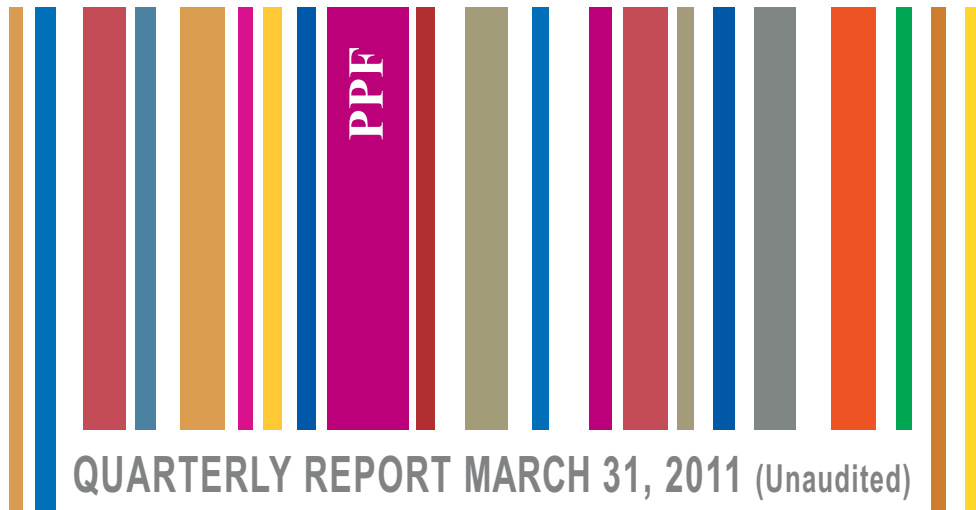


PAKISTAN PENSION FUND



QUARTERLY REPORT MARCH 31, 2011 (Unaudited)

BRANCHES:**Lahore:**

Contact Person: Mr. Tanweer Ahmad Haral
16, Block-A, Hali Road, Gulberg II, Lahore.
Tel: (+92-42) 35714958, (+92-21) 35714959
Fax: (+92-42) 35714957
E-mail: lhr.mkt@arifhabib.com.pk

Rawalpindi:

Contact Person: Mr. Zahiruddin Khan
60-A, Canning Road, Rawalpindi-46000.
Tel: (+92-51) 111-468-378 (111-INVEST), 5564093
E-mail: rwp.mkt@arifhabib.com.pk

Islamabad:

Contact Person: Mr. Nadeem Ishtiaq
15 Beverly Centre, 2nd Floor,
Blue Area, Jinnah Avenue, Islamabad.
Tel: (+92-51) 2875939-2814189
Fax: (+92-51) 2814199
E-mail: isl.mkt@arifhabib.com.pk

Multan:

Contact Person: Syed Nawazish Ali Zaidi
143-144, Mall Plaza, Multan Cantt., Multan.
Tel: (+92-61) 111-468-378 (111-INVEST), 4546235, 6014125
Fax: (+92-61) 4546235
E-mail: mul.mkt@arifhabib.com.pk

Peshawar:

Contact Person: Mr. Iltifatullah Khan
1st Floor, State Life Building, 34 The Mall, Peshawar.
Tel: (+92-91) 111-468-378 (111-INVEST), 5287696
Fax: (+92-91) 5287697
E-mail: psw.mkt@arifhabib.com.pk

CONTENTS

2	Fund's Information
3	Report of the Directors of the Fund Manager
5	Report of the Fund Manager
8	Condensed Interim Statement of Assets and Liabilities
9	Condensed Interim Income Statement (Unaudited)
11	Condensed Interim Cash Flow Statement (Unaudited)
13	Condensed Interim Statement of Movement in Participants' Sub-Funds (Unaudited)
15	Condensed Interim Statement of Investments by Category
16	Condensed Interim Statement of Investment Portfolio (Unaudited)
17	Condensed Interim Statement of Other Investments (Unaudited)
19	Condensed Interim Contribution Table (Unaudited)
21	Condensed Interim Statement of Number of Units in Issue (Unaudited)
23	Notes to and Forming Part of the Condensed Interim Financial Statements (Unaudited)

FUNDS' INFORMATION

Pension Fund Manager

Arif Habib Investments Limited
Arif Habib Centre, 23 M. T. Khan Road,
Karachi-74000.

Board of Directors of the Pension Fund Manager

Mr. Muhammad Shafi Malik	Chairman
Mr. Nasim Beg	Chief Executive
Syed Ajaz Ahmed	Director
Mr. Muhammad Akmal Jameel	Director
Mr. Sirajuddin Cassim	Director
Mr. Muhammad Kashif	Director
Mr. S. Gulrez Yazdani	Director
Mr. Samad A.Habib	Director

Company Secretary & CFO of the Pension Fund Manager

Mr. Z eeshan

Audit Committee

Mr. Muhammad Shafi Malik	Chairman
Mr. Muhammad Akmal Jameel	Member
Syed Ajaz Ahmed	Member
Mr. Samad A.Habib	Member

Trustee

MCB Financial Services Limited (MCBFSL)
3rd Floor, Adamjee House,
I.I. Chundrigar Road, Karachi.

Bankers

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

Auditors

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

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 MARCH 31, 2011

The Board of Directors of Arif Habib Investments Limited, the Fund Manager of Pakistan Pension Fund (PPF), is pleased to present its report together with Condensed Interim Financial Statements for the quarter ended March 31, 2011

Fund Objective

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

Fund Profile

The Pakistan Pension Fund (PPF), under the Voluntary Pension System (VPS) was launched on June 27, 2007. The PPF made its first investment on July 26, 2007 after the necessary legal documentation and operational approvals were received.

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 in a manner that allows maximum tax credit to the concerned.

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

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

PPF is a long only scheme and is not allowed to undertake leveraged investments.

Fund Performance during quarter ended March 31, 2011

Equity sub-fund

The net assets of the sub-fund as at March 31, 2011 stood at Rs 60.52 million as compared to Rs 56.94 million at the beginning of the quarter, registering a positive change of 6.29%.

The Net Asset Value (NAV) per unit of the sub-fund was Rs 105.16 as compared to Rs 102.40 at the beginning of the quarter, registering an increase of Rs 2.76 per unit.

Debt sub-fund

The net assets of the sub-fund as at March 31, 2011 stood at Rs 78.55 million as compared to Rs 76.52 million at the beginning of the quarter, registering a positive change of 2.65%.

The Net Asset Value (NAV) per unit of the sub-fund was Rs 130.56 as compared to Rs 126.45 at the beginning of the quarter, registering an increase of Rs 4.11 per unit.

Money Market sub-fund

The net assets of the sub-fund as at March 31, 2011 stood at Rs 63.96 million as compared to Rs 64.50 million at the beginning of the quarter, registering a slight decline of 0.84%.

The Net Asset Value (NAV) per unit of the sub-fund was Rs 137.18 as compared to Rs 133.50 at the beginning of the quarter, registering an increase of Rs 3.68 per unit.

Future Outlook and Fund Performance

Future outlook and fund performance is fully explained in fund manager report attached to this report.

Acknowledgement

The Board of Directors of the Pension Fund Manager is thankful to the valued investors of the Fund for their reliance and trust in Arif Habib Investments Limited. The Board also likes to thank the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, MCB Financial Services Limited (the Trustee of the Fund) for their continued cooperation, guidance, substantiation and support. The Board also acknowledges the efforts put in by the team of the Pension Fund Manager for the growth and meticulous management of the Fund.

For and on behalf of the Board

Karachi
April 23, 2011

Nasim Beg
Chief Executive

REPORT OF THE FUND MANAGER FOR THE NINE MONTHS ENDED MARCH 31, 2011

Fund Objective

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

Fund Profile

The Pakistan Pension Fund (PPF), under the Voluntary Pension System (VPS) was launched on June 27, 2007. The PPF made its first investment on July 26, 2007, after the necessary legal documentation and operational approvals were received.

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 in a manner that allows maximum tax credit to the concerned.

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

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

PPF is a long only scheme and is not allowed to undertake leveraged investments.

Equity sub fund

Equity sub fund NAV grew by 2.7% as compared to 1.77% decline in KSE 100 Index during the quarter under review. Among major holdings POL, ICI, Engro, NML, MEBL, FFC, FFBL, BAHL, PAEL and Searle outperformed while Packages, INIL, SITC, PTC, PSO, HMB and ABL underperformed.

Equity exposure has been reduced to 91.92% from 94.41% at the beginning of the quarter. Following activities were carried by the fund during the quarter.

- Thal limited has been added in the portfolio up to 2.26% of net assets when its price fell during the quarter. Main rationale behind buying decision was its strong fundamentals and discount to its fair value.
- Searle exposure has been trimmed to 3.7% from 4.8% at the beginning of the quarter as stock price increased above fair value.

Net assets of the fund at quarter end were Rs 60.5 million versus Rs 56.9 million at the beginning. Fund's major investments were in Chemicals (20.72%), Banks (16.33%), Oil & Gas (11.2%) and Personal Goods sector (10.2%). The PE of the equity portion was 6.9x at quarter end.

Debt sub fund

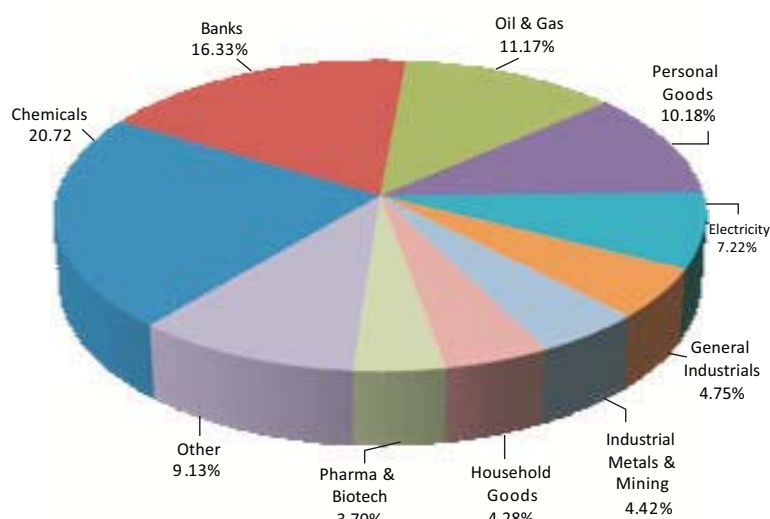
Debt sub fund NAV grew by annualized 13.2% during the quarter. Portfolio allocation of the fund remained largely unchanged. Fresh liquidity was deployed in short tenure T-Bills. At the quarter end, TFC portfolio was 13.6%, T-Bills were 34.6% and PIBs represented 47.6% of net assets. Net assets of Debt Sub Fund were Rs78.5 million at the quarter end.

Money Market sub fund

Money market sub fund delivered annualized return of 11.18%. Sub fund remained invested in short tenure T-bills which was 99% of net assets at the quarter end. Net assets of Money market sub Fund were Rs 63.9 million at the end of quarter.

Top Ten Holdings as on 31 March, 2011

Engro Corp Ltd.	5.3%
ICI Pakistan Ltd.	4.8%
Packages Ltd.	4.8%
Pakistan Oilfields Ltd.	4.6%
Nishat Mills Ltd.	4.5%
Pakistan Petroleum Ltd.	4.5%
International Industries Ltd.	4.4%
Allied Bank Ltd.	4.3%
Pak Elektron Ltd.	4.3%
Meezan Bank Ltd.	4.2%

Sector Allocation - 31 March, 2011**Equity market review**

The KSE 100 index finished the third quarter of current fiscal year (first quarter of 2011) in negative, falling by 1.77% to 11809. The market started 2011 on a positive note with the index gaining 6% by January 18 and touched the level of 12,768 due to higher inflows from foreign investors in index heavy weight stocks. However, the market reversed its course in February, when worsening situation in Egypt and Tunisia led to sharp fall in global equities. The index made its low on February 25 near 11200, before bouncing back in the first week of March after the announcement of MTS implementation.

Key driver in the index performance remained its heavy weight stock OGDC (24% weight), which has started to retreat and fallen by 27% after peaking at Rs. 185 (intraday high) on January 10. Minus OGDC, majority of other leading stocks finished the quarter with fresh gains. Top performing sectors during the quarter were Fertilizer, Oil & Gas (with the exception of OGDC), Banks and Cement. Foreign investors remained net buyers in Pakistan with net inflow of US\$ 52 million during the quarter, with March seeing an outflow of US\$ 16 million mainly due to selling in OGDC.

Total outstanding leveraged investment in MTS was only Rs 228 million by quarter end (started March 14), an indication of cautious initial response of participants (finacees and financiers). During the quarter, average daily turnover increased to 129 million shares compared to 124 million in the second quarter of FY11, however, trading volumes after hitting highs over 200 million daily in January witnessed a declining trend and had fallen below 100 m daily by March end.

Market outlook

We expect the equity market to move in a narrow band ahead of the budget announcement in early June. Given the continuing high fiscal deficit (approximately 6% of GDP) new taxes, withdrawal of tax exemptions and implementation of RGST are on the cards for the next fiscal year. At the same time, inflation remains a key threat in the backdrop of rising commodity prices in particular oil.

Therefore, interest rates are expected to remain at elevated levels with policy rate remaining at 14% for the next few months. On relative valuation downside appears to be less for equities as stock prices of major companies are trading in the range of 7x-9x on 2011 earnings. On the basis of consensus forecast, amongst listed sectors, chemicals/fertilizer, oil and gas exploration, cement (select stocks), major banks and FMCGs are expected to show improvement in earnings growth in 2011.

3QFY11 Economic Review

During the third quarter of the fiscal year, pick up in textile exports and higher remittances helped in reducing the pressure from rising international oil prices and keeping the current account deficit in check. The rate of increase in inflation has reduced during the quarter to 13.16% in March compared to 15.45% YoY growth in December, therefore allowing the central bank to keep the discount rate unchanged at 14% during the last two monetary policy reviews. Following the last round of talks with IMF in March, the government has finally taken additional taxation measures to reduce the rising fiscal gap for the current fiscal year.

Fiscal Side

Given the rising fiscal deficit (2.8% of GDP during 1HFY11 against the full year target of 5.5%), GoP introduced new taxation measures in March which would collect Rs 53 billion through removal of subsidies and/or further taxes on income, imports, agriculture, and domestic sales of zero-rated export-oriented items, while Rs 67 billion is expected to be saved from the government expenditure side. Of Rs 53 billion, Rs 20 billion will be collected through 15% flood surcharge on income-tax, Rs 25 billion revenue will be accumulated through withdrawal of sales tax exemptions on fertilizers, pesticides and tractors, Rs6 billion revenue through increase in special excise duty on imports from 1% - 2.5% and Rs 2 billion proceeds from increase in tax on sugar.

Total tax collection from July 2010 - February, 2011 summed up to Rs 876 billion against a target of Rs1600 billion for the full FY. With the above mentioned measures, it is now expected that tax revenue target for the current fiscal year is likely to be met. However, given the additional expenditures on last year floods, the fiscal deficit is expected to be higher than the government target of 5.5% for the year ending June 2011.

Inflation

Inflation figures for 3QFY11 came down considerably from 15.45% YoY in December, 2010 to 13.16% YoY in March 2011. This was due to the following reasons: first, high base-effect of last year starting January, 2010, and second, containment of government borrowing from the SBP within agreed limits. Nonetheless, inflation is expected to edge higher over the next few months given the outlook of an increase in international commodity prices especially oil prices, higher domestic commodity prices with the introduction of 'mini-budget' to enhance the tax base, and expectations of an increase in government borrowing to fund fiscal deficit.

Real Sector

Large Scale Manufacturing (LSM) figures for July - January 2011 showed an increase of 2.34% over the corresponding period of last year. The growth in manufacturing is restricted to few sectors, with majority of the industries showing decline. Textiles, Pakistan's largest industry having one fourth of the total weight could only increase by 0.6%. Major contribution has come from sugar sector (4.15% weight) showing a growth of 8.1% till January and which is likely to improve further as recent reports suggest that total output of sugar for this year has exceeded 4 m tones compared to only 3.1 m tones in the previous year. Other growth sectors have been automobile production (+16.8%), Pharmaceuticals (+5.8%), chemicals (+3.5%) and leather products (+14.2%). All other manufacturing sectors were in decline including Food and beverages (-2%), petroleum products (-6.2%), metal industries (-8.1%), non metallic minerals (-11.8%), fertilizers (-7.2%) and cement (-10.6%).

External Side

External sector continued to post encouraging figures in 3QFY11. Current Account Deficit (CAD) from July 2010 - February, 2011 equaled US\$ 98 million against US\$ 3027 million deficit in the same period of preceding year, thus showing a decrease of almost 97%. This is explained by an improvement in balance on Goods & Services & Income account where deficit decreased from US\$ 11.2 billion in July 2010-February, 2011, to US\$ 9.9 billion in the same period of current FY. Remittances also played a key role in uplifting the CAD as US\$ 8.02 billion were received from July 2010- March, 2011 against US\$ 6.54 billion in the corresponding period of last year, thus showing a growth of 22.39%. The SBP expects current account deficit for FY 11 in the range of 1 - 1.5%. Exports from July - March, 2011 were US\$18.1 billion against a US\$ 14.3 billion exports in the same period last year, posting a robust growth of 26.6% YoY. Textile export was yet once again the major determinant of this growth as US\$ 9.92 billion was contributed by textiles. Imports for the same period equaled US\$ 29.1 billion against US\$ 25.1 billion in the first 9 months of last FY. This translates into a growth 15.97%. Petroleum group imports stood at US\$ 8.15 billion from July 2010 - March, 2011 showing a growth of 11%. Forex reserves YtD (March19, 2011) closed at US\$ 17.5 billion against US\$ 16.75 billion at the end of FY10. Moreover, Asian Development Bank approved a US\$ 650 million loan which will be used to build the damaged infrastructure due to the floods which hit the country early FY11.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2011

		-----Unaudited----- -----March 31, 2011-----			(Audited) June 30, 2010
Note	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
-----Rupees-----					
Assets					
	4,124,110	2,411,287	670,555	7,205,952	15,665,252
	55,626,283	75,495,270	63,273,294	194,394,847	160,026,478
	734,780	-	-	734,780	175,000
	38,323	714,543	37,982	790,848	1,857,138
5	200,000	200,000	200,000	600,000	2,542,502
	-	-	108	108	4,481
Total assets	60,723,496	78,821,100	64,181,939	203,726,535	180,270,851
Liabilities					
	74,643	100,606	83,805	259,054	206,058
	9,692	13,062	10,881	33,635	26,923
	68,953	89,396	72,356	230,705	229,999
	14,091	18,456	14,986	47,533	49,883
6	37,548	46,688	38,370	122,606	3,949,324
	16	410	-	426	-
Total liabilities	204,943	268,618	220,398	693,959	4,462,187
NET ASSETS	60,518,553	78,552,482	63,961,541	203,032,576	175,808,664
CONTINGENCY					
8	60,518,553	78,552,482	63,961,541		
Participants Sub-Funds (as per condensed interim statement of movement in participants' sub-funds)	60,518,553	78,552,482	63,961,541		
Number of units in issue	575,465	601,638	466,270		
Net Asset Value per unit	105.16	130.56	137.18		

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Page 1 of 2

Note	-----Nine months ended March 31, 2011-----				Nine Months Ended March 31, 2010
	PPF Equity	PPF Debt	PPF Money Market	Total	
	Sub-Fund	Sub-Fund	Sub-Fund		
	-----Rupees-----				
Income					
Income from investment in government securities	-	4,790,704	5,363,840	10,154,544	6,739,929
Income from term finance certificates and sukuk bonds	-	1,878,293	-	1,878,293	159,603
Capital gain / (loss) on sale of investments - net	3,898,675	(201,841)	(944)	3,695,890	6,171,137
Dividend income	2,409,188	-	-	2,409,188	2,405,684
Profit on bank accounts	356,381	129,532	68,466	554,379	884,456
Unrealised appreciation in fair value of investments 'at fair value through profit or loss' - net	-	-	-	-	355,613
Impairment loss on investments classified as 'available-for-sale'	7.1 (593,272)	-	-	(593,272)	(834,309)
Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - net	2,878,298	1,269,937	2,640,618	6,788,853	(1,368,661)
Total income	8,949,273	7,866,625	8,071,983	24,887,881	14,513,452
Operating expenses					
Remuneration to the Pension Fund Manager	634,102	830,542	674,391	2,139,035	1,627,887
Remuneration to the Trustee	82,538	108,099	87,769	278,406	213,707
Annual fee-Securities and Exchange Commission of Pakistan	14,091	18,456	14,986	47,533	36,176
Auditors' remuneration	66,941	87,437	70,828	225,206	228,329
Custody and settlement charges	59,676	8,230	4,500	72,406	72,557
Bank charges	122	10,386	2,014	12,522	6,517
Amortization of formation cost	-	-	-	-	112,605
Legal and professional charges	17,075	22,280	18,021	57,376	52,547
Total operating expenses	874,545	1,085,430	872,509	2,832,484	2,350,325
Net income before taxation	8,074,728	6,781,195	7,199,474	22,055,397	12,163,127
Taxation	3,589	68,722	54,926	127,237	38,519
Net income after taxation	8,071,139	6,712,473	7,144,548	21,928,160	12,124,608
Other comprehensive income for the period					
Net unrealized gain / (loss) during the period in the market value of investments classified as 'available-for-sale' - net	7,518,346	(169,592)	14,432	7,363,186	9,058,317
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	291,158	(143,317)	(1,652)	146,189	631,983
	7,809,504	(312,909)	12,780	7,509,375	9,690,300
Total comprehensive income for the period	15,880,643	6,399,564	7,157,328	29,437,535	21,814,908
Earnings per unit	10 13.56	11.44	16.01		

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

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

Chief Executive

Director
PAKISTAN PENSION FUND
Managed by: ARIF HABIB INVESTMENTS LIMITED

09

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Page 2 of 2

Note	-----Quarter ended March 31, 2011-----				Quarter ended March 31, 2010
	PPF Equity	PPF Debt	PPF Money Market	Total	
	Sub-Fund	Sub-Fund	Sub-Fund		
	-----Rupees-----				
Income					
Income from investment in government securities	-	1,881,990	2,058,433	3,940,423	2,241,853
Income from term finance certificates and sukuk bonds	-	461,348	-	461,348	159,603
Capital gain / (loss) on sale of investments - net	176,997	(83)	(119)	176,795	4,265,144
Dividend income	1,000,441	-	-	1,000,441	851,785
Profit on bank accounts	94,564	33,285	31,323	159,172	347,169
Unrealised appreciation in fair value of investments 'at fair value through profit or loss' - net	-	-	-	-	355,613
Impairment loss on investments classified as 'available-for-sale'	-	-	-	-	(360,380)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(215,028)	(127,509)	(627,812)	(970,349)	(848,928)
Total income	1,056,974	2,249,031	1,461,825	4,767,830	7,011,859
Operating expenses					
Remuneration of the Pension Fund Manager	215,095	288,608	242,060	745,763	568,701
Remuneration of the Trustee	27,944	37,494	31,447	96,885	74,502
Annual fee-Securities and Exchange Commission of Pakistan	4,780	6,413	5,379	16,572	12,639
Auditors' remuneration	21,333	28,628	24,012	73,973	73,973
Custody and settlement charges	4,786	1,892	1,500	8,178	45,872
Bank charges	-	-	2	2	2,430
Amortization of formation cost	-	-	-	-	36,987
Legal and professional charges	4,977	6,680	5,602	17,259	17,259
Total operating expenses	278,915	369,715	310,002	958,632	832,363
Net income before taxation	778,059	1,879,316	1,151,823	3,809,198	6,179,496
Taxation	970	24,503	21,500	46,973	13,344
Net income after taxation	777,089	1,854,813	1,130,323	3,762,225	6,166,152
Other comprehensive income for the period					
Net unrealized gain / (loss) during the period in the market value of investments classified as 'available-for-sale' - net	649,810	526,550	18,708	1,195,068	257,197
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	212,224	(733)	(387)	211,104	431,708
	862,034	525,817	18,321	1,406,172	688,905
Total comprehensive income for the period	1,639,123	2,380,630	1,148,644	5,168,397	6,855,057
Earnings per unit	¹⁰ 1.45	3.08	2.42		

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

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

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Page 1 of 2

-----Nine months ended March 31, 2011-----

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	Nine Months Ended March 31, 2010
-----Rupees-----					
Cash Flows From Operating Activities					
Net income before taxation	8,074,728	6,781,195	7,199,474	22,055,397	12,163,127
Adjustments for :					
Amortisation of formation cost	-	-	-	-	112,605
Unrealized appreciation in fair value of investments at fair value through profit or loss	-	-	-	-	(355,613)
Impairment loss on investments classified as 'available-for- sale'	593,272	-	-	593,272	834,309
Elements of (income) /loss and capital (losses) / gains in prices of units issued less those in units redeemed - net	(2,878,298)	(1,269,937)	(2,640,618)	(6,788,853)	1,368,661
	(2,285,026)	(1,269,937)	(2,640,618)	(6,195,581)	1,959,962
Decrease / (Increase) in assets					
Investments	7,761,246	(17,224,337)	(18,135,366)	(27,598,457)	(30,213,196)
Dividend receivable	(559,780)	-	-	(559,780)	(484,220)
Interest receivable	(5,162)	1,085,195	(13,743)	1,066,290	517,949
Deposits and other receivables	1,943,391	-	3,592	1,946,983	(2,899,089)
	9,139,695	(16,139,142)	(18,145,517)	(25,144,964)	(33,078,556)
(Decrease) / Increase in liabilities					
Remuneration payable to Pension Fund Manager	420	25,197	27,379	52,996	51,452
Payable to the Trustee	(6)	3,209	3,509	6,712	6,543
Annual fee-Securities and Exchange Commission of Pakistan	(4,444)	767	1,327	(2,350)	1,945
Payable to auditors	(15,192)	7,444	8,454	706	(44,850)
Accrued and other liabilities	(3,867,018)	22,280	18,021	(3,826,717)	(1,435,322)
	(3,886,240)	58,897	58,690	(3,768,653)	(1,420,232)
Taxation paid	(3,570)	(68,312)	(55,035)	(126,917)	(12,344)
Cash generated from / (used in) operating activities	11,039,587	(10,637,299)	(13,583,006)	(13,180,718)	(20,388,043)
Cash Flows From Financing Activities					
Receipt of contribution	7,997,061	17,464,130	16,485,316	41,946,507	12,859,581
Payment against withdrawal	(21,198,272)	(11,465,639)	(4,561,177)	(37,225,088)	(3,459,004)
Cash (used in) / generated from financing activities	(13,201,211)	5,998,491	11,924,139	4,721,419	9,400,577
Net decrease in cash and cash equivalents	(2,161,624)	(4,638,808)	(1,658,867)	(8,459,299)	(10,987,466)
Cash and cash equivalents at the beginning of the period	6,285,736	7,050,094	2,329,422	15,665,252	17,665,549
Cash and cash equivalents at the end of the period	4,124,110	2,411,287	670,555	7,205,952	6,678,083

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Page 2 of 2

	-----Quarter ended March 31, 2011-----				Quarter ended March 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	-----Rupees-----				
Cash Flows From Operating Activities					
Net income before taxation	778,059	1,879,316	1,151,823	3,809,198	6,179,496
Adjustments for:					
Amortisation of formation cost	-	-	-	-	36,987
Unrealized appreciation in fair value of investments at fair value through profit or loss	-	-	-	-	(355,613)
Impairment loss on investments classified as 'available-for- sale'	-	-	-	-	360,380
Elements of loss / (income) and capital losses / (gains) in prices of units issued less those in units redeemed - net	215,028	127,509	627,812	970,349	848,928
	215,028	127,509	627,812	970,349	890,682
(Increase) / Decrease in assets					
Investments	(1,218,400)	(2,397,290)	420,697	(3,194,993)	(10,562,346)
Dividend receivable	(691,832)	-	-	(691,832)	(460,467)
Interest receivable	11,469	1,016,775	(21,772)	1,006,472	913,422
Deposits and other receivables	889	-	3,592	4,481	(2,599,089)
	(1,897,874)	(1,380,515)	402,517	(2,875,872)	(12,708,480)
Increase / (Decrease) in liabilities					
Remuneration payable to Pension Fund Manager	4,598	4,588	2,323	11,509	150,702
Payable to the Trustee	579	570	280	1,429	1,567
Annual fee payable to the Securities and Exchange Commission of Pakistan	4,780	6,414	5,379	16,573	12,638
Payable to auditors	21,333	28,628	24,012	73,973	14,795
Front end load payable	-	-	-	-	-
Accrued and other liabilities	4,472	4,683	5,603	14,758	21,690
	35,762	44,883	37,597	118,242	201,392
Taxation paid	(1,825)	(24,826)	(24,177)	(50,828)	-
Cash (used in) / generated from operating activities	(870,850)	646,367	2,195,572	1,971,089	(5,436,910)
Cash Flows From Financing Activities					
Receipt of contribution	3,620,861	3,978,223	1,379,399	8,978,483	7,348,741
Payment against withdrawal	(1,685,374)	(4,454,245)	(3,695,166)	(9,834,785)	(2,990,857)
Cash generated from / (used in) financing activities	1,935,487	(476,022)	(2,315,767)	(856,302)	4,357,884
Net increase / (decrease) in cash and cash equivalents	1,064,637	170,345	(120,195)	1,114,787	(1,079,026)
Cash and cash equivalents at the beginning of the period	3,059,475	2,240,941	790,749	6,091,165	7,757,109
Cash and cash equivalents at the end of the period	4,124,110	2,411,287	670,555	7,205,952	6,678,083

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

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

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN PARTICIPANTS SUB-FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

Page 1 of 2

	<u>-----Nine months ended March 31, 2011-----</u>				Nine Months Ended March 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub -Fund	Total	
	<u>----- Rupees -----</u>				
Net assets at the beginning of the period	61,008,577	67,281,046	47,519,041	175,808,664	127,578,859
Amount received on issue of units	7,997,061	17,464,130	16,485,315	41,946,506	12,859,581
Amount paid on redemption of units	(21,198,272)	(11,465,639)	(4,561,177)	(37,225,088)	(3,459,004)
	(13,201,211)	5,998,491	11,924,138	4,721,418	9,400,577
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 gain) / losses - net	(2,878,298)	(1,269,937)	(2,640,618)	(6,788,853)	1,368,661
- amount representing unrealised (appreciation)/ diminution in fair value of investments - net	(291,158)	143,317	1,652	(146,189)	(631,983)
	(3,169,456)	(1,126,620)	(2,638,966)	(6,935,042)	736,678
Total Comprehensive income	15,880,643	6,399,564	7,157,328	29,437,535	21,814,908
Net assets at the end of the period	60,518,553	78,552,482	63,961,541	203,032,576	159,531,022

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN PARTICIPANTS SUB-FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

Page 2 of 2

	<u>-----Quarter ended March 31, 2011-----</u>				Quarter Ended March 31, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub -Fund	Total	
	<u>----- Rupees -----</u>				
Net assets at the beginning of the period	56,941,136	76,519,631	64,500,466	197,961,233	147,900,861
Amount received on issue of units	3,620,861	3,978,223	1,379,399	8,978,483	7,348,741
Amount paid on redemption of units	(1,685,374)	(4,454,245)	(3,695,166)	(9,834,785)	(2,990,857)
	1,935,487	(476,022)	(2,315,767)	(856,302)	4,357,884
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 gain) / losses - net	215,028	127,509	627,812	970,349	848,928
- amount representing unrealised (appreciation)/ diminution in fair value of investments - net	(212,224)	733	387	(211,104)	(431,708)
	2,804	128,242	628,199	759,245	417,220
Total Comprehensive income	1,639,123	2,380,630	1,148,644	5,168,397	6,855,057
Net assets at the end of the period	60,518,553	78,552,482	63,961,541	203,032,576	159,531,022

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

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

Chief Executive

Director

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

	(Un-Audited)				(Audited)
	March 31, 2011				June 30, 2010
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub -Fund	Total	
	-----Rupees-----				
'Available for sale' investments (as per Statement of Investment Portfolio)					
- Listed equity securities	55,626,283	-	-	55,626,283	56,462,457
- Pakistan Investment Bonds	-	37,590,957	-	37,590,957	37,920,048
- Term Finance Certificates and sukuk bonds	-	10,752,957	-	10,752,957	18,077,312
- Treasury Bills	-	27,151,356	63,273,294	90,424,650	47,566,661
Investments at market value	55,626,283	75,495,270	63,273,294	194,394,847	160,026,478

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED) AS AT MARCH 31, 2011

PPF EQUITY SUB-FUND

LISTED SHARES - 'AVAILABLE- FOR- SALE'

Name of the Investee Company	Number of shares				As at March 31, 2011			Market value as a % of net assets of the sub-fund	Paid up value of shares held as a % of total paid up capital of the investee company	
	As at July 01, 2010	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at March 31, 2011	Cost less impairment	Market value			Appreciation/ (Diminution)
NON LIFE INSURANCE										
I.G.I Insurance Limited	9,900	-	-	9,900	-	-	-	0.00	0.0000	
PERSONAL GOODS										
Nishat Mills Limited	58,166	-	-	16,080	42,086	1,044,447	2,735,169	1,690,723	4.52	0.0001
Nishat Chunian	-	72,000	-	-	72,000	1,335,905	2,063,520	727,615	3.41	0.0004
TOBACCO										
Pakistan Tobacco Company Limited	26,000	-	-	8,012	17,988	1,018,051	1,708,860	690,809	0.00	0.0001
Philips Morris (Pakistan) Limited	11,553	1,200	-	12,753	-	-	-	0.00	0.0000	
INDUSTRIAL METALS AND MINING										
International Industries Limited	25,433	20,000	5,086	-	50,519	2,171,347	2,672,960	501,613	4.42	0.0004
HOUSEHOLD GOODS										
Pak Elektron Limited	128,150	91,188	-	36,256	183,082	1,708,517	2,590,610	882,094	4.28	0.0015
ELECTRONIC AND ELECTRICAL EQUIPMENT										
Pakistan Cables Limited	9,532	-	-	-	9,532	324,469	505,196	180,727	0.83	0.0003
GENERAL INDUSTRIALS										
Packages Limited	24,400	5,525	-	5,522	24,403	2,803,601	2,877,358	73,757	4.75	0.0003
Thal Limited	-	12,700	-	-	12,700	1,437,457	1,364,996	(72,461)	2.26	0.0004
FOOD PRODUCERS										
Nestle Pakistan Limited	1,730	-	-	1,730	-	-	-	0.00	0.0000	
AUTOMOBILE AND PARTS										
Pak Suzuki Motor Company Limited	21,000	-	-	21,000	-	-	-	0.00	0.0000	
Agriauto Industries	20,000	-	-	20,000	-	-	-	0.00	0.0000	
BANKS										
Allied Bank Limited	48,000	-	4,007	7,924	44,083	1,236,979	2,619,853	1,382,873	4.33	0.0001
Bank Al-Habib Limited	88,300	-	14,008	18,259	84,049	2,116,206	2,439,942	323,736	4.03	0.0001
Meezan Bank Limited	130,248	-	19,537	-	149,785	1,991,902	2,546,345	554,443	4.21	0.0002
Habib Metropolitan Bank Limited	122,639	-	19,268	26,296	115,611	2,330,504	2,277,537	(52,967)	3.76	0.0001
ELECTRICITY										
The Hub Power Company Limited	75,085	-	-	13,340	61,745	2,009,758	2,324,082	314,324	3.84	0.0001
Kot Addu Power Company Limited	59,000	-	-	9,307	49,693	2,079,942	2,046,358	(33,584)	3.38	0.0001
OIL & GAS PRODUCERS										
Pakistan Oil Fields Limited	12,000	-	-	3,406	8,594	1,391,486	2,793,823	1,402,337	4.62	0.0000
Pakistan Petroleum Limited	10,076	1,833	1,838	886	12,861	1,859,657	2,718,944	859,287	4.49	0.0000
Pakistan State Oil Co. Ltd	-	4,500	-	-	4,500	1,257,610	1,248,795	(8,815)	2.06	0.0000
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited 'A'	100,000	-	-	-	100,000	1,547,560	1,700,000	152,440	2.81	0.0000
CHEMICALS										
I C I Pakistan Limited	20,500	-	-	3,040	17,460	2,041,844	2,884,043	842,199	4.77	0.0001
Engro Chemical Pakistan Limited	5,500	13,091	2,618	5,500	15,709	2,451,837	3,232,598	780,761	5.34	0.0000
Fauji Fertilizer Bin Qasim Limited	100,200	-	-	65,841	34,359	1,098,987	1,423,150	324,163	2.35	0.0000
Fauji Fertilizer Company Limited	11,325	-	2,831	-	14,156	1,006,283	1,951,829	945,546	3.23	0.0000
Sitara Chemical Industries Limited	18,933	-	750	3,916	15,767	2,375,107	1,687,227	(687,880)	2.79	0.0007
Lotte Pakistan PTA	-	126,520	-	42,187	84,333	720,297	1,361,135	640,838	2.25	0.0001
FORESTRY AND PAPERS										
Century Paper & Bond Mills Limited	152,815	-	-	54,645	98,170	1,725,067	1,611,951	(113,116)	2.66	0.0014
PHARMA AND BIO TECH										
Searl Pakistan Limited	42,000	16,840	-	23,840	35,000	1,995,000	2,240,000	245,000	3.70	0.0011
Total for equity sub fund										
						43,079,820	55,626,283	12,555,276	87.03	
----- Total -----										
Unaudited Audited										
March 31, 2010 June 30, 2010										
----- Rupees -----										
Market value						<u>55,626,283</u>	<u>56,462,457</u>			

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

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

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UNAUDITED) AS AT MARH 31, 2011

Page 1 of 2

AVAILABLE- FOR- SALE' INVESTMENTS

Name of Investment	Face value				Balance as at March 31, 2011			Market value as a % of net assets of the sub-fund
	As at July 01, 2010	Purchases during the period	Sales / maturities during the period	As at December 31, 2010	Book value	Market value	Appreciation/ (Diminution)	
----- Rupees -----								
PPF DEBT SUB-FUND								
Pakistan Investment Bonds	40,000,000	-	-	40,000,000	39,643,790	37,590,957	(2,052,833)	47.85
Treasury bills	2,500,000	76,300,000	51,100,000	27,700,000	27,153,235	27,151,356	(1,879)	34.56
	42,500,000	76,300,000	51,100,000	67,700,000	66,797,025	64,742,313	(2,054,712)	82.42
PPF MONEY MARKET SUB-FUND								
Treasury bills	46,000,000	196,300,000	178,300,000	64,000,000	63,275,241	63,273,294	(1,947)	98.92
	46,000,000	196,300,000	178,300,000	64,000,000	63,275,241	63,273,294	(1,947)	98.92
Total					130,072,265	128,015,607	(2,056,658)	
					----- Total -----			
					Un-audited	Audited		
					March 31, 2011	June 30, 2010		
					----- Rupees -----			
Market value					<u>128,015,607</u>	<u>85,486,709</u>		

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UNAUDITED) AS AT MARH 31, 2011

Page 2 of 2

AVAILABLE -FOR- SALE'

Name of the Investee Company	Issue date	Number of certificates				Balance as at March 31, 2011			Market value as a % of net assets of the sub-fund	Market value as a % of Total investments	Percentage in relation to the size of the issue
		As at July 01, 2010	Purchases during the period	Sales / matured during the period	As at March 31, 2011	Cost	Market value	Appreciation/ (diminution)			
PPF DEBT SUB-FUND											
Term finance certificates											
Bank Alfalah Limited - TFC IV (Floating)	2-Dec-09	500	-	-	500	2,500,249	2,533,987	33,738	3.23	3.36	0.05
Engro Fertilizer Limited - TFC PRP-1	18-Mar-08	800	-	-	800	3,462,000	3,719,821	257,821	4.74	4.93	0.10
Pakistan Mobile Communication Limited - TFC II	1-Oct-07	1,000	-	1,000	-	-	-	-	-	-	-
Askari Commercial Bank Limited TFC	4-Feb-05	175	-	-	175	862,425	862,149	(276)	1.10	1.14	0.06
Bank Al Habib Limited TFC III	15-Jun-09	800	-	800	-	-	-	-	-	-	-
		3,275	-	1,800	1,475	6,824,674	7,115,957	291,283	9.06	9.43	
Sukuk bonds											
House Building Finance Corporation	8-May-08	600	-	-	600	1,890,000	2,041,313	151,313	2.60	2.70	0.14
Pak Electron Limited	28-Sep-07	750	-	-	750	1,378,937	1,595,687	216,750	2.03	2.11	0.16
		1,350	-	-	1,350	3,268,937	3,637,000	368,063	4.63	4.82	
		4,625	-	1,800	2,825	10,093,611	10,752,957	659,346	13.69	14.24	
									-----Total-----		
									Unaudited	Audited	
									March 31,	June 30, 2010	
									2011		
									-----Rupees-----		
Market Value									10,752,957	18,077,312	

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

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

Chief Executive

Director

CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Page 1 of 2

Contributions net of front end fee	Nine months ended March 31, 2011						Total	Nine Months Ended March 31, 2010
	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund			
	Units	Rupees	Units	Rupees	Units	Rupees		
Opening balance	739,165	61,529,289	552,919	57,956,467	373,418	38,717,274	158,203,030	131,661,380
Individuals- issue of unit	84,945	7,997,061	140,020	17,464,130	126,552	16,485,315	41,946,506	12,859,581
redemption of units	(248,645)	(21,198,272)	(91,301)	(11,465,639)	(33,700)	(4,561,177)	(37,225,088)	(3,459,004)
Closing balance	575,465	48,328,078	601,638	63,954,958	466,270	50,641,412	162,924,448	141,061,957

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

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

Chief Executive

Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

Page 2 of 2

Contributions net of front end fee	Quarter ended March 31, 2011						Total	Quarter Ended March 31, 2010	
	PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund				Rupees
	Units	Rupees	Units	Rupees	Units	Rupees			
Opening balance	556,082	46,392,591	605,116	64,430,980	483,146	52,957,179	163,780,750	136,704,073	
Individuals- issue of unit	35,964	3,620,861	31,053	3,978,223	10,181	1,379,399	8,978,483	7,348,741	
redemption of units	(16,581)	(1,685,374)	(34,531)	(4,454,245)	(27,057)	(3,695,166)	(9,834,785)	(2,990,857)	
	19,383	1,935,487	(3,478)	(476,022)	(16,876)	(2,315,767)	(856,302)	4,357,884	
Closing balance	575,465	48,328,078	601,638	63,954,958	466,270	50,641,412	162,924,448	141,061,957	

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

Page 1 of 2

Nine Months ended March 31, 2011

	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
	-----Number of units-----		
Units outstanding at the beginning of the period	739,165	552,919	373,418
Add: Units issued during the period	84,945	140,020	126,552
Less: Units redeemed during the period	(248,645)	(91,301)	(33,700)
Units in issue at the end of the period	575,465	601,638	466,270

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

Page 2 of 2

	Quarter ended March 31, 2011		
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
	-----Number of units-----		
Units outstanding at the beginning of the period	556,082	605,116	483,146
Add: Units issued during the period	35,964	31,053	10,181
Less: Units redeemed during the period	(16,581)	(34,531)	(27,057)
Units in issue at the end of the period	575,465	601,638	466,270

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

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

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan Pension Fund (PPF) was established under a Trust Deed executed between Arif Habib Investments Limited - AHI as Pension Fund Manager and MCB Financial Services Limited 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). PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any Sub-Fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.

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 Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan.

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

2. STATEMENT OF COMPLIANCE

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

Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence. The disclosures made in this condensed interim financial 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.

2.2 This condensed interim financial report comprise of the condensed interim statement of assets and liabilities as at March 31, 2011 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investment by category, condensed interim statement of investment portfolio, condensed interim statement of other investment, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the nine months ended March 31, 2011.

2.3 These condensed interim financial information are unaudited and should be read in conjunction with the financial statement of the Fund for the year ended June 30, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2010.

4. RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2010.

------(Un-audited)-----				(Audited)
As at March 31, 2011				As at June 30, 2010
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

----- Rupees -----

5. DEPOSITS AND OTHER RECEIVABLES

Security deposit - CDC	200,000	200,000	200,000	600,000	600,000
Receivable against sale of investments	-	-	-	-	1,942,502
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>600,000</u>	<u>2,542,502</u>

------(Un-audited)-----				(Audited)
As at March 31, 2011				As at June 30, 2010
PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	

6. ACCRUED AND OTHER LIABILITIES

----- Rupees -----					
Payable against purchase of investments	-	-	-	-	3,872,056
Professional charges	37,491	46,688	38,370	122,549	65,172
Federal excise duty	-	-	-	-	1,664
Others	57	-	-	57	10,432
	<u>37,548</u>	<u>46,688</u>	<u>38,370</u>	<u>122,606</u>	<u>3,949,324</u>

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

Market value of investments	55,626,283	75,495,270	63,273,294	194,394,847	160,026,478
Less: Cost less impairment	(43,079,820)	(76,890,636)	(63,275,241)	(183,245,696)	(157,625,130)
	<u>12,546,463</u>	<u>(1,395,366)</u>	<u>(1,947)</u>	<u>11,149,151</u>	<u>2,401,348</u>
Impairment loss on investments classified as 'available-for-sale'	593,272	-	-	593,272	2,148,395
Reclassification of impairment on sale of impaired securities	(4,683,872)	-	-	(4,683,872)	(4,854,379)
	<u>(4,090,600)</u>	<u>-</u>	<u>-</u>	<u>(4,090,600)</u>	<u>(2,705,984)</u>
	<u>8,455,863</u>	<u>(1,395,366)</u>	<u>(1,947)</u>	<u>7,058,551</u>	<u>(304,636)</u>
Net unrealised (appreciation) /diminution in fair value of investments at the beginning of the period	937,517	(1,225,774)	(16,379)	(304,636)	2,086,927
	<u>7,518,346</u>	<u>(169,592)</u>	<u>14,432</u>	<u>7,363,186</u>	<u>1,782,291</u>

7.1 As at March 31, 2011, the management has carried out a scrip wise analysis of impairment in respect of equity securities classified as available for sale and has determined that an impairment loss amounting to Rs 593,272 for the nine months ended March 31, 2011 be charged to the condensed interim income statement.

8. CONTINGENCY

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the WWF. The honorable court has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response a petition has been filed with the SHC by some of Mutual Funds through their Trustees along with few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated July 15, 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income of Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry filed its response contesting the said petition. SHC has concluded its hearing and judgement has been reserved.

Based on the advice of the legal counsel handling the case, the Management Company is of the view that WWF is not applicable to the Funds due to the clarification issued by the Ministry which creates vested right, hence provision has not been made in respect of WWF, which if liable, would amount to Re 0.59, Re 0.47 and Re 0.51 per unit for the equity, debt and money market sub-fund respectively.

9. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited (AHI) being the Pension Fund Manager and Arif Habib Corporation (formerly: Arif Habib Securities Limited) being the holding company of AHI, Arif Habib Limited, Thatta Cement Limited being companies under common control. Summit Bank Limited (formerly :Arif Habib Bank Limited) and Pak Arab Fertilizer being companies under common directorship and MCB Financial Services Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manger as Management Company and directors and executives of the Pension Fund Manager.

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

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

9.1 Transactions during the period

	----- (Un Audited) -----				Nine months ended March 31, 2010
	Nine months ended March 31, 2011				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Pension Fund Manager					
Remuneration	634,102	830,542	674,391	2,139,035	1,627,887
Sales load	10,283	9,515	1,471	21,269	12,510
Summit Bank Limited (formerly: Arif Habib Bank Ltd)					
Mark-up received during the period	321,190	70,053	28,078	419,321	688,323
MCB Financial Services Limited -Trustee					
Trustee fee	82,538	108,099	87,769	278,406	213,707
Directors and officers					
Issue of 55,055 units (2010: 92,542 units)	5,139,035	-	-	5,139,035	7,334,169
Issue of 112,781 units (2010: 43,719 units)	-	14,009,431	-	14,009,431	4,973,514
Issue of 121,111 units (2010: 14,340 units)	-	-	15,758,214	15,758,214	1,714,431
Redemption of 222,096 units (2010: 11,743 units)	18,655,816	-	-	18,655,816	973,103
Redemption of 63,215 (2010: 10,972 units)	-	7,927,470	-	7,927,470	1,269,079
Redemption of 24,785 units (2010: 3,382 units)	-	-	3,369,227	3,369,227	412,327

	------(Un Audited)-----				Quarter ended March 31, 2010
	Quarter ended March 31, 2011				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	
	----- Rupees -----				
Pension Fund Manager					
Remuneration	215,095	288,608	242,060	745,763	568,701
Sales load	2,406	3,616	796	6,818	4,229
Summit Bank Limited (formerly: Arif Habib Bank Ltd)					
Mark-up received during the period	76,453	18,458	9,554	104,465	191,222
MCB Financial Services Limited -Trustee					
Trustee fee	27,944	37,494	31,447	96,885	74,502
Directors and officers					
Issue of 17,274 units (2010: 40,256 units)	1,749,121	-	-	1,749,121	3,393,115
Issue of 13,113 units (2010: 14,997 units)	-	1,682,109	-	1,682,109	1,745,568
Issue of 6,714 units (2010: 3,582 units)	-	-	910,791	910,791	441,173
Redemption of 3,493 units (2010: 11,259 units)	354,522	-	-	354,522	941,347
Redemption of 19,524 units (2010: 10,275 units)	-	2,529,517	-	2,529,517	1,190,442
Redemption of 21,081 units (2010: 3,005 units)	-	-	2,883,682	2,883,682	367,707

9.2 Amounts outstanding as at the period end

	------(Un Audited)-----				(Audited)
	As at March 31, 2011				
	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund	Total	June 30, 2010
	----- Rupees -----				
Pension Fund Manager					
Remuneration payable	74,643	100,606	83,805	259,054	206,058
Investment of 300,000 units as seed capital (2010: 300,000)	31,548,000	39,168,000	41,154,000	111,870,000	99,441,000
Summit Bank Limited (formerly: Arif Habib Bank Ltd)					
Bank Balances	4,116,289	1,409,479	244,839	5,770,607	15,119,151
Mark-up receivable	38,323	21,550	10,915	70,788	53,067
MCB Financial Services Limited -Trustee					
Trustee fee payable	9,692	13,062	10,881	33,635	26,923
Directors and Officers					
Investment -127,561 units (2010: 294,602 units)	13,414,313	-	-	13,414,313	24,316,457
Investment -139,614 units (2010: 90,048 units)	-	18,228,004	-	18,228,004	10,957,049
Investment -114,231 units (2010: 17,903 units)	-	-	15,670,209	15,670,209	2,278,217

10. EARNINGS PER UNIT

Earnings per unit (EPU) for the half year and quarter ended March 31, 2011 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the period, which are given below:

PPF Equity Sub-Fund	PPF		
	Debt Sub-Fund	Money Market Sub-Fund	
Net income after taxation	8,071,139	6,712,473	7,144,548
Weighted average number of units	595,185	586,726	446,168
Earnings per unit	13.56	11.44	16.01
Quarter ended March 31, 2011			
Net income after taxation	777,089	1,854,813	1,130,323
Weighted average number of units	537,775	602,316	467,387
Earnings per unit	1.45	3.08	2.42

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

12. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The mark-up and principal redemption of PEL issue dated 28.09.2007 amounting to Rs. 70,182 and Rs 267,855 respectively was due on 28.03.2011. The issuer after the due date has issued a cheque against mark-up. Which was cleared on 15.04.2011. However, the due principal is still outstanding.

In accordance with the provisioning policy approved by the Board, a provision was made against the principal amount due amounting to Rs 267,855. Further accrual of mark-up was also suspended.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed financial information were authorised for issue on April 23, 2011 by the Board of Directors of the Pension Fund Manager.

14. GENERAL

Figures have been rounded off to the nearest Rupees.

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

Chief Executive

Director
PAKISTAN PENSION FUND
Managed by: ARIF HABIB INVESTMENTS LIMITED

Asset Manager Rating
'AM2' Positive Outlook (by PACRA)



HEAD OFFICE:

Arif Habib Centre, 23 M.T. Khan Road,
Karachi-74000, Pakistan.

Tel: (+92-21) 111-468-378 (111-INVEST)

Fax: (+92-21) 32470351, 32470337

E-mail: marketing@arifhabib.com.pk

Website: www.arifhabib.com.pk