872,030	10,126	0.99	0.28	
		1,475	-	800	675	3,360,153	3,485,590	125,437	3.94	1.12	
Sukuk Bonds											
Pak Electron Limited	8-May-08	750	-	-	750	1,378,935	289,801	(1,089,134)	0.33	0.09	0.13%
		750	-	-	750	1,378,935	289,801	(1,089,134)	0.33	0.09	
Total		2,225	-	800	1,425	4,739,088	3,775,391	(963,697)	4.27	1.21	

Market Value of government securities
Market Value of TFCs and Sukuk bonds

----- Total -----	
Dec 2012	June 2012
----- Rupees -----	
15,391,490	75,797,809
3,775,391	8,436,250
19,166,881	84,234,059

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS (UN-AUDITED) AS AT DECEMBER 31, 2012

PPF MONEY MARKET SUBFUND
'AT FAIR VALUE THROUGH PROFIT OR LOSS

Name of Investment	Face value				As at December 31, 2012			Market value as a % of net asset of the sub-fund
	As at July 1, 2012	Purchases during the period	Sales/ maturities during the period	As at December 31, 2012	Book value	Market value	Appreciation	

----- Rupees -----

At fair value through profit and loss'

Treasury bills	81,300,000	214,200,000	202,800,000	92,700,000	92,231,330	92,248,560	17,230	98.52
	<u>81,300,000</u>	<u>214,200,000</u>	<u>202,800,000</u>	<u>92,700,000</u>	<u>92,231,330</u>	<u>92,248,560</u>	<u>17,230</u>	

-----Total-----

December 31, 2012	June 30, 2012
------------------------------	--------------------------

----- Rupees -----

Market value

<u>92,248,560</u>	<u>80,492,336</u>
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The annexed notes form an integral part of these condensed interim financial information



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

Contributions net of front end fee	Half year ended December 31, 2012							Half year ended December 31, 2011
	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
	----- Rupees -----							
Opening balance	635,304	55,207,346	837,126	98,120,794	560,625	65,091,168	218,419,308	178,584,949
Individuals - issue of units	27,588	4,423,878	104,251	12,892,853	71,751	11,271,385	28,588,116	6,941,903
- redemption of units	(59,741)	(8,902,063)	(82,872)	(9,607,692)	(54,590)	(8,549,209)	(27,058,964)	(26,960,085)
	(32,153)	(4,478,185)	21,379	3,285,161	17,161	2,722,176	1,529,152	(20,018,182)
Closing balance	603,152	50,729,161	858,505	101,405,955	577,786	67,813,344	219,948,460	158,566,767

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2012**

Contributions net of front end fee	Quarter ended December 31, 2012							Quarter ended December 31, 2011
	PPF Equity Sub-fund		PPF Debt Sub-fund		PPF Money Market Sub-fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees		
----- Rupees -----								
Opening balance	620,117	53,205,552	829,625	96,924,775	559,993	64,959,692	215,090,019	165,786,451
Individuals - issue of units	8,525	1,795,738	62,329	6,547,940	9,634	3,473,264	11,816,942	4,853,161
- redemption of units	(25,490)	(4,272,129)	(33,449)	(2,066,760)	8,159	(619,612)	(6,958,501)	(12,072,845)
	(16,965)	(2,476,391)	28,880	4,481,180	17,793	2,853,652	4,858,441	(7,219,684)
Closing balance	603,152	50,729,161	858,505	101,405,955	577,786	67,813,344	219,948,460	158,566,767

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


Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)


Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

	Half year ended December 31, 2012		
	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	635,304	837,126	560,625
Add: Units issued during the period	27,588	104,251	71,751
Less: Units redeemed during the period	(59,741)	(82,872)	(54,590)
Total units in issue at the end of the period	603,152	858,505	577,786

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2012**

Quarter ended December 31, 2012			
	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	620,117	829,625	559,993
Add: Units issued during the period	8,525	62,329	9,634
Less: Units redeemed during the period	(25,490)	(33,449)	8,159
Total units in issue at the end of the period	<u>603,152</u>	<u>858,505</u>	<u>577,786</u>

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



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

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 May 24, 2007 and was executed on June 4, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 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 the 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. Fund's assets and NAV remain unaffected, irrespective of the final ruling.

Arif Habib Investments Limited 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 Technocity Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

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.
- 2.2 This condensed interim financial information comprise of the condensed interim balance sheet as at December 31, 2012 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investments by category, condensed interim statement of investment portfolio, condensed interim contribution table, condensed interim statement of number of units in issue and notes forming part thereof. The disclosures made in this condensed interim financial report 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. It does not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2012. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds and condensed interim contribution table for the half year ended December 31, 2012 and the quarter ended December 31, 2012 are un-audited and have been included to facilitate comparison.
- 2.3 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Significant Accounting Policies

The accounting policies and the 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, 2012 except for:

a) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012 and Circular No. 13 dated May 4, 2009 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2012.

3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the fund except where changes affected presentation and disclosures in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended 30 June 2012.

----- (Un-audited) -----				Audited As at June 30, 2012
As at December 31, 2012				
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund	Total	
----- Rupees -----				

5. BALANCES WITH BANKS

Savings accounts	736,405	2,292,892	2,047,264	5,076,561	5,888,838
	736,405	2,292,892	2,047,264	5,076,561	5,888,838

Saving accounts with banks carry interest at the rates ranging 5.00% to 9.00% per annum (June 2012: 5.00% to 8%)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

(Un-audited)				Audited As at June 30, 2012
As at December 31, 2012				
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub- Fund	Total	
Rupees				

6. DEPOSITS AND OTHER RECEIVABLES

Receivable against issuance of units	1,157	2	15,004	16,163	22,034,867
Receivable from Sale of Investments	1,407,347	-	-	1,407,347	
Security deposit-Central Depository Company of Pakistan	2,700,000	200,000	100,000	3,000,000	3,000,000
Receivable from Subfunds	264,797	28,555	38,718	332,070	747,690
Others	1,144	-	-	1,144	1,142
	<u>4,374,445</u>	<u>228,557</u>	<u>153,722</u>	<u>4,756,724</u>	<u>25,783,699</u>

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Professional charges payable	22,519	29,389	24,038	75,946	104,926
Federal excise duty	32,878			32,878	21,759
Payable to Sub Funds	150,100	38,716	143,207	332,023	747,690
Others	298,453	187,845	114,964	601,262	540,843
	<u>503,950</u>	<u>255,950</u>	<u>282,209</u>	<u>1,042,109</u>	<u>1,415,218</u>

8. CONTINGENCY

8.1 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 made by the Management Company. The aggregate unrecorded amount of WWF as at December 31, 2012 amounted to Rs. 0.915 million, Rs. 0.720 million and Rs. 0.536 million for equity sub-fund, debt sub-fund and money market sub-fund respectively (June 2012: Rs. 0.549 million, Rs. 0.582 million and Rs. 0.458 million). If the same were recorded, the net asset value per unit of each sub-fund as at December 31, 2012 / the net income for the year then ended would have been lower by Rs. 0.61 / 0.41%, Rs. 0.16 / 0.1% and Rs. 0.14 / 0.09% for equity sub-fund, debt sub-fund and money market sub-fund respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

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

	----- (Un-Audited) -----				Audited As at June 30, 2012
	As at December 31, 2012				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Market value	18,499,736	19,166,881	-	37,666,617	104,050,601
Average cost	(12,966,382)	(19,663,383)	-	(32,629,765)	(99,914,185)
	5,533,355	(496,502)	-	5,036,853	4,136,416
Impairment loss					
Opening	1,253,225	-	-	1,253,225	5,722,140
Charged during the period	-	-	-	-	2,229,682
Derecognised on sale of investments	-	-	-	-	(6,698,597)
	1,253,225	-	-	1,253,225	1,253,225
	6,786,580	(496,502)	-	6,290,078	5,389,641
Provision against debt securities					
Opening	-	366,270	-	366,270	-
Charged during the period	-	835,719	-	835,719	366,270
Derecognised on sale of investments	-	-	-	-	-
	-	1,201,989	-	1,201,989	366,270
Net unrealised (appreciation) /diminution in fair value of investments at the beginning of the period	(5,290,462)	(465,449)	-	(5,755,911)	(5,315,184)
Current	1,496,119	240,038	-	1,736,157	440,727

9.1. As at December 31, 2012, the management carried out a scrip-wise analysis of impairment in respect of equity securities classified as 'available-for-sale'.

10. REMUNERATION OF PENSION FUND MANAGER

This represents remuneration of the Pension Fund Manager at the rate of 1.5 percent of the average amount of net assets of each sub-fund calculated during the year for determining the prices of units of the sub-funds.

11. TAXATION

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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

12. EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended December 31, 2012 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:

	Half year ended December 31, 2012		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
Weighted average number of units	626,270	843,190	565,322
Net income after taxation (Rupees)	18,287,274	6,917,783	3,903,455
Earnings per unit	29.20	8.20	6.90

	Quarter ended December 31, 2012		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
Weighted average number of units	617,478	847,230	568,029
Net income after taxation (Rupees)	7,593,140	3,046,243	1,811,445
Earnings per unit	12.30	3.60	3.19

13. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include the Pension Fund Manager and MCB Bank Limited being the holding company of the Pension Fund Manager, Habib Metropolitan Bank Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager as Management Company and directors and key management personnel of the Pension Fund Manager.

Remuneration to the Pension Fund Manager and Trustee are determined in accordance with the provisions of VPS Rules, 2005 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Detail of transactions with connected persons during the period and balances with them at period end are as follows:

13.1 Transactions during the period

-----Un-Audited-----					Half year ended December 31, 2011
Half year ended December 31, 2012					
PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total		
-----Rupees-----					
Arif Habib Investments Limited - Pension Fund Manager					
Remuneration	643,982	979,476	678,928	2,302,386	1,856,175
Sales load	4,056	13,169	12,037	29,262	6,299
Habib Metropolitan Bank Limited - Trustee					
Mark-up received during the year	239,073	203,298	93,745	536,116	-
Summit Bank Limited (Formaly: Arif Habib Bank Ltd)	-	-	-	-	418,066
Trustee fee	79,465	120,901	83,807	284,173	206,799

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	-----Un-Audited-----				Half year ended December 31, 2011
	Half year ended December 31, 2012				
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	
	-----Rupees-----				
Next Capital					
Brokerage *	9,490	-	-	9,490	-
Directors and officers					
Issue of 768 units of PPF Equity sub - fund (2011: 5,426 units)	108,104	-	-	108,104	523,566
Issue of 25,111 units of PPF Debt sub - fund (2011: 6,529 units)	-	3,824,281	-	3,824,281	907,072
Issue of 35,338 units of PPF Money Market sub - fund (2011: 5,350 units)	-	-	5,565,104	5,565,104	774,124
Redemption of 25,506 units of PPF Equity sub - fund (2011: 52,208 units)	3,343,114.00	-	-	3,343,114	5,231,830
Redemption of 40,817 units of PPF Debt sub - fund (2011: 67,545 units)	-	6,222,342	-	6,222,342	9,250,830
Redemption of 35,192 units of PPF Money Market sub - fund (2011: 44,419 units)	-	-	5,554,742	5,554,742	6,243,138
	-----Un-Audited-----				Quarter ended December 31, 2011
	Quarter ended December 31, 2012				
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	
	-----Rupees-----				
Arif Habib Investments Limited - Pension Fund Manager					
Remuneration	332,655	499,021	344,894	1,176,570	921,541
Sales load	-	30	-	30	3,074
Habib Metropolitan Bank Limited					
Mark-up received during the year	214,889	199,671	84,935	499,494	167,734
Habib Metropolitan Bank Limited - Trustee					
Trustee fee	40,748	61,127	42,247	144,122	102,870.00
Next Capital					
Brokerage *	6,631	-	-	6,631	-
Directors and officers					
Issue of 699 units of PPF Equity sub - fund (2011: 3,422 units)	98,986	-	-	98,986	322,114
Issue of 1,047 units of PPF Debt sub - fund (2011: 3,494 units)	-	163,194	-	163,194	442,218
Issue of 563 units of PPF Money Market sub - fund (2011: 2315 units)	-	-	90,407	90,407	335,108
Redemption of nil units of PPF Equity sub - fund (2011: 9,300 units)	-	-	-	-	918,762
Redemption of 115 units of PPF Debt sub - fund (2011: 18,732 units)	-	17,785	-	17,785	2,477,321
Redemption of 167 units of PPF Money Market sub - fund (2011: 23,752 units)	-	-	26,616	26,616	3,433,232

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

13.2 Amounts outstanding as at period / year end

	-----Un-Audited-----				Audited June 30, 2012
	As at December 31, 2012				
	PPF Equity Sub-Fund	PPF Debt Sub- Fund	PPF Money Market Sub- Fund	Total	
	-----Rupees-----				
Arif Habib Investments Limited - Pension Fund Manager					
Remuneration payable	134,912	200,565	138,521	473,998	671,815
Investment of 300,000 units as seed capital in each sub-fund (June 2012: 300,000)	44,880,000	47,148,000	48,618,000	140,646,000	126,293,010
Habib Metropolitan Bank Limited					
Balance with bank	736,403	2,283,073	2,037,793	5,057,269	5,869,548
Mark-up receivable	10,464	8,490	11,667	30,621	35,663
Remuneration Payable	13,072	19,405	13,398	45,875	39,464
Next Capital					
Brokerage payable	8,409	-	-	8,409	2,505
Directors and Officers					
Investment In PPF Equity Sub - Fund 24,397 units (June 2012: 49,135 units)	3,649,791			3,649,791	2,197,052
Investment In PPF Debt Sub - Fund 18,628 units (June 2012: 34,334 units)		2,927,576		2,927,576	3,883,519
Investment In PPF Money Market Sub - Fund 11,620 units (June, 2012: 11,475 units)			1,883,137	1,883,137	4,659,571

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 04, 2013 by the Board of Directors of the Pension Fund Manager.

15. GENERAL

Figures have been rounded off to the nearest Rupee.



Chief Executive Officer

**For Arif Habib Investment Limited
(Management Company)**



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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