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COMPANY'S INFORMATION

Board of Directors

Mr. Amanullah Suleman	Chairman
Mr. Shamsuddin Khan	Chief Executive
Mr. Muhammad Iqbal	Director
Mr. Muhammad Khubaib	Director
Mr. Zeeshan	Director
Mr. Shahid Karim Siddiqui	Director
Mr. Tahir Iqbal	Director
Mr. Sikander Bakht Ansari	Director (Subject to the approval of SECP)

Audit Committee

Mr. Muhammad Khubaib	Chairman
Mr. Amanullah Suleman	Member
Mr. Muhammad Iqbal	Member

Company Secretary & CFO

Mr. Zeeshan

Management Company

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

Custodian

Deutsche Bank AG,
Karachi Branch,
242 & 243, Avari Plaza,
Fatima Jinnah Road, P.O. Box 4925, Karachi

Bankers of the Fund

- Allied Bank Limited
- Bank Al Habib Limited
- Deutsche Bank AG, Karachi Branch
- Faysal Bank Limited
- Habib Metropolitan Bank Limited
- MCB Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- Summit Bank Limited
- The Bank of Punjab

Auditors

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

Legal Advisor

Tasawar Ali Hashmi
Adocate
1011/1012 Chapal Plaza
Hasrat Mohani Road
Karachi

Registered Office

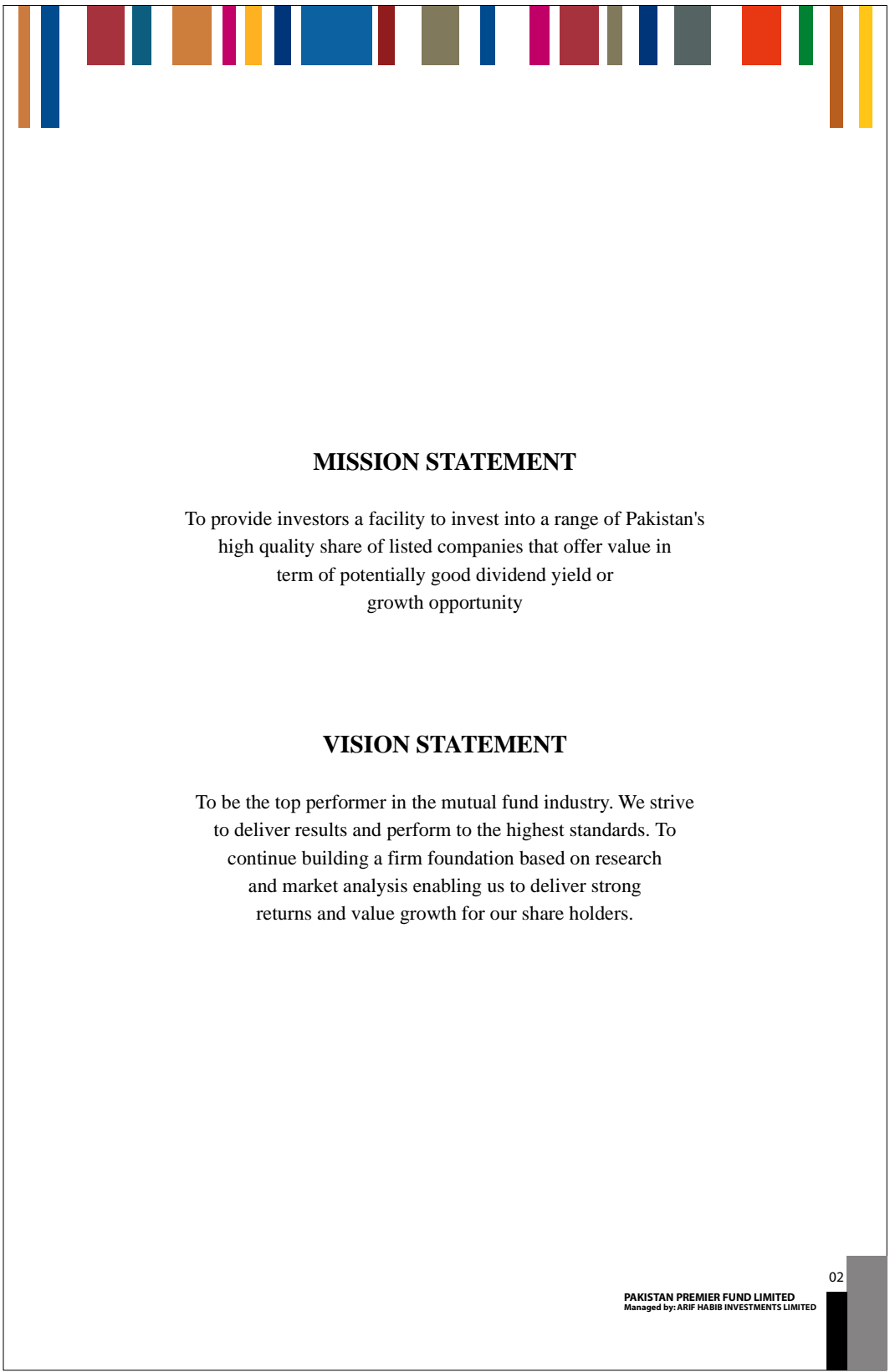
Arif Habib Centre
23, M.T. Khan Road
Karachi – 74000, Pakistan

Registrar and Share Transfer Office

M/s. THK Associates (Private) Limited
Ground Floor
State Life Building No. 3
Dr. Zia-uddin Ahmed Road, Karachi.

Rating

PACRA: 4 Star (Normal)
PACRA: 4 Star (Long Term)
PACRA: AM2 – Management Company
(Positive Outlook) – Management quality rating assigned to the Management Company



MISSION STATEMENT

To provide investors a facility to invest into a range of Pakistan's high quality share of listed companies that offer value in term of potentially good dividend yield or growth opportunity

VISION STATEMENT

To be the top performer in the mutual fund industry. We strive to deliver results and perform to the highest standards. To continue building a firm foundation based on research and market analysis enabling us to deliver strong returns and value growth for our share holders.



REPORT OF THE DIRECTORS FOR THE PERIOD FROM JULY 01, 2010 TO DECEMBER 22, 2010

The Board of Directors of Pakistan Premier Fund Limited (PPFL) is pleased to presents its report together with the Condensed Interim Financial Statements for the period from July 01, 2010 to December 22, 2010.

Conversion of the Fund into an open end scheme

The board of directors in their meeting held on June 17, 2010 passed a resolution that the Company be converted into an Open End Scheme as per the terms and conditions of the Scheme of Arrangement, subject to all regulatory approval and compliances.

In this regard, the Company convened a general meeting of the shareholders of the company on September 25, 2010 to seek the approval of shareholders (through Special Resolution) for the conversion of the Company.

Shareholders unanimously resolved and approved the Scheme of Arrangement providing for the conversion of the Company into an Open End Scheme. Subsequently, Securities and Exchange Commission of Pakistan has also conveyed its "no-objection" to the conversion subject to the conditions mentioned in Note 2 of condensed interim financial information.

Each shareholder whose name appeared in the Register of Member of the Company on December 22, 2010 the effective date of conversion, was issued one unit of the Open End Scheme at par value of Rs 10 with no front end load and upon issuance of the units of the Open End Scheme, the share certificates of the Company were cancelled.

Company Objective

The objective of the Company was to provide investors long term capital appreciation from investments primarily in equities.

Profile

PPFL was a closed end equity fund. The Company took long term value investing approach and the portfolio was diversified across all major sectors with stocks having long term positive fundamentals.

Income Distribution

During the current year, the Fund distributed cash dividend for the period from July 1, 2010 to December 21, 2010 at Re 0.30 per share (3% of face value) amounting to Rs 50.94 million.

Explanation with regards to Emphasis of Matter Paragraph and Qualification included in the Auditor's Report

Explanation with regard to Emphasis of Matter Paragraph is provided in note 3.1.2 and for Qualification in note 3.1.1 and 6 of Financial Statements.

Acknowledgement

The Board is thankful to the company's valued shareholders, Securities and Exchange Commission of Pakistan, the custodian and banker to the Company - Deutsche Bank AG and the managements of Karachi, Lahore and Islamabad stock exchanges for their continued cooperation and support. The Directors also appreciate the efforts put in by the Management Company.

For and on behalf of the Board

February 26, 2011
Karachi

Shamsuddin Khan
Chief Executive

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the accompanying financial statements of **Pakistan Premier Fund Limited**, which comprise the statement of assets and liabilities as at December 22, 2010, and the income statement, distribution statement, cash flow statement, statement of changes in equity and reserves, statement of changes in equity and reserves 'per share' and other explanatory notes forming part thereof (here-in-after referred to as the 'financial statements'), for the period from July 1, 2010 to December 22, 2010. The figures of the income statement, distribution statement, cash flow statement, statement of changes in equity and reserves, statement of changes in equity and reserves-'per share' and other explanatory notes forming part thereof for the period from July 1, 2009 to December 22, 2009 have not been audited as we were required to audit only the figures for the period from July 1, 2010 to December 22, 2010.

Management's responsibility for the financial statements

The Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.


Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

- 1) As more fully explained in note 3.1.1, we report that the accompanying financial statements have been prepared in a condensed format and do not include all information required to be disclosed by approved accounting standards as applicable in Pakistan to present the financial position and results of the company.
- 2) The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High



Court of Sindh (the Court) challenging the applicability of WWF to the CISs, which is pending adjudication. However, no provision in respect of Workers Welfare Fund (WWF) has been made by the management for the reasons explained in note 6 to the financial statements. Had the management recognised this provision, the liability towards WWF at December 22, 2010 would have amounted to Rs 10.234 million (including Rs 7.143 million for the year ended June 30, 2010) and accordingly the net assets transferred to Pakistan Premier Fund would have been lower by Rs 10.234 million.

Qualified Opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements give a true and fair view of the state of the company's affairs as at December 22, 2010 and of its financial performance, cash flows and transactions for the period from July 1, 2010 to December 22, 2010 in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of matter paragraph

Without qualifying our opinion we draw attention to note 3.1.2 to the annexed financial statements which interalia states that the annexed financial statements have not been prepared on a going concern basis as the company has transferred all its assets and liabilities to Pakistan Premier Fund on the effective date, i.e December 22, 2010.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: February 26, 2011

Karachi

**STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 22, 2010**

	Note	December 22, 2010	June 30, 2010
(Rupees in '000)			
ASSETS			
Bank balances		-	31,683
Receivable against sale of investments		-	80,684
Investments	4	-	1,644,808
Dividend and profit receivable		-	1,870
Deposits and prepayments		-	2,650
Advance tax		-	2,655
Total Assets		-	1,764,350
LIABILITIES			
Payable to the Management Company		-	2,916
Payable to Securities and Exchange Commission of Pakistan		-	1,667
Unclaimed dividend		-	8,510
Accrued expenses and other liabilities		-	1,452
Total Liabilities		-	14,545
NET ASSETS		-	1,749,805
SHARE HOLDER'S EQUITY			
Share capital	5	-	1,698,047
Undistributed income		-	51,758
		-	1,749,805
(Rupees)			
NET ASSET VALUE PER SHARE		-	10.30
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 12 form an integral part of these financial statements.

Chief Executive

Director

**INCOME STATEMENT
FOR THE PERIOD FROM JULY 1, 2010 TO DECEMBER 22, 2010**

		(Unaudited) For the period from July 1, 2010 to December 22, 2010	For the period from July 1, 2009 to December 22, 2009
	Note	----- Rupees in '000-----	
Income			
Capital gain on sale of investments - net		78,793	145,186
Gain on transfer of investments to Pakistan Premier Fund - net	9.2	31,491	-
Dividend income		29,777	44,758
Income from reverse repurchase transactions		-	666
Income from investments in government securities		37,861	2,032
Income from term finance certificates		-	77
Income from placements with financial institutions		755	2,543
Profit on bank deposits		3,116	5,826
Total Income		<u>181,793</u>	<u>201,088</u>
Unrealised appreciation in value of investments at 'fair value through profit or loss' - net		<u>-</u>	<u>208,212</u>
		181,793	409,300
Operating expenses			
Remuneration of Management Company		15,447	16,256
Custodian Fee		476	873
Annual fee - Securities and Exchange Commission of Pakistan		734	772
Securities transaction cost		2,394	2,347
Conversion cost		5,680	-
Fees and subscription		567	296
Legal and other charges		134	109
Auditors' remuneration		657	179
Director's fee		140	45
Printing charges		844	286
Bank charges		169	89
Total operating expenses		<u>27,242</u>	<u>21,252</u>
Net income before taxation		<u>154,551</u>	<u>388,048</u>
Taxation	7	-	-
Net income after taxation		<u>154,551</u>	<u>388,048</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>154,551</u></u>	<u><u>388,048</u></u>
		----- Rupees -----	
Earnings per share	8	<u>0.91</u>	<u>2.29</u>

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

Chief Executive

Director

**DISTRIBUTION STATEMENT
FOR THE PERIOD FROM JULY 1, 2010 TO DECEMBER 22, 2010**

		(Unaudited)
	For the period from July 1, 2010 to December 22, 2010	For the period from July 1, 2009 to December 22, 2009
Note	2010	2009
	----- Rupees in '000-----	
Undistributed income / (accumulated loss) brought forward		
- Realised gain	109,568	99,828
- Unrealised gain / (loss)	(57,810)	(405,239)
	<u>51,758</u>	<u>(305,411)</u>
Final cash dividend for the year ended June 30, 2010 at the rate of Rs 1.86 per share (2009:Nil) announced on August 5, 2010	(315,837)	-
Cash dividend for the period from July 1, 2010 to December 21, 2010 at the rate of Re 0.30 per share (2009:Nil) announced on December 21, 2010	(50,942)	-
Net income for the period	154,551	388,048
Accumulated loss transferred to Pakistan Premier Fund	160,470	-
Undistributed income / (accumulated loss) carried forward	<u>-</u>	<u>82,637</u>
- Realised gain	-	(2,262)
- Unrealised gain / (loss)	-	84,899
	<u>-</u>	<u>82,637</u>

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

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE PERIOD FROM JULY 1, 2010 TO DECEMBER 22, 2010**

		(Unaudited)
	For the period from July 1, 2010 to December 22, 2010	For the period from July 1, 2009 to December 22, 2009
Note	2010	2009
	----- Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	154,551	388,048
Adjustments for non-cash items:		
Unrealised appreciation in value of investments at 'fair value through profit or loss' - net	-	(278,720)
Dividend income	(29,777)	(44,758)
	<u>124,774</u>	<u>64,570</u>
(Increase) / Decrease in assets		
Receivable against reverse repurchase transactions	-	-
Receivable against sale of investments	80,684	2,025
Investments	587,388	35,119
Placements with financial institutions	-	(100,000)
Deposits and prepayments	(185)	(7,149)
Profit receivable	23	(1,187)
Advance tax	-	-
	<u>667,910</u>	<u>(71,192)</u>
(Decrease) / increase in liabilities		
Conversion cost payable	5,680	-
Payable against purchase of investments	-	-
Payable to Arif Habib Investments Limited - Management Company	(1,098)	(190)
Payable to Securities and Exchange Commission of Pakistan	(933)	(628)
Accrued expenses and other liabilities	1,007	45
	<u>4,656</u>	<u>(773)</u>
	<u>797,340</u>	<u>(7,395)</u>
Dividend received	29,269	46,419
	<u>826,609</u>	<u>39,024</u>
Net cash generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(311,702)	(35)
Bank balances transferred to Pakistan Premier Fund	9 (546,590)	-
	<u>(31,683)</u>	<u>38,989</u>
Net increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	31,683	83,681
	<u>-</u>	<u>122,670</u>
Cash and cash equivalents at the end of the period		

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

Chief Executive

Director

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PAKISTAN PREMIER FUND LIMITED
Managed by: ARIF HABIB INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY AND RESERVES
FOR THE PERIOD FROM JULY 1, 2010 TO DECEMBER 22, 2010**

	Issued subscribed and paid up capital	Undistribute d income / (Accumulate d loss)	Total
Note	-----	(Rupees in '000) ----- (Unaudited)	-----
Balance as at July 1, 2009	1,698,047	(305,411)	1,392,636
Capital gain on sale of investments - net	-	145,186	145,186
Unrealised appreciation in value of investments at fair value through profit or loss - net	-	208,212	208,212
Other net operating income for the period from July 1, 2009 to December 22, 2009	-	34,650	34,650
Net income for the for the period from July 1, 2009 to December 22, 2009	-	388,048	388,048
Balance as at December 22, 2009	<u>1,698,047</u>	<u>82,637</u>	<u>1,780,684</u>
Balance as at July 1, 2010	1,698,047	51,758	1,749,805
Final distribution for the year ended June 30, 2010 - Cash dividend at 18.6% i.e Rs 1.86 per share	-	(315,837)	(315,837)
Interim distribution for the period from July 1, 2010 to December 21, 2010 - Cash dividend at 3% i.e Re 0.30 per share	-	(50,942)	(50,942)
Capital gain on sale of investments - net	-	78,793	78,793
Capital gain on transfer of investments to PPF - net	9.2	31,491	31,491
Other net operating income for the period from July 1, 2010 to December 22, 2010	-	44,267	44,267
Net income for the period from July 1, 2010 to December 22, 2010	-	154,551	154,551
Cancellation of shares against issuance of PPF units	5	(1,698,047)	(1,698,047)
Accumulated loss transferred to Pakistan Premier Fund	-	160,470	160,470
Balance as at December 22, 2010	<u>-</u>	<u>-</u>	<u>-</u>

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

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY AND RESERVES 'PER SHARE
FOR THE PERIOD FROM JULY 1, 2010 TO DECEMBER 22, 2010**

	(Unaudited)	
	For the	For the
	period from	period from
	July 1, 2010	July 1, 2009
	to December	to December
Note	22, 2010	22, 2009
	----- Rupees in '000-----	
Net assets per share as at July 1	10.30	8.20
Final cash dividend for the year ended June 30, 2010 at the rate of Rs 1.86 per share (2009:Nil)	(1.86)	-
Cash dividend for the period from July 1, 2010 to December 21, 2010 at the rate of Re 0.30 per share (2009:Nil)	(0.30)	-
Capital gain on sale of investments - net	0.46	0.86
Capital gain on transfer of investments - net	0.19	-
Unrealised appreciation / (diminution) in value of investments at 'fair value through profit or loss' - net	-	1.23
Other net income for the period	0.26	0.20
Total net income for the period	0.91	2.29
Net assets transferred to Pakistan Premier Fund	9.1 (9.05)	-
Net assets per share as at December 31	<u>-</u>	<u>10.49</u>

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

Chief Executive

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JULY 1, 2010 TO DECEMBER 22, 2010

1 LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Premier Fund Limited (the Company) is a public limited company incorporated on December 11, 1994 under the Companies Ordinance, 1984. The Company commenced its business on July 11, 1995 and was listed on all the three Stock Exchanges in Pakistan up till December 22, 2010. The registered office of the Management Company is situated at Arif Habib Centre, 23 M.T.Khan Road, Karachi, Pakistan. The Company is registered as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Management Company (Arif Habib Investments Limited) has been licensed to act as an Asset Management Company under the NBFC Rules, through a certificate of registration issued by the SECP.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (positive outlook) to the Management Company. Prior to the conversion of the Investment Company (Closed End Fund) as explained in note 2, the Company was assigned the rating of '4 Star Long term and 4 Star Short term Normal' by PACRA.

The Company primarily invested in shares of listed companies, government securities and short term placements.

Pakistan Premier Fund Limited and Deutsche Bank A.G. had entered into Custodial Service Agreement on June 9, 2005 for holding, safe custody and handling of all assets of the Company, including securities and for performance of treasury functions.

The shareholders of the company in their Annual General Meeting held on September 25, 2010 have approved the scheme of arrangement for conversion of the Company into an Open End Scheme, subject to approval of the SECP and fulfilment of all legal and regulatory formalities. The management of the Company decided December 22, 2010 as the effective date for conversion of the Company into an Open End Scheme. Hence, the entire undertaking of Pakistan Premier Fund Limited has been transferred to Pakistan Premier Fund (an Open End Scheme) on December 22, 2010 as detailed in note 2 to these financial statements.

2 CONVERSION OF THE COMPANY INTO AN OPEN END SCHEME

The Board of Directors in their meeting held on June 17, 2010 passed a resolution that the Company be converted into an Open End Scheme with the approval of the shareholders by a Special Resolution, subject to the permission of the SECP, after fulfilling all legal and regulatory requirements. The key features of the scheme of arrangement are as follows:

Objective of the scheme

The object of the scheme is to convert Pakistan Premier Fund Limited from a closed end fund to a open end scheme by:

- constitution of an open end scheme under the NBFC Rules and NBFC Regulations by the Management Company which shall also be the management company of the Open End Scheme;
- the transfer to and vesting in the Open End Scheme through its Trustee the whole of Pakistan Premier Fund Limited Undertaking;

- the issue of Units of the Open End Scheme to the registered shareholders of Pakistan Premier Fund Limited based on the swap ratio of 1:1 i.e. for each fully paid-up share of the par value of Rs 10 of Pakistan Premier Fund Limited, each shareholder whose name is entered in the Register of Members of Pakistan Premier Fund Limited on the effective date to be announced by the Board shall be issued one unit of the Open End Scheme of the par value of Rs 10 with no Front-end Load, regardless of the net asset value of Pakistan Premier Fund Limited and upon issuance of the Units of the Open End Scheme, the shares of Pakistan Premier Fund Limited and the corresponding share certificates shall be deemed to be cancelled and of no effect.
- getting the name of Pakistan Premier Fund Limited struck off from the Register of Companies maintained by the Registrar of Companies under Section 439 of the Ordinance or by automatic dissolution of Pakistan Premier Fund Limited without winding up or by winding up Pakistan Premier Fund Limited voluntarily as and how the SECP may permit or direct.

Pakistan Premier Fund Limited undertaking as mentioned in the scheme of arrangement means "the operations, affairs, properties, assets, liabilities, receivables, contracts, etc. of Pakistan Premier Fund Limited".

Transformation

On and from the effective date:

- The Pakistan Premier Fund Limited Undertaking as defined above, shall become part of the Open End Scheme. The Open End Scheme shall have the right through its Trustee to inter alia, perform all contracts, recover, realize and enforce all respective debts and receivables, pay debts and liabilities and perform all obligations of Pakistan Premier Fund Limited.
- All suits, appeals, petitions, applications, execution applications and other legal proceedings of whatsoever nature, pending (if any) in any court or tribunal of up to the highest jurisdiction by or against Pakistan Premier Fund Limited shall be continued to be defended, pursued, prosecuted, enforced, etc., as the case may be, by the Trustee of the Open End Scheme in the same manner and to the same extent as that would or might have been defended, prosecuted and enforced by or against Pakistan Premier Fund Limited, which shall not be abated or discontinued or in any manner prejudiced or be affected adversely by the provisions of this Scheme.
- All refunds, credits or payments, receivables on account of taxes, including income tax, for and in respect of Pakistan Premier Fund Limited shall stand transferred to and be vested in the Open End Scheme.
- Capital reserves, revenue reserves and unappropriated profits in the books of Pakistan Premier Fund Limited shall constitute capital reserves, revenue reserves and unappropriated profits of the Open End Scheme and shall stand transferred to and be vested in the Open End Scheme
- All securities held by Pakistan Premier Fund Limited for payment or discharge of any debts or liabilities shall be transferred to and vest in the Open End Scheme and shall continue to subsist and remain in full force and effect.
- The custody of all securities, investments, documents, records, and other properties held by Pakistan Premier Fund Limited shall stand vested in the Trustee of the Open End Scheme on the Effective Date

and the rights and obligations of Pakistan Premier Fund Limited in relation thereto all on that date become rights and obligations of the Open End Scheme managed by the Management Company.

Further, as per the scheme of arrangement all costs of conversion of Pakistan Premier Fund Limited into an Open End Scheme, including preparation, execution and registration of Constitutive Document registration of the Open End Scheme as a Notified Entity, approval of the SECP for publication of the Offering Documents and other such matters shall be charged to the Open End Scheme as conversion costs. The conversion costs shall be reimbursed by the open end scheme to AHI over a period of five years. The Open End scheme may amortize the conversion cost over a period of five years.

The shareholders of the Company in their Annual General Meeting held on September 25, 2010 unanimously approved via Special Resolution the conversion of the Company into an Open End Scheme subject to approval of the SECP and fulfilment of all legal and regulatory formalities.

Subsequently, the Securities and Exchange Commission of Pakistan has also conveyed its "no-objection" to the conversion of Pakistan Premier Fund Limited into an Open End Scheme via letter no. SCD/NBFC/MF-RS/Pakistan Premier Fund Limited/776/2010 dated October 8, 2010 subject to the following conditions:

- Conversion cost shall not be amortised rather it shall be charged to the Fund immediately after approval of the Commission.
- The Asset Management Company (AMC) shall comply with all the relevant laws / by-laws applicable on Investment Company regarding its conversion and subsequent winding up / dissolution and submit a detailed and comprehensive procedure to be followed.
- As the Fund shall be in trust structure, the AMC shall submit constitutive documents for the approval of the Commission and comply with all other relevant regulations before announcement of Book Closure date for the purpose of Effective Date for conversion.
- The AMC shall immediately upon transfer of all the deposited property / assets & liabilities along with allied balances to the trustee, appoint auditors (other than the existing auditors of the Pakistan Premier Fund Limited, custodian of fund and AMC) from amongst the panel of auditors designated as "A" category by the State Bank of Pakistan. The auditors so appointed shall report that all the documents, records, assets, liabilities, allied balances in Pakistan Premier Fund Limited on the Effective Date are accurately and properly transferred to the trustee by the custodian and Pakistan Premier Fund Limited is a defunct Company. The report of the auditor shall be submitted by the AMC to this office within 30 business days from appointment of auditors.

Pakistan Premier Fund has therefore been established under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on November 12, 2010.

On the effective date (i.e. December 22, 2010) all the documents, records, assets, liabilities, allied balances in Pakistan Premier Fund Limited were transferred to the trustee (Central Depository Company of Pakistan) of PPF by the custodian (Deutsche Bank) of Pakistan Premier Fund Limited as per the scheme of arrangement.

Pakistan Premier Fund Limited is now a defunct Company after conversion on the "Effective Date" (December 22, 2010) and thereby holds no assets and liabilities as on the reporting date. The company

will either apply to the Registrar of Companies under section 439 of the Companies Ordinance, 1984 for getting Pakistan Premier Fund Limited's name struck off from the Register of Companies maintained by the Registrar of Companies or by automatic dissolution of Pakistan Premier Fund Limited without winding up or by winding up Pakistan Premier Fund Limited voluntarily as and how the SECP may permit or direct.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements of the company for the year ended June 30, 2010.

3.1 BASIS OF PREPARATION

3.1.1 Statement of compliance

These 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 Companies Ordinance, 1984, the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Regulations or the directives issued by the SECP prevail.

These financial statements have solely been prepared upon the request of the Board of Directors. The disclosures made in these financial statements have been limited. They do not include all of the information required for a full set of financial statements and these financial statements should be read in conjunction with the financial statements of the company for the year ended June 30, 2010. The comparative information of the income statement, distribution statement, cash flow statement, statement of changes in equity and reserves, statement of changes in equity and reserves-'per share' and other explanatory notes forming part thereof for the period from July 1, 2009 to December 22, 2009 are unaudited and have been included to facilitate comparison.

3.1.2 Accounting convention

The Company is a defunct Company and holds on assets and liabilities as on December 22, 2010. Hence the going concern assumption is no longer appropriate.

	Note	December 22, 2010	June 30, 2010
		(Rupees in '000)	
4 INVESTMENTS			
"At fair value through profit or loss"			
- Government Securities	4.1	-	307,098
- Listed Equity Securities	4.2	-	1,337,710
		<u>-</u>	<u>1,644,808</u>

4.1 Government Securities - at 'fair value through profit or loss'

Issue date	Tenor	Face value			Transfer red to PPF as on Dec 22, 2010	As at Decemb er 22, 2010	Balance as at December 22, 2010			Market value as percentage of total investments	Market value as percentage of net assets
		As at July 01, 2010	Purchases during the period	Sales / Matured during the period			Cost	Market value	Appreci ation / (Diminut ion)		
Rupees in '000											
PAKISTAN INVESTMENT BONDS											
September 03, 2009	5 Years	25,000	-	25,000	-	-	-	-	-	-	-
September 03, 2009	3 Years	25,000	-	25,000	-	-	-	-	-	-	-
TREASURY BILLS											
August 27, 2009	12 Months	-	30,000	30,000	-	-	-	-	-	-	-
October 22, 2009	12 Months	-	25,000	25,000	-	-	-	-	-	-	-
March 25, 2010	12 Months	50,000	-	50,000	-	-	-	-	-	-	-
July 29, 2010	12 Months	-	75,000	75,000	-	-	-	-	-	-	-
February 25, 2010	6 Months	-	90,000	90,000	-	-	-	-	-	-	-
April 22, 2010	6 Months	25,000	120,000	145,000	-	-	-	-	-	-	-
June 3, 2010	6 Months	-	50,000	50,000	-	-	-	-	-	-	-
January 14, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-	-
April 08, 2010	3 Months	60,000	-	60,000	-	-	-	-	-	-	-
May 20, 2010	3 Months	70,000	25,000	95,000	-	-	-	-	-	-	-
June 03, 2010	3 Months	25,000	-	25,000	-	-	-	-	-	-	-
June 17, 2010	3 Months	35,000	135,000	170,000	-	-	-	-	-	-	-
July 15, 2010	3 Months	-	250,000	250,000	-	-	-	-	-	-	-
July 29, 2010	3 Months	-	60,000	60,000	-	-	-	-	-	-	-
August 13, 2010	3 Months	-	125,000	125,000	-	-	-	-	-	-	-
August 26, 2010	3 Months	-	155,000	155,000	-	-	-	-	-	-	-
September 09, 2010	3 Months	-	187,500	187,500	-	-	-	-	-	-	-
October 21, 2010	3 Months*	-	110,000	-	110,000	-	-	-	-	-	-
November 4, 2010	3 Months*	-	200,000	-	200,000	-	-	-	-	-	-
November 16, 2010	3 Months*	-	240,000	125,000	115,000	-	-	-	-	-	-
December 2, 2010	3 Months	-	250,000	250,000	-	-	-	-	-	-	-
October 7, 2010	3 Months*	-	20,000	-	20,000	-	-	-	-	-	-
						-	-	-	-	-	-
						-	-	-	-	-	-
						-	-	-	-	-	-

* These securities have been transferred to Pakistan Premier Fund upon conversion as per Scheme of Arrangement.

4.2 Listed Equity Securities – at 'fair value through profit or loss'

Name of the Investee Company	Number of shares						Balance as at December 22, 2010			Market value as percentage of net assets	Paid up value of shares held as a % of total paid up capital of the investee Company
	As at July 1, 2010	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	Transferred to PPF as on Dec 22, 2010	As at December 22, 2010	Cost	Market value	Appreciation / (Diminution)		

SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise
Rupees in '000

OIL & GAS

Pakistan Oilfields Limited*	465,080	-	-	282,600	182,480	-	-	-	-	-	-
Pakistan Petroleum Limited*	835,613	-	96,722	693,001	239,334	-	-	-	-	-	-

CHEMICALS

Engro Corporation Limited*	765,441	-	-	511,224	254,217	-	-	-	-	-	-
Fauji Fertilizer Company*	869,951	-	-	473,108	396,843	-	-	-	-	-	-
I.C.I. Pakistan Limited*	284,000	150,000	-	87,000	347,000	-	-	-	-	-	-

FORESTRY AND PAPER

Century Paper & Board Mills	427,083	-	-	427,083	-	-	-	-	-	-	-
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INDUSTRIAL METALS AND MINING

International Industries Limited	1,206,485	-	126,734	1,333,219	-	-	-	-	-	-	-
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GENERAL INDUSTRIES

Packages Limited*	1,114,117	-	-	526,106	588,011	-	-	-	-	-	-
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INDUSTRIAL TRANSPORTATION

Pakistan International Container Terminal Limited*	539,012	-	-	110,683	428,329	-	-	-	-	-	-
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AUTOMOBILE AND PARTS

Pak Suzuki Motor Company*	638,488	-	-	50,000	588,488	-	-	-	-	-	-
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Name of the Investee Company	Number of shares						Balance as at December 22, 2010				Market value as percentage of net assets	Paid up value of shares held as a % of total paid up capital of the investee Company
	As at July 1, 2010	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	Transferred to PPF as on Dec 22, 2010	As at December 22, 2010	Cost	Market value	Appreciation / (Diminution)			
-----Rupees in '000-----												
FOOD PRODUCERS												
Colony Sugar Mills Limited**	275,773	-	-	275,773	-	-	-	-	-	-	-	-
Nestle Pakistan Limited	19,189	-	-	19,189	-	-	-	-	-	-	-	-
HOUSEHOLD GOODS												
Pakistan Elektron Limited	1,799,860	-	-	1,799,860	-	-	-	-	-	-	-	-
PERSONAL GOODS												
Artistic Denim Limited	100,154	-	-	100,154	-	-	-	-	-	-	-	-
Kohinoor Mills Limited*	547,932	-	-	-	547,932	-	-	-	-	-	-	-
Nishat Mills Limited*	1,369,514	-	-	541,000	828,514	-	-	-	-	-	-	-
TOBACCO												
Lakson Tobacco Company	35,000	-	-	35,000	-	-	-	-	-	-	-	-
Pakistan Tobacco Company	300,017	-	-	300,017	-	-	-	-	-	-	-	-
PHARMA AND BIO TECH												
Searle Pakistan Limited*	1,060,270	-	-	492,364	567,906	-	-	-	-	-	-	-
FIXED LINE TELECOMMUNICATION												
Wateen Telecom Limited	2,000,000	-	-	2,000,000	-	-	-	-	-	-	-	-
ELECTRICITY												
Hub Power Company Limited*	2,226,500	-	-	1,600,250	626,250	-	-	-	-	-	-	-
Kohinoor Energy Limited*	564,499	-	-	34,334	530,165	-	-	-	-	-	-	-
Kot Addu Power Company*	2,833,600	-	-	2,108,167	725,433	-	-	-	-	-	-	-
BANKS												
Allied Bank Limited*	990,306	-	-	180,000	810,306	-	-	-	-	-	-	-
Bank Al-Habib Limited	350,000	-	-	350,000	-	-	-	-	-	-	-	-
Habib Metropolitan Bank *	765,000	-	-	85,008	679,992	-	-	-	-	-	-	-

[illegible]

NON LIFE INSURANCE

IGI Insurance Limited

DELISTED COMPANIES***

Sarhad Ghee Mills Limited

Sunflo Citruss Limited

TOTAL

* These securities have been transferred to Pakistan Premier Fund upon conversion as per Scheme of Arrangement.

* * * These shares were received as specie dividend from Colony Mills Limited.

*** These securities are delisted and are valued at Nil in the books of accounts.
*** These shares were received as special dividend from Colony Mining Limited.

4.3 The above includes shares with a market value aggregating to Nil (June 30, 2010: Rs. 119,480,740) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Company's trades in terms of circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

4.4.4 Net unrealised appreciation in fair value of investments at 'fair value through profit or loss' - net

Market value of investments	-	1,644,808
Less: Cost of investments	-	(1,702,618)
	-	<u>(57,810)</u>

Add: Realised on disposal during the period / year - net

Less: Net unrealised diminution / (appreciation) in value of investments at fair value through profit or loss at the beginning of the period / year

57,810	405,239
-	9,595

5 SHARE CAPITAL

5.1 Authorised capital

December 22, 2010	June 30, 2010		December 22, 2010	June 30, 2010
-----Number of shares-----			-----Rupees in '000'-----	
200,000,000	200,000,000	Ordinary shares of Rs 10 each	2,000,000	2,000,000

5.2 Issued, subscribed and paid-up capital

Issued for cash	Issued as bonus shares	Total		(Rupees '000)
----- (Number of shares) -----				
93,750,000	76,054,687	169,804,687	Share capital as at July 1, 2009	1,698,047
-	-	-	Shares issued during the year	-
93,750,000	76,054,687	169,804,687	Closing balance - June 30, 2010	1,698,047
(93,750,000)	(76,054,687)	(169,804,687)	Shares cancelled during 2010	(1,698,047)
-	-	-	Closing balance - December 22, 2010	-

6 CONTINGENCIES AND COMMITMENTS

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 the 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 honourable 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 the mutual funds through their Trustees alongwith a 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. The legal proceedings in respect of the aforementioned petition are currently in progress.

Based on the advice of the legal council handling the case, the Management Company is of the view that notwithstanding the show cause notices issued to a number of mutual funds, WWF is not applicable to the Funds due to the clarification issued by the Ministry which creates vested right, hence provision of Rs 10.234 million (June 30, 2010: Rs 7.143 million) has not been 2010: Rs 7.143 million) has not been made in respect of WWF.

There were no other contingencies and commitments outstanding as at December 22, 2010.

7 TAXATION

No provision for taxation has been made as the Company is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the shareholders. The Management Company has distributed 90 percent of such income, relating to the period ended December 22, 2010, to its shareholders. Accordingly, no tax liability has been recorded in the current period.

The Company is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	For the period from July 1, 2010 to December 22, 2010	For the period from July 1, 2009 to December 22, 2009
	----- Rupees in '000-----	
8 EARNINGS PER SHARE		
8.1 Basic		
Net income after taxation	154,551	388,048
	----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the period	169,804,687	169,804,687
	----- Rupees -----	
Earnings per share	0.91	2.29

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 22, 2010 and 2009 which would have any effect on the earning / loss per share.

9 NET ASSETS TRANSFERRED TO PAKISTAN PREMIER FUND

The entire PPFL undertaking as on the Effective Date (December 22, 2010) have been transferred to Pakistan Premier Fund (Open End Scheme) by virtue of Article VI of the Scheme of Arrangement for conversion of the Company into an Open End Scheme duly sanctioned by the SECP via letter No. SCD/NBFC/MF-RS/PPFL/776/2010 dated October 8, 2010. Legal title of all the assets were transferred to Pakistan Premier Fund as on the effective date, however due to procedural matters some assets were transferred on subsequent dates.

Details of assets and liabilities transferred on the Effective Date (December 22, 2010) are as follows:

PAKISTAN PREMIER FUND LIMITED

ASSETS

Bank balances
Investments
Dividend and profit receivable
Deposits and prepayments
Advance tax

Total Assets

LIABILITIES

Payable to the Management Company
Payable to Securities and Exchange Commission of Pakistan
Accrued expenses and other liabilities
Unclaimed dividend
Conversion cost payable

Total Liabilities

NET ASSETS

Represented by:

169,804,687 ordinary shares of Rs 10 each
Accumulated loss

December 22,
2010
(Rupees in '000)

546,590
1,057,420
2,355
2,835
2,655

1,611,855

1,818
734
2,459
63,587
5,680

74,278

1,537,577

1,698,047
(160,470)
1,537,577

(Rupees)

9.1 Net asset value per share transferred to Pakistan Premier Fund as on December 22, 2010. 9.05

9.2 GAIN / (LOSS) ON TRANSFER OF INVESTMENTS TO PAKISTAN PREMIER FUND - NET

Net assets of the Company as at December 22, 2010 transferred to Pakistan Premier Fund is deemed as disposal of the assets and liabilities of the Company resulting in derecognition from the books of accounts of the Company. All assets and liabilities have been transferred at their book values as on December 22, 2010 and corresponding gain / (loss) has been recorded accordingly, break-up of which is as follows:

Gain on listed equity securities 31,665
Loss on government securities (174)
Gain / (loss) on transfer of investments - net 31,491

Rupees in '000'

10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Arif Habib Corporation being the holding Company of AHI, Arif Habib Investments Limited (AHI) being the Management Company (AMC), Arif Habib Limited and Thatta Cement Limited being Company has under common control, Summit Bank Limited (formerly Arif Habib Bank Limited) being Company under common directorship, Deutsche Bank A.G being the custodian, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

Remuneration payable to Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Details of transactions with connected persons and balances with them at period end are as follows:

	December 22, 2010	June 30, 2010
	Rupees in '000'	
10.1 Amounts outstanding as at period / year end		
Management Company		
Remuneration payable	-	2,916
Other payable	-	-
Summit Bank Limited		
Balance at the end of the period / year	-	3,386
Accrued mark-up	-	-
Deutsche Bank A.G.		
Balance at the end of the period / year	-	5
Custody fee payable	-	150
Settlement charges payable	-	23
Arif Habib Limited - Brokerage house		
Brokerage payable at the end of the period / year	-	52
	For the period from July 1, 2010 to December 22, 2010	For the period from July 1, 2009 to December 22, 2009
	Rupees in '000'	
10.2 Transactions during the period		
Directors		
Director fee	140	45
Dividend paid	120	-
Entitlement of dividend	19	-
Management Company		
Remuneration for the period	15,447	16,256
Dividend paid	31,574	-
Entitlement of dividend	5,093	-
Arif Habib Limited - Brokerage house		
Brokerage for the period *	292	460
Summit Bank Limited		
Mark-up income for the period	1	5,143
Dividend paid	4,061	-
Entitlement of dividend	655	-
Deutsche Bank		
Custody fee	476	873
Settlement charges	173	87
Mark up (reversal) / income during the period	-	(81)
Arif Habib Corporation		
Dividend paid	75,392	-
Entitlement of dividend	12,216	-

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



11 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on February 26, 2011 by the Board of Directors of the Company.

12 GENERAL

- 12.1** Figures have been rounded off to the nearest thousand rupees.
- 12.2** Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. No significant changes to corresponding figures have been made during the period.

Chief Executive

Director