

Pakistan Pension Fund

Quarterly Report
(Unaudited)
30 September 2009

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**Arif Habib
Investments**

An Investment Plan for Everyone

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FUND'S INFORMATION

Pension Fund Manager

Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
2 / 1, R.Y. 16, Old Queens Road,
Karachi-74000.

Board of Directors of the Pension Fund Manager

Mr. Nasim Beg	Chief Executive
Mr. Muhammad Shafi Malik	Director
Syed Ajaz Ahmed	Director
Mr. Sirajuddin Cassim	Director
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Kashif	Director
Mr. S. Gulrez Yazdani	Director (Appointment subject to approval of SECP)

Audit Committee

Mr. Muhammad Shafi Malik	Member
Syed Ajaz Ahmed	Member
Mr. Muhammad Akmal Jameel	Member
Mr. Muhammad Kashif	Member

Company Secretary & CFO of the Pension Fund Manager

Mr. Zeeshan

Trustee

MCB Financial Services Limited (MCBFSL)
(formerly: Muslim Commercial Financial Services (Pvt) Limited- MCFSL)
3rd Floor, Adamjee House,
I.I. Chundrigar Road, Karachi.

Bankers

Bank AL Habib Limited
Arif Habib Bank Limited
Deutsche Bank A.G.
Standard Chartered Bank (Pakistan) Limited
The Bank Of Punjab

Auditors

A. F. Ferguson & Co. - Chartered Accountants
State Life Building No. 1-C,
I. I. Chundrigar Road, Karachi-74000

Legal Adviser

Bawaney & Partners
404, 4th Floor, Beaumont Plaza,
Beaumont Road, Civil Lines, Karachi-75530

Registrar

Gangjees Registrar Services (Pvt.) Limited.
Room No. 516, 5th Floor, Clifton Centre,
Kehkashan, Clifton, Karachi.

**REPORT OF THE DIRECTORS OF THE FUND MANAGER
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

The Board of Directors of Arif Habib Investments Limited (formerly: Arif Habib Investment Management Limited), the Fund Manager of Pakistan Pension Fund (PPF), is pleased to submit its Report together with Condensed Interim Financial Statements for the quarter ended 30th September 2009

Fund Objective

The objective of the Fund is to provide a flexible retirement savings plan for individuals with customised investment choices.

Fund Profile

PPF is a flexible savings cum investment plan under Voluntary Pension System (VPS) which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, topping up their savings with investment returns at their desired investment exposure and granting them special tax benefits, with numerous valuable options before, at and after retirement. The scheme can be used as a replacement for any existing Provident, Pension or Gratuity funds, or can be entered into alongside these funds. Systematic transition of the existing Provident/Gratuity/Pension schemes to the VPS is also possible.

VPS carries clear advantages over existing saving funds. Most obvious ones are double tax advantage, individualized asset allocation, minimal administration and avoiding complications associated with Defined Benefit Schemes.

The investor has a choice between various allocation schemes that PPF offers, each of which is invested in different proportions in the three sub-funds: Equity, Debt and Money Market.

Fund Performance during Quarter Ended 30th September 2009

Equity sub-fund

The net assets of the sub-fund as at 30th September 2009 stood at Rs 53.27 million. The Net Asset Value (NAV) per unit of the sub-fund was Rs 80.49.

Debt sub-fund

The net assets of the sub-fund as at 30th September 2009 stood at Rs 49.91 million. The NAV per unit of the sub-fund was Rs 112.11.

Money Market sub-fund

The net assets of the sub-fund as at 30th September 2009 stood at Rs 39.29 million. The NAV per unit of the sub-fund was Rs 118.32.

Earning Per Unit (EPU)

EPU of the sub-funds for the quarter ended 30th September 2009 is as follows;

Sub-Fund	EPU (Rs)
Equity	0.99
Debt	2.61
Money Market	2.66

Outlook

Overall macroeconomic situation has stabilized under the USD 11.3 billion 3 years IMF program leading to improvement in the country's rating from CCC+ to B-. In addition, USD 1.5 billion annual economic assistance from United States and commitments of over USD 5 billion from "Friends of Democratic Pakistan" (FoDP) consortium, should help the country in overcoming the pressures on its external account. Economic growth is expected to be slow around 3% as aggregate demand remains slow due to continuing double digit interest rates and relatively tight monetary conditions. During the coming months, external inflows should help in improving domestic liquidity situation. While economic indicators have started to stabilize, the country has confronted another round of escalation in terrorist attacks. Successful completion of army operation in Waziristan and reduction in security threat will be crucial for retaining investors' confidence.

Acknowledgement

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the Trustees to the Fund- MCB Financial Services Limited (*formerly: Muslim Commercial Financial Services (Pvt.) Limited*) for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team of Pakistan Pension Fund for the growth and the meticulous management of the Fund.

For and on behalf of the Board

Nasim Beg
Chief Executive

22nd October 2009
Karachi

**REPORT OF THE FUND MANAGER
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

Fund Objective

The objective of the Fund is to provide a flexible retirement savings plan for individuals with customised investment choices.

Voluntary Pension System Features

Pakistan Pension Fund (PPF) is a flexible savings cum investment plan under VPS which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, topping up their savings with investment returns at their desired investment exposure and granting them special tax benefits, with numerous valuable options before, at and after retirement. The scheme can be used as a replacement for any existing Provident, Pension or Gratuity funds, or can be entered into alongside these funds. Systematic transition of the existing Provident/Gratuity/Pension schemes to the VPS is also possible.

VPS carries clear advantages over existing saving funds. Most obvious ones are double tax advantage, individualized asset allocation, minimal administration, avoiding complications associated with Defined Benefit Schemes.

The investor has a choice between various allocation schemes that PPF offers, each of which is invested in different proportions in the three sub-funds: Equity, Debt and Money Market.

Investment Philosophy

The investment philosophy for each asset class is based on independent, fundamental analysis of the sector and the company for the equity class; for the debt and money market asset classes we assess the trend and volatility in the interest rates. For equity, individual stock selection is on the basis of growth and value considerations while the debt and money market individual security selection is based on credit quality and valuation considerations.

The concept behind the VPS is disciplined savings towards retirement- which in essence means all investments are for the very long-term, a twenty to thirty year period or longer. Participants need not worry about short-term adverse movements in interest rates and as to how the equity market is performing in the short-term.

Fund Strategy, Asset Allocation & Return during 1Q FY10

Total net assets under the PPF are Rs 142.47million, having increased from Rs 127.58 million since the beginning of the financial year.

The **Debt Sub-Fund** has net assets of Rs 49.91 million. The sub-Fund delivered an annualized return of 4.40% in 1Q FY10 as yields moved up during the quarter resulting in valuation loss on PIBs. During the quarter, the sub-Fund's investment in PIBs was increased slightly towards the end of the quarter to 94.84%, compared to 78.39% at the beginning. The average duration of the PIB portfolio is less than 4 years.

The **Money Market Sub-Fund** having net assets of Rs 39.29 million earned an annualized return of 8.73% during the quarter. It remained almost entirely invested in short-dated T-bills throughout the period. As at end September, T-bill portfolio constituted 97.32% of net assets of the sub-Fund. Average maturity of the sub-Fund's portfolio is less than six months.

Net assets under the **Equity Sub-Fund** as at the end of the year stood at PKR 53.27 million. The sub-Fund earned a return of 27.68% during July-Sep 2009. Overall equity exposure of the sub-Fund was increased to 94.32%, compared to 88.64% at the beginning of the quarter. The sub-Fund's portfolio is highly diversified across all major sectors, in companies with a strong track record of earnings growth and dividend yield. During the quarter, the sub-Fund's exposure in Banking, Autos, Cable & Electric goods, Telecom, Fertilizer sectors was increased, while that in Cement stocks was offloaded on the basis of relative valuations. While almost the entire portfolio generated positive return, the Fund's allocation in Banks, fertilizer, E&P, tobacco, OMC, textiles and power sectors were the major return contributors.

The Fund is being managed under a long-only strategy in a broadly diversified portfolio. Such strategy exposes the Fund to the risk of market volatility in the short term and the portfolio can suffer losses tracking the market more closely than other actively managed portfolios.

Equity Market Review

The market has ended the first quarter with strong gains of 30.54%. The present rally has pushed the market beyond the important 9000 level. This was the level, where the index remained frozen for over three months (from 27th August – 15th December 2008) due to imposition of price floor amid the settlement crises. From its low of 4815 on 26th January 2009, the market has bounced back 94%. Amongst the top ten performing sectors which collectively contributed more than 80% of the index return were Oil & Gas Exploration, Banks, Fertilizer, Investment Comp, OMC, Food, Power, Textile Composite, Technology & Communication and Chemicals.

The recent gains are mostly attributed to foreign investors who have invested USD 235 million during the Q1 of FY 2009/10. These inflows are primarily due to relatively cheap valuations of Pakistani stocks compared to regional and other emerging markets. Equity markets world over have recorded sharp gains during the past few months, with Pakistani market being the second best in July-September 2009 quarter.

Overall investors' sentiments turned positive on Pakistani equities as the balance of payment situation was addressed through enhancement in IMF standby arrangement by USD 3.7 billion (to USD 11.3 billion) in August. This also led to improvement in the country's rating from CCC+ to B- with a stable outlook. Average daily volume of Rs 154.55 million shares was traded during the quarter.

Economic Review

As data from the month of July reveals, the slump in manufacturing activity continued into the new financial year; the Quantum Index Numbers of Large Scale Manufacturing (LSM) contracted by 2.87 percent in July over June, 2009. These have shown a small increase of 0.47 percent on a YoY basis, owing mostly to a lower base. Major concerns particularly from the supply side remain, such as power outages and structural issues in the Textile sector, the largest constituent of LSM, and are likely to dampen the pace of growth in the Index going forward. Overall current trends indicate a GDP growth rate of 3.0 – 3.5 percent in FY10 with Agriculture likely to grow by 3.3 percent, Industry by 3.2 percent and Services by 4.0 percent.

Interest rates have edged upwards in Q1 FY10 in longer tenures with a 23 bps and 31 bps rise in 6-month and 1 year T-bills, while in the 3 month tenure there was a decline of 11bps. There was however a more substantial rise in the 10 year PIB yield which rose by 48bps to 12.47 percent at Q1 end. Liquidity pressures emanating from an aggressive T-bill auction target in Q1 against maturities and deposit withdrawals as a result of the Ramadan-Eid season restrained the KIBOR from slipping down significantly while expectations of the Central Bank maintaining policy rate at 13 percent against previous anticipations of a cut, were paramount in pushing treasury yields higher. In addition to this SBP announced a cut in the discount rate by 100 bps in August, which was less than originally anticipated. The State Bank of Pakistan (SBP) is viewing mixed inflationary signals going forward and continued stress on the fiscal accounts.

What particularly concerns the Central Bank is that effectively a rising trend has been witnessed in the CPI since February 2009, which if continued, will push headline CPI higher in the months to come. The CPI increased 10.12 YoY percent in September and an average 10.66 percent in Q1 FY10 as against the corresponding period last FY. On the positive side however, Non Food, Non Energy or core inflation fell to 11.9 percent YoY against 12.6 percent a month earlier and in SBP's view, slow economic activity is likely to keep fundamental drivers of core inflation under control. In this regard, SBP may opt for easing the discount rate by 100 bps to 12 percent, expectations of which may allow market interest rates to adjust downward. Moreover, the liquidity situation is likely to improve into Q2 FY10, driven by a buildup of Net Foreign Assets (NFAs) of the banking system. A more favourable, Balance of Payments (BoP) position has allowed the NFAs to increase by PKR 112.7 billion since July FY10, consequently increasing the Monetary base (RM) by 4.52 percent against a meager 0.83 percent in the corresponding period in FY09. However, risks to lower interest rates also emanate from the fiscal side as lack of clarity with respect to the timing of foreign inflows may increase budgetary financing needs from the domestic economy and decrease the quantum of credit available in an already inactive credit market.

The second quarterly review meeting with the IMF was held in August where additional financing to USD 11.3 billion from the original USD 7.6 billion was approved. The country has received USD 1.2 billion tranche from the IMF including the additional financing, part of which may be used for domestic spending until funds pledged at the FoDP arrive. The disbursements and the supplementary financing to a large extent have lowered sovereign risk, reflected in an upgrade in S&P's rating for Pakistan from CCC+ to B- with a stable outlook and Moody's outlook from negative to stable. As a result, foreign portfolio investment has begun to flow back into Pakistan with a significant inflow of USD 235 million in Q1 FY10, making significant contribution to the buoyant activity seen in the local equity market.

The country's Current Account (CA) experienced a small surplus of USD 82 million in August on the back of a solid improvement in the trade deficit and remittance flows. The trade deficit in Q1 FY10 improved by a staggering 44.74 percent against the corresponding quarter in FY09, bringing it to USD 3.09 billion. The improvement was driven mainly by a sharp decline in oil prices compared to the corresponding quarter and thus a 29.85 percent decline in imports. Exports on the other hand also suffered a decline of 13.86 percent in Q1 FY10; however this is also due to higher base in Q1 FY09 as exports had not started to deteriorate back then. Workers' remittances on the other hand surged by 23.99 percent bringing the inflows from remittances to USD 2.33 billion in the Jul-Sep FY10 period. The Financial account surplus also observed an improvement by USD 2.1 billion in the Jul – Aug period, owing mostly to disbursements made by donor agencies and friendly countries. Following an improvement in Pakistan's sovereign rating from CCC+ to B-, foreign investors have contributed to the buoyant activity in the local equity market, with an inflow of USD 235 million in 1QFY10. The overall improvement in the BoP has allowed FX-reserves to cross USD 14.8 billion, their highest level in almost 2 years.

The local currency experienced a depreciation of 2.15 percent in Q1 FY10, driven to a large extent by expectations of the pass-on of oil payments to the interbank market from the SBP. Furnace Oil payment had already been passed on in February 2009 and Diesel payments have commenced in August 2009. However some strengthening of the currency was also seen in August on the back of significant foreign inflows reflected in the improving BoP position.

Outlook

Overall macroeconomic situation has stabilized under the USD 11.3 billion 3 years IMF program leading to improvement in the country's rating from CCC+ to B-. In addition, other commitments of over USD 5 billion have been pledged by "Friends of Democratic Pakistan" (FoDP) consortium, which should help the country in overcoming the pressures on its external account. Economic growth is expected to be slow around 3% as aggregate demand remains slow due to continuing double digit interest rates and relatively tight monetary conditions. However, these tightening measures along with fall in international oil prices and improvement in agricultural output have helped in reducing inflation to around 10-11% from over 20% a year earlier. Going forward, external inflows should help in improving domestic liquidity situation. Given the increasingly high participation from foreigners, any pull back in international markets could have material impact on local equities as well. But most importantly, the direction of the market from here hinges to a large extent on further improvement in the macroeconomic environment particularly so with respect to lowering inflation, declining interest rates and clarity with respect to foreign inflows pledged at the FoDP forum. Moreover, the country has confronted another round of escalation in terrorist attacks and hence, successful completion of army operation in Waziristan and reduction in security threat will be crucial for retaining investors' confidence.

PAKISTAN PENSION FUND
**CONDENSED INTERIM BALANCE SHEET
AS AT 30TH SEPTEMBER 2009**

Note	Unaudited 2009			Total	Audited 30 th June 2009
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF MoneyMarket Sub-Fund		
----- Rupees -----					
Assets					
Bank balances	2,136,065	1,791,543	809,120	4,736,728	17,665,549
Investments (as per Statement of Investments by Category)	50,249,124	47,334,498	38,236,391	135,820,013	109,697,948
Dividend receivable	634,957	-	-	634,957	200,450
Interest receivable	73,173	633,040	34,898	741,111	1,499,783
Formation cost	36,712	36,712	36,712	110,136	147,945
Deposits	200,000	200,000	200,000	600,000	300,000
Taxation refundable	6,956	(3,095)	43,032	46,893	46,893
Total assets	53,336,987	49,992,698	39,360,153	142,689,838	129,558,568
Liabilities					
Payable to Pension Fund Manager	-	-	-	-	147,792
Payable to Trustee	8,409	8,037	6,339	22,785	19,544
Payable to Auditors	28,025	31,491	25,223	84,739	220,000
Annual fee payable to the Securities and Exchange Commission of Pakistan	3,932	4,145	3,257	11,334	34,231
Taxation payable	485	6,595	5,265	12,345	-
Accrued and other liabilities	4 21,929	33,008	29,252	84,189	1,558,142
Total liabilities	62,780	83,276	69,336	215,392	1,979,709
Net Assets	53,274,207	49,909,422	39,290,817	142,474,446	127,578,859
Participants Sub-Funds (as per Statement of Movement in Participants' sub-funds)	53,274,207	49,909,422	39,290,817		
Number of units in issue	661,897	445,168	332,065		
Net Asset Value per unit	80.49	112.11	118.32		

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

**CODENSED INRTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

Note	-----For the quarter ended 30 th September 2009-----				For the Quarter Ended 30 th September 2008
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF MoneyMarket Sub-Fund	Total	
----- Rupees -----					
Income					
Income from investment in government securities	-	1,101,483	998,004	2,099,487	1,510,520
Capital gain on sale of investments	514,344	-	-	514,344	-
Dividend income	872,136	-	-	872,136	309,716
Profit on bank accounts	97,092	217,220	55,641	369,953	341,075
Unrealized appreciation in fair value of investments at fair value through profit or loss	-	-	-	-	102,528
Impairment loss on Investments classified as Available For Sale	(93,999)	-	-	(93,999)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(476,739)	115,940	45,670	(315,129)	(88,328)
Total income	912,834	1,434,643	1,099,315	3,446,792	2,175,511
Expenses					
Remuneration of Pension Fund Manager	176,939	186,497	146,554	509,990	378,559
Remuneration of Trustee	23,285	24,546	19,289	67,120	50,449
Annual fee - Securities and Exchange Commission of Pakistan	3,931	4,145	3,256	11,332	8,413
Auditors' fee	26,449	29,177	23,114	78,740	97,379
Custody and settlement charges	9,175	1,500	1,500	12,175	5,763
Bank charges	300	300	648	1,248	1,455
Amortisation of formation cost	12,603	12,603	12,603	37,809	37,809
Legal and professional charges	6,111	6,458	5,074	17,643	55,452
Total expenses	258,793	265,226	212,038	736,057	635,279
Net income before taxation	654,041	1,169,417	887,277	2,710,735	1,540,232
Provision for taxation	485	6,595	5,265	12,345	-
Net income after taxation	653,556	1,162,822	882,012	2,698,390	1,540,232
Earnings per unit	0.99	2.61	2.66		

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)**

Chief Executive

Director

PAKISTAN PENSION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

	-----For the quarter ended 30 th September 2009-----				For the Quarter Ended 30 th September 2008
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF MoneyMarket Sub-Fund	Total	
----- Rupees -----					
Cash Flow From Operating Activities					
Net income before taxation	654,041	1,169,417	887,277	2,710,735	1,540,232
Adjustments :					
Amortisation of formation cost	12,603	12,603	12,603	37,809	37,809
Unrealized appreciation in fair value of investments at fair value through profit or loss	-	-	-	-	(102,528)
Impairment loss on Investments classified as Available For Sale	93,999	-	-	93,999	-
Element of income and capital gain included in prices of units issued less those in units redeemed	476,739	(115,940)	(45,670)	315,129	88,328
	583,341	(103,337)	(33,067)	446,937	23,609
Decrease / (increase) in assets					
Investments	(3,393,434)	(9,810,437)	(3,223,079)	(16,426,950)	(4,262,417)
Dividend receivable	(434,507)	-	-	(434,507)	(60,394)
Profit receivable	(34,491)	815,779	(22,616)	758,672	609,413
Formation cost	-	-	-	-	-
Deposits and other receivables	(100,000)	(100,000)	(100,000)	(300,000)	(38,690)
	(3,962,432)	(9,094,658)	(3,345,695)	(16,402,785)	(3,752,088)
Increase / (decrease) in liabilities					
Remuneration payable to Pension Fund Manager	(46,100)	(56,137)	(45,555)	(147,792)	(1,335)
Remuneration payable to Trustee	2,313	614	314	3,241	(153)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(5,783)	(8,666)	(8,448)	(22,897)	(25,744)
Payable to Auditors	(29,772)	(53,343)	(52,146)	(135,261)	(100,338)
Front end load payable	-	-	-	-	(43,325)
Accrued and other liabilities	(1,440,403)	(17,167)	(16,383)	(1,473,953)	-
Taxation paid	(1,519,745)	(134,699)	(122,218)	(1,776,662)	(170,895)
	-	-	-	-	-
Cash outflow on operating activities	(4,244,795)	(8,163,277)	(2,613,703)	(15,021,775)	(2,359,142)
Cash Flow From Financing Activities					
Receipt of contribution	959,439	875,133	318,279	2,152,851	5,800,336
Payment against withdrawal	(18,972)	(22,718)	(18,207)	(59,897)	-
Cash inflow from financing activities	940,467	852,415	300,072	2,092,954	5,800,336
Net increase in cash and cash equivalents	(3,304,328)	(7,310,862)	(2,313,631)	(12,928,821)	3,441,194
Bank balance at the beginning of the period	5,440,393	9,102,405	3,122,751	17,665,549	9,709,697
Bank balance at the end of the period	2,136,065	1,791,543	809,120	4,736,728	13,150,891

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	-----For the quarter ended 30 th September 2009-----				For the Quarter Ended 30 th September 2008
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF MoneyMarket Sub-Fund	Total	
	----- Rupees -----				
Net Assets at the beginning of the period	40,881,300	48,525,674	38,171,885	127,578,859	105,373,843
Amount received on issue of units	959,439	875,133	318,279	2,152,851	388,334
Amount paid on redemption of units	(18,972)	(22,718)	(18,207)	(59,897)	-
	940,467	852,415	300,072	2,092,954	388,334
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed					
- amount representing (accrued income) / loss and realised (capital gains) / losses	476,739	(115,940)	(45,670)	315,129	88,328
- amount representing unrealised (appreciation) / diminution in fair value of investments	75,121	(25,784)	(1,545)	47,792	64,522
Net unrealised gain / (loss) during the year in the market value of investments classified as available for sale	10,322,145	(515,549)	(17,482)	9,789,114	(9,086,744)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / diminution	(75,121)	25,784	1,545	(47,792)	(64,522)
Capital gain on sale of investment	514,344	-	-	514,344	-
Other net income	139,212	1,162,822	882,012	2,184,046	1,540,232
Net income after taxation for the period	653,556	1,162,822	882,012	2,698,390	1,540,232
Net Assets at the end of the period	53,274,207	49,909,422	39,290,817	142,474,446	98,303,993

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY
AS AT 30TH SEPTEMBER 2009**

	-----2009-----				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF MoneyMarket Sub-Fund	Total	Audited ' 30 th June 2009
	-----Rupees-----				
Available for sale investments (as per Statement of Investment Portfolio)					
Listed equity securities	50,249,124	-	-	50,249,124	36,627,544
Pakistan Investment Bonds	-	47,334,498	-	47,334,498	38,039,610
Treasury Bills	-	-	38,236,391	38,236,391	35,030,794
	<u>50,249,124</u>	<u>47,334,498</u>	<u>38,236,391</u>	<u>135,820,013</u>	<u>109,697,948</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

PAKISTAN PENSION FUND

**CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30TH SEPTEMBER 2009**

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

Name of the Investee Company	(-----Number of shares-----)					As at 30 th September 2009						Market value as a % of net assets of the sub-fund	% of the paid up capital of the company
	As at 1 st July 2009	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at 30 th September 2009	Cost	Impairment up to 30 th June 2009	Impairment up to quarter ended 30 th September 2009	Cost less impairment	Market Value	Appreciation / Diminution		
I.G.I Insurance Limited	8,250	-	-	-	8,250	1,563,082	817,777	-	745,305	755,617	10,312	1,4184	0.0172
						1,563,082	817,777	-	745,305	755,617	10,312	1	
Nishat Mills Limited	26,250	-	-	-	26,250	2,312,410	1,319,636	-	992,774	1,745,887	753,113	3,2772	0.3106
						2,312,410	1,319,636	-	992,774	1,745,887	753,113	3	
Lucky Cement	32,000	-	-	32,000	-	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-	
Pakistan Tobacco Company Limited	26,400	-	-	-	26,400	2,838,227	914,987	-	1,923,240	2,823,744	900,504	5,3004	0.3525
						2,838,227	914,987	-	1,923,240	2,823,744	900,504	5	
International Industries Limited	25,433	-	-	-	25,433	1,961,676	814,902	-	1,146,774	1,448,664	301,890	2,7193	0.3022
						1,961,676	814,902	-	1,146,774	1,448,664	301,890	3	
Pak Elektron Limited	50,000	-	-	-	50,000	2,106,154	880,655	93,999	1,131,500	1,131,500	-	2,1239	0.0000
Pakistan Cables Limited	9,532	-	-	-	9,532	1,558,249	1,233,780	-	324,469	567,249	242,780	1,0648	1.1312
Siemens Engineering	-	504	-	-	504	534,686	-	-	534,686	712,908	178,222	1,3382	2.1611
						4,199,089	2,114,435	93,999	1,990,655	2,411,657	421,002	5	
I C I Pakistan Limited	9,500	-	-	-	9,500	1,451,415	134,426	-	1,316,989	1,698,885	381,896	3,1889	0.2751
						1,451,415	134,426	-	1,316,989	1,698,885	381,896	3	
Packages Limited	12,670	-	-	-	12,670	2,620,294	630,598	-	1,989,696	2,060,015	70,319	3,8668	0.0833
						2,620,294	630,598	-	1,989,696	2,060,015	70,319	4	
Nestle Pakistan Limited	1,800	400	-	-	2,200	2,710,646	332,707	-	2,377,939	2,639,934	261,995	4,9554	0.5777
Uni Lever Pakistan Limited	860	-	-	-	860	1,689,102	-	-	1,689,102	1,963,896	274,794	3,6864	0.4134
						4,399,748	332,707	-	4,067,041	4,603,830	536,789	9	
Pak Suzuki Motor Company Limited	4,300	16,000	-	-	20,300	3,138,105	1,421,676	-	1,716,429	1,766,912	50,483	3,3166	0.0613
Indus Motors Company Limited	326	-	-	-	326	93,447	58,330	-	35,117	57,128	22,011	0,1072	0.0280
						3,231,552	1,480,006	-	1,751,546	1,824,040	72,494	3	
Allied Bank Limited	43,550	5,000	-	-	48,550	2,752,391	903,835	-	1,848,556	2,287,191	438,635	4,2932	0.0617
MCB Bank Limited	9,700	-	-	-	9,700	1,379,829	-	-	1,379,829	2,144,476	764,647	4,0254	0.1106
National Bank of Pakistan	18,844	10,000	-	-	28,844	3,094,610	1,156,445	-	1,938,165	2,407,609	469,444	4,5193	0.0436
Habib Bank Limited	-	10,000	-	-	10,000	985,462	-	-	985,462	1,226,900	241,438	2,3030	0.0265
						8,212,292	2,060,280	-	6,152,012	8,066,176	1,914,164	15	
The Hub Power Company Limited	60,000	-	-	-	60,000	1,922,484	171,321	-	1,751,163	1,883,400	132,237	3,5353	0.0114
Kot Addu Power Company Limited	37,600	-	-	-	37,600	1,807,518	110,753	-	1,696,765	2,013,104	316,339	3,7788	0.0359
						3,730,002	282,074	-	3,447,928	3,896,504	448,576	7	
Pakistan State Oil Company Limited	9,300	-	-	-	9,300	2,582,530	595,585	-	1,986,945	2,911,923	924,978	5,4659	0.5393
						2,582,530	595,585	-	1,986,945	2,911,923	924,978	5	

Rupees

PAKISTAN PENSION FUND

**CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30TH SEPTEMBER 2009**

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

Name of the Investee Company	(-----Number of shares-----)					As at 30 th September 2009						Market value as a % of net assets of the sub-fund	% of the paid up capital of the company
	As at 1 st July 2009	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at 30 th September 2009	Cost	Impairment up to 30 th June 2009	Impairment up to quarter ended 30 th September 2009	Cost less impairment	Market Value	Appreciation / Diminution		
-----Rupees-----													
Oil and Gas Development Company Limited	26,000	-	-	-	26,000	2,415,242	139,729	-	2,275,513	2,791,880	516,367	5,2406	0.0120
Pakistan Oil Fields Limited	9,080	-	-	-	9,080	1,753,497	428,725	-	1,324,772	1,894,179	569,407	3,5555	0.2407
Pakistan Petroleum Limited	10,480	-	2,096	-	12,576	2,050,675	-	-	2,050,675	2,376,738	326,063	4,4613	0.0327
						<u>6,219,414</u>	<u>568,454</u>	<u>-</u>	<u>5,650,960</u>	<u>7,062,797</u>	<u>1,411,837</u>	<u>13</u>	
Pakistan Telecommunication Company Limited 'A'	65,000	35,000	-	-	100,000	2,027,217	318,437	-	1,708,780	1,999,000	290,220	3,7523	0.0077
						<u>2,027,217</u>	<u>318,437</u>	<u>-</u>	<u>1,708,780</u>	<u>1,999,000</u>	<u>290,220</u>	<u>4</u>	
Engro Chemical Pakistan Limited	18,326	-	-	3,036	15,290	2,473,527	509,831	-	1,963,696	2,765,349	801,653	5,1908	0.2691
Fauji Fertilizer Bin Qasim Limited	49,500	40,000	-	-	89,500	2,856,491	1,118,516	-	1,737,975	2,055,815	317,840	3,8589	0.0340
Fauji Fertilizer Company Limited	20,625	-	-	-	20,625	1,832,635	-	-	1,832,635	2,119,219	286,584	3,9779	0.0422
						<u>7,162,653</u>	<u>1,628,347</u>	<u>-</u>	<u>5,534,306</u>	<u>6,940,383</u>	<u>1,406,077</u>	<u>13</u>	
Total						<u>54,511,601</u>	<u>14,012,651</u>	<u>93,999</u>	<u>40,404,951</u>	<u>50,249,122</u>	<u>9,844,171</u>	<u>94</u>	
												Sep-09	Jun-09
												-----Rupees-----	
Market value												<u>50,249,122</u>	<u>36,627,544</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UNAUDITED)
AS AT 30TH SEPTEMBER 2009**

AVAILABLE - FOR - SALE

Name of Investment	Face value			As at 30 th September, 2009			Market value as a % of net assets of the sub-fund
	As at 1 st July 2009	Purchases during the period	Sales / maturities during the period	As at 30 th September 2009	Book value	Market value	

----- Rupees -----

PPF DEBT SUB-FUND

Pakistan Investment Bonds	40,000,000	10,000,000	-	50,000,000	49,223,861	47,334,498	(1,889,363)	94.84
Total	40,000,000	10,000,000	-	50,000,000	49,223,861	47,334,498	(1,889,363)	94.84

PPF MONEY MARKET SUB-FUND

Treasury bills	38,000,000	2,500,000	-	40,500,000	38,489,012	38,236,391	(252,621)	97.32
Total	38,000,000	2,500,000	-	40,500,000	38,489,012	38,236,391	(252,621)	97.32

Total					87,712,873	85,570,889	(2,141,984)	
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----- Total -----

Sep-09

Jun-09

----- Rupees -----

Market value

85,570,889

73,070,404

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)**

Chief Executive

Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

Contributions net of front end fee	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money market Sub-Fund		Total (Rupees)	For the Quarter 30 th September 2008
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening units	648,476	54,213,724	437,545	44,219,235	329,505	33,228,421	131,661,380	107,201,170
Individuals - Issue of units	13,711	959,439	7,825	875,133	2,714	318,279	2,152,851	388,334
Individuals - redemption of units	(290)	(18,972)	(202)	(22,718)	(154)	(18,207)	(59,897)	-
	13,421	940,467	7,623	852,415	2,560	300,072	2,092,954	388,334
Total	661,897	55,154,191	445,168	45,071,650	332,065	33,528,493	133,754,334	107,589,504

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF MoneyMarket Sub-Fund
	Units		
Units outstanding at the beginning of the period	648,476	437,545	329,505
Add: Units issued during the period	13,711	7,825	2,714
Less: Units redeemed during the period	(290)	(202)	(154)
Units in issue at the end of the period	<u>661,897</u>	<u>445,168</u>	<u>332,065</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

1 LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan Pension Fund (PPF) was established under a Trust Deed executed between Arif Habib Investments Limited (formerly : Arif Habib Investment Management Limited) as Pension Fund Manager and MCB Financial Services Limited (formerly : Muslim Commercial Financial Services (Pvt.) Limited) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 24th May 2007 and was executed on 4th June 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any Sub-Fund purchased out of contributions shall depend on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 2/1, R.Y.16, Old Queens Road, Karachi, Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 or the requirements of the said directives prevail. These do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30th June 2009.

2.2 These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICY

3.1 The accounting policies adopted for the preparation of the condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended 30th June 2009

3.2 RISK MANAGEMENT

The Financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30th June 2009

4 ACCRUED AND OTHER LIABILITIES

	-----As at 30 th September 2009-----				As at 30 th
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 2009
	----- Rupees -----				
Professional charges payable	21,817	32,683	28,927	83,427	125,858
Settlement charges	112	-	-	112	140
Brokerage payable	-	325	325	650	2,734
Payable against investment	-	-	-	-	1,429,410
	<u>21,929</u>	<u>33,008</u>	<u>29,252</u>	<u>84,189</u>	<u>1,558,142</u>

PAKISTAN PENSION FUND

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

	As at 30 th September 2009				As at 30 th June 2009
	PPF Equity Sub Fund	PPF Debt Sub Fund	PPF Money Market Sub Fund	Total	
Market value of investments	50,249,122	47,334,498	38,236,391	135,820,011	109,697,948
Less: Cost less impairment	(40,404,951)	(49,223,861)	(38,489,012)	(128,117,824)	(111,686,752)
	9,844,171	(1,889,363)	(252,621)	7,702,187	(1,988,804)
Net unrealised (appreciation) / diminution in fair value of investments at the beginning of the year	379,851	1,373,814	235,139	1,988,804	7,017,233
Impairment on disposal of securities	199,358	-	-	199,358	(98,123)
Less : Capital gain on disposal of securities	(101,235)	-	-	(101,235)	-
	477,974	1,373,814	235,139	2,086,927	7,017,233
	10,322,145	(515,549)	(17,482)	9,789,114	5,028,429

6 TRANSACTIONS WITH CONNECTED PERSONS

Remunerations to the pension fund manager is determined in accordance with the provision of VPS Rules, 2005 and Trust deed of the Fund. All other transactions with the related parties / connected persons are carried out on agreed terms

The transactions with connected persons are carried out on agreed terms.

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	30 th September 2008
	----- Rupees -----				
6.1 Transactions during the period					
Arif Habib Investments Limited - <i>(formerly: Arif Habib Investment Management Limited)</i> Pension Fund Manager					
Remuneration	176,939	186,497	146,554	509,990	378,559
Sales load	1,074	1,303	293	2,670	4,500
Arif Habib Bank Limited					
Mark-up received during the period	62,156	155,131	31,589	248,876	260,380
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	30 th June 2009
	----- Rupees -----				
6.2 Amounts outstanding as at period end					
Arif Habib Investments Limited - <i>(formerly: Arif Habib Investment Management Limited)</i> Pension Fund Manager					
Remuneration payable	-	-	-	-	147,792
Investment of 300,000 units as seed capital in each sub-fund (2009: 300,000)	24,147,000	33,633,000	35,496,000	93,276,000	86,937,000
Arif Habib Bank Limited					
Bank Balances	1,657,594	923,858	107,065	2,688,517	16,488,625
Mark-up receivable	73,172	132,217	34,897	240,286	120,776
Directors and Officers					
Investment In PPF Equity sub - fund 234,860 units (2009: 237,549 units)	18,903,875	-	-	18,903,875	14,975,099
Investment In PPF Debt sub - fund 60,164 units (2009: 53,420 units)	-	6,744,939	-	6,744,939	5,924,249
Investment In PPF Money Market sub - fund 10,577 units (2009: 7,021 units)	-	-	1,251,503	1,251,503	813,375

7 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 22nd October 2009.

8 GENERAL

Corresponding figures have been rearranged and reclassified wherever necessary, for the purposes of comparison and better presentation. During the current period, there were no major reclassifications.

For Arif Habib Investments Limited
(Formerly Arif Habib Investment Management Limited)
(Pension Fund Manager)

Chief Executive

Director

Asset Manager Rating
'AM2' (by PACRA)



An Investment Plan for Everyone

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