

**PAKISTAN  
PREMIER FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
<b>Company Secretary &amp; Chief Financial Officer of the Management Company</b>	Mr. Muhammad Saqib Saleem	
<b>Audit Committee</b>	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Faysal Bank Limited NIB Bank Limited Allied Bank Limited	
<b>Auditors</b>	A.F. Ferguson & Co. - Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000.	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	Gangjees Registrar Services (Pvt.) Limited. Room No. 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.	
<b>Rating</b>	AM2 (Positive Outlook) Management Quality Rating assigned by PACRA	

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present the financial results of **Pakistan Premier Fund** for the nine months ended March 31, 2012.

## EQUITIES MARKET OVERVIEW

After remained bearish for the first six months of the period under review, bullish trend returned at the local bourses during the 3Q FY12 and pushed the KSE-100 Index by significant 21% during the quarter together with buoyant volumes. The major impetus to market came primarily from Finance minister's acceptance of SECP's proposal on CGT relaxation and tax amnesty scheme that reignited the investors' interest, particularly of retail investors which were largely sidelined after the imposition of CGT. Average volumes during the third quarter also improved significantly to 196 million shares, also largely contributed by mid to small-cap stocks. In addition to the local participation, foreign investors also made a comeback to the local bourse with a net inflow of US\$16.1 million after two consecutive quarters of net outflows. Strong corporate earnings announcement by key listed companies also served to uphold the momentum in the market despite concerns of macroeconomic imbalances. Sector-wise, Banks, Cement, Oil & Gas and Chemical sectors remained center of major activity although significant interest was also seen in several small-cap stocks.

## FUND PERFORMANCE

During the period, the fund outperformed KSE100 index by delivering 10.8% return as compared to its benchmark return of 10.1%. Substantial changes were made in sector and company allocations during the quarter on the back of changing fundamentals. Overall equity exposure of the fund was increased to 90.0% from 78.3% at the beginning of the year. On sector level, allocations were increased in Banks, Electricity, Construction & Materials and Oil & Gas while allocations of Personal Goods, and Chemicals were reduced. Fixed Line Telecom remained the new sector of investment.

## FUTURE OUTLOOK

Although the external environment, both political and macroeconomic, may remain challenging, market should continue to find support from the earnings season with a focus on Banking, Oil & Gas and Construction Materials Sectors. However, the market could seek correction/profit taking if there is any further delay on the CGT and amnesty related announcement.

## ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

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Yasir Qadri  
Chief Executive Officer  
Dated: April 27, 2012

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2012

	Note	(Un-Audited) March 31, 2012 ----- (Rupees in '000)-----	(Audited) June 30, 2011
<b>ASSETS</b>			
Bank balances		29,093	47,629
Investments	4	453,593	652,364
Receivable against sale of investments		3,020	-
Receivable against conversion of units		998	-
Dividend and profit receivable		11,832	1,340
Deposits and prepayments		2,735	2,700
Advance tax	5	2,655	2,655
<b>Total assets</b>		503,926	706,688
<b>LIABILITIES</b>			
Payable to the Management Company	6	6,039	6,840
Payable to Central Depository Company of Pakistan Limited - Trustee		82	116
Annual fee payable to the Securities and Exchange Commission of Pakistan		405	1,101
Payable on redemption of units		477	194
Dividend payable	7	10,266	10,266
Accrued expenses and other liabilities		1,937	646
<b>Total liabilities</b>		19,205	19,163
<b>NET ASSETS</b>		<u>484,721</u>	<u>687,525</u>
<b>Unit holders' funds (As per statement attached)</b>		<u>484,721</u>	<u>687,525</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
		(Number of units)	
<b>Number of units in issue</b>		<u>46,366,291</u>	<u>71,355,463</u>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>	3.3	<u>10.45</u>	<u>9.64</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Note	Nine Months ended		Quarter ended	
		March 31,		March 31,	
		2012	2011	2012	2011
		----- (Rupees in '000) -----			
<b>INCOME</b>					
Capital loss on sale of investments - net		(21,973)	1,994	198	2,004
Income from government securities		2,084	4,299	31	3,537
Profit on bank accounts		2,958	1,113	1,292	616
Dividend income		39,627	10,797	15,861	10,589
		22,696	18,203	17,382	16,746
Unrealised (diminution) / appreciation in fair value of investments classified as financial assets 'at fair value through profit or loss' - net		37,786	43,803	83,417	28,500
<b>Total income</b>		<b>60,482</b>	<b>62,006</b>	<b>100,799</b>	<b>45,246</b>
<b>OPERATING EXPENSES</b>					
Remuneration of the Management Company		8,524	4,207	2,479	3,708
Sindh sales tax on remuneration of Management Company	9	1,364	-	397	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		852	418	247	380
Annual fee - Securities and Exchange Commission of Pakistan		405	200	118	176
Securities transaction cost		2,529	145	1,247	138
Settlement and bank charges		118	48	6	44
Fees and subscriptions		188	111	84	107
Auditors' remuneration		364	290	122	86
Legal and professional charges		85	19	45	17
Printing and related costs		786	132	61	120
<b>Total operating expenses</b>		<b>15,215</b>	<b>5,570</b>	<b>4,806</b>	<b>4,776</b>
<b>Net (loss) / income from operating activities</b>		<b>45,267</b>	<b>56,436</b>	<b>95,993</b>	<b>40,470</b>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		2,450	(8,569)	693	(8,040)
<b>Net (loss) / income for the period before taxation</b>		<b>47,717</b>	<b>47,867</b>	<b>96,686</b>	<b>32,430</b>
Taxation	10	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>47,717</b>	<b>47,867</b>	<b>96,686</b>	<b>32,430</b>
Other comprehensive income / (loss) for the period		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>47,717</b>	<b>47,867</b>	<b>96,686</b>	<b>32,430</b>
Earnings / (loss) per unit	3.4				

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine Months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
<b>Accumulated loss brought forward</b>	(26,030)	(160,470)	(83,468)	(74,296)
Net (loss) / income for the period	47,717	47,867	96,686	32,430
Net element of income / (loss) and capital (losses) / gains included in the prices of units issued less those in units redeemed	14,355	89,501	7,839	18,764
Final distribution for the year ended 'June 30, 2011: Rs 0.21 per unit - Bonus units	(14,985)		-	-
	47,087	137,368	104,525	51,194
<b>Accumulated Profit carried forward</b>	<u>21,057</u>	<u>(23,102)</u>	<u>21,057</u>	<u>(23,102)</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2012	2011	2012	2011
		----- (Rupees in '000) -----			
<b>Net assets at the beginning of the period</b>		687,525	-	516,874	874,739
Issue of 487,992 units (2011: 1,361,011 units) and 481,850 units (2011: 1,356,611 units) for the nine months and quarter ended respectively		4,910	1,550,346	4,853	12,729
Redemption of 27,066,203 units (2011: 96,064,041 units) and 14,149,297 units (2011: 21,158,524 units) for the nine months and quarter ended respectively		(252,981)	(878,867)	(132,999)	(200,023)
		(248,071)	671,479	(128,146)	(187,294)
Issue of 1,589,040 bonus units for the year ended June 30, 2011		14,985	-	-	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net					
- amount representing element of (income) / loss and capital gains / (losses) - transferred to income statement		(2,450)	8,569	(693)	8,040
- amount representing element of (income) / loss and capital (gains) / losses that from part of the unit holders' fund - transferred to distribution statement		(14,355)	(89,501)	(7,839)	(18,764)
		(16,805)	(80,932)	(8,532)	(10,724)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income		14,355	89,501	7,839	18,764
Capital (loss) / gain on sale of investments - net		(21,973)	1,994	198	2,004
Net unrealised (diminution) / appreciation in value of investments classified as financial assets 'at fair value through profit or loss' - net		37,786	43,803	83,417	28,500
Other net income for the period		31,904	2,070	13,071	1,926
		47,717	47,867	96,686	32,430
Final distribution for the year ended June 30, 2011: Rs 0.21 per unit					
- Bonus distribution		(14,985)	-	-	-
		(14,985)	-	-	-
<b>Net assets as at the end of the period</b>		<u>484,721</u>	<u>727,915</u>	<u>484,721</u>	<u>727,915</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine Months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	Rupees in '000		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net (loss) / income for the period	47,717	47,867	96,686	32,430
<b>Adjustments for non-cash items:</b>				
Unrealised diminution / (appreciation) in value of investments classified as financial assets at 'fair value through profit or loss' - net	(37,786)	(43,803)	(83,417)	(28,500)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(2,450)	8,569	(693)	8,040
Dividend income	(39,627)	(10,589)	(15,861)	(10,589)
	(32,146)	2,044	(3,285)	1,381
<b>(Increase) / decrease in assets</b>				
Investments - net	238,699	416,038	79,496	174,507
Receivable against sale of investments	(3,020)	(5,846)	826	(5,826)
Profit receivable	(11,689)	2,253	(11,509)	2,450
Deposits and prepayments	(35)	99	35	97
	223,955	412,544	68,848	171,228
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	(801)	(601)	(684)	(1,585)
Payable to Central Depository Company of Pakistan Limited - Trustee	(34)	122	(8)	84
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(696)	200	118	177
Payable on redemption of units	283	443	33	(4,350)
Unclaimed dividend	-	(50,875)	-	(35,219)
Accrued expenses and other liabilities	1,291	(654)	893	(487)
	42	(51,365)	351	(41,380)
Dividend received	38,682	4,411	15,861	-
<b>Net cash generated from operating activities</b>	230,533	363,223	81,775	131,229
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net payment from issuance / redemption of units	(249,069)	(866,098)	(129,144)	(187,294)
Bank balances transferred from Pakistan Premier Fund Limited upon conversion	-	546,590	-	-
<b>Net cash used in financing activities</b>	(249,069)	(319,508)	(129,144)	(187,294)
<b>Net increase in cash and cash equivalents during the period</b>	(18,536)	43,715	(47,369)	(56,065)
Cash and cash equivalents at the beginning of the period	47,629	-	76,462	99,780
<b>Cash and cash equivalents at the end of the period</b>	29,093	43,715	29,093	43,715

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Premier Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Pakistan Premier Fund Limited (PPFL) into an Open End Scheme under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on November 12, 2010 after being approved by the Securities and Exchange Commission of Pakistan (SECP) on November 11, 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).
- 1.2 The Management Company (Arif Habib Investments Limited) has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the management company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.3 The Fund has been categorised as an open end equity scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS) and listed on the Lahore Stock Exchange on January 13, 2011. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 Based on shareholders' resolutions of MCB-AMC and Arif Habib Investments Limited (AHI) the two companies have merged as of June 27, 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHI being a listed company is the surviving entity and is a subsidiary of MCB Bank Limited. However, subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to July 30, 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honorable Sindh High Court (SHC). The honorable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.
- 1.5 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (positive outlook) to the Management Company and '3 Star Normal' and '4 Star Long Term' rating to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IAS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2011.
- 2.3 This condensed interim financial information is un-audited.
- 2.4 The directors of the management company declare that this condensed interim financial information give a true and fair view of the Fund.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2011.

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

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

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

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

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

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

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

### 3.3 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period / year end.

### 3.4 Earnings / (loss) per unit

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

	Note	(Un-Audited) March 31, 2012	(Audited) June 30, 2011
		(Rupees in '000)	
<b>4 INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
- Government securities	4.1	-	98,773
- Listed equity securities	4.2	451,451	553,591
- Unlisted equity securities	4.3	2,142	-
		<u>453,593</u>	<u>652,364</u>

### 4.1 Government securities

Particulars	Face Value					Balance as at March 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2011	Purchased during the period	Disposed off during the period	Matured during the period	As at March 31, 2012	Carrying value	Market Value	Appreciation / (diminution)		
------(Rupees in'000')-----										
Treasury bills - 6 months	-	1,200,000	1,000,000	200,000	-	-	-	-	-	-
Treasury bills - 3 months	1,000,000	500,000	300,000	1,200,000	-	-	-	-	-	-
<b>Total - March 31, 2012</b>						<u>-</u>	<u>-</u>	<u>-</u>		
<b>Total - June 30, 2011</b>						98,789	98,773	(16)		

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

**FOR THE NINE MONTHS AND  
QUARTER ENDED MARCH 31, 2012**

**4.2 Listed equity securities**

Name of the Investee company	Number of shares				As at March 31, 2012	Balance as at March 31, 2012			Market value as percentage of investment s	Market value as percentage of net assets	Paid up value of shares held as percentage of total paid up capital of the investee company
	As at July 1, 2011	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period		Carrying value	Market value	Appreciation / (Diminution)			
-----Rupees in '000-----											
Fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL & GAS											
Attock Petroleum Limited	-	100,100	-	16,807	83,293	33,982	37,753	3,771	8.32%	7.30%	0.09%
National Refinery Limited	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Oilfields Limited	182,480	57,000	-	135,500	103,980	33,195	37,978	4,782	8.37%	7.35%	0.04%
Pakistan Petroleum Limited	239,334	55,000	23838	97,000	220,717	42,354	40,345	(2,009)	8.89%	7.81%	0.02%
Pakistan State Oil Company Limited	-	178,314	-	90,000	88,314	22,044	22,018	(25)	4.85%	4.26%	0.05%
OIL & GAS Development Co. Limited	-	155,000	-	5,000	150,000	24,285	25,149	864	5.54%	4.87%	-
						155,860	163,243	7,383			
CHEMICALS											
Engro Corporation Limited	305,060	512,345	53,703	813,392	57,716	6,424	5,730	(694)	1.26%	1.11%	0.01%
Fatima Fertilizer Company Limited	-	1,471,685	-	1,381,000	90,685	2,080	2,151	71	0.47%	0.42%	0.00%
Fauji Fertilizer Company Limited	496,053	248,675	22,189	765,350	1,567	190	196	5	0.04%	0.04%	0.00%
						8,694	8,077	(618)			
INDUSTRIAL METALS AND MINING											
International Industries	65,000	-	-	65,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
CONSTRUCTION AND MATERIALS											
DG Khan Cement	-	50,000	-	-	50,000	1,634	1,819	185	0.40%	0.35%	0.01%
Lucky Cement Limited	305,000	405,000	-	277,000	433,000	36,309	49,124	12,815	10.83%	9.50%	0.13%
						37,943	50,942	13,000			
GENERAL INDUSTRIALS											
Packages Limited	588,011	-	-	588,011	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal Limited	428,329	8,108	-	436,437	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
FOOD PRODUCERS											
Engro Foods Limited	-	35,000	-	20,000	15,000	375	706	331	0.16%	0.14%	0.00%
						375	706	331			
AUTOMOBILE AND PARTS											
Exide Pakistan	-	11,000	-	-	11,000	1,978	1,947	(31)	0.43%	0.38%	0.16%
Pak Suzuki Motor Company Limited	210,148	5,000	-	215,148	-	-	-	-	0.00%	0.00%	0.00%
						1,978	1,947	(31)			
PERSONAL GOODS											
Kohinoor Mills Limited	547,932	-	-	547,932	-	-	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited	828,514	50,000	-	792,635	85,879	5,321	4,731	(590)	1.04%	0.92%	0.02%
						5,321	4,731	(590)			
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunication Company Limited	-	2,150,000	-	475,000	1,675,000	19,177	20,619	1,443	4.55%	3.99%	0.04%
						19,177	20,619	1,443			
ELECTRICITY											
Hub Power Company Limited	626,250	1,590,000	-	951,270	1,264,980	47,482	47,601	119	10.49%	9.21%	0.11%
Kohinoor Energy Limited	307,476	-	-	307,476	-	-	-	-	0.00%	0.00%	0.00%
Kot Addu Power Company Limited	725,433	200,000	-	925,433	-	-	-	-	0.00%	0.00%	0.00%
Nishat Chunia Power	-	100,000	-	66,500	33,500	553	468	(85)	0.10%	0.09%	0.01%
Nishat Power Limited	-	1,436,645	-	529,592	907,053	14,051	12,535	(1,516)	2.76%	2.43%	0.26%
						62,086	60,605	(1,481)			
BANKS											
Allied Bank Limited	891,336	-	39,761	493,726	437,371	23,314	28,027	4,712	6.18%	5.42%	0.05%
Askari Bank Limited	-	675,000	78,750	675,000	78,750	980	1,153	173	0.25%	0.22%	0.01%
Bank Alfalah Limited	-	1,574,430	-	-	1,574,430	24,541	25,506	965	5.62%	4.93%	0.12%
Bank Al-Habib Limited	-	642,028	96,304	-	738,332	20,397	20,422	25	4.50%	3.95%	0.08%
Habib Bank Limited	-	96,256	9,625	-	105,881	11,754	11,792	38	2.60%	2.28%	0.01%
Habib Metropolitan Bank Limited	815,990	-	-	815,711	279	6	5	(2)	0.00%	0.00%	0.00%
MCB Bank Limited	-	145,000	12,970	15,300	142,670	21,649	25,030	3,381	5.52%	4.84%	0.02%
Meezan Bank Limited	-	716,203	77,025	100,000	693,228	10,811	19,618	8,807	4.33%	3.80%	0.09%
National Bank of Pakistan	-	825,858	-	675,858	150,000	6,865	6,843	(22)	1.51%	1.32%	0.01%
United Bank Limited	-	428,500	-	400,000	28,500	1,915	2,185	270	0.48%	0.42%	0.00%
						122,231	140,581	18,349			
Total March 31, 2012						413,665	451,451	37,786			
Total June 30, 2011						528,685	553,591	24,906			

**4.3 Unlisted equity securities**

Name of the Investee company	Number of shares				As at March 31, 2012	Balance as at March 31, 2012			Market value as percentage of investment s	Market value as percentage of net assets	Paid up value of shares held as percentage of total paid up capital of the investee company
	As at July 1, 2011	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period		Carrying value	Market value	Appreciation / (Diminution)			
-----Rupees in '000-----											
Fully paid ordinary shares of Rs. 10 each unless stated otherwise											
INDUSTRIAL TRANSPORTATION											
Pakistan International Bulk Terminal Limited (Dividend specie)	-	214,164	-	-	214,164	2,142	2,142	-	0.47%	0.41%	0.00%
Total March 31, 2012						2,142	2,142	-			
Total June 30, 2011						-	-	-			

**4.3.1** Investment in listed equity securities includes shares with market value aggregating to Rs. 48.210 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

	Note	(Unaudited) March 31, 2012 (Rupees in '000)	(Audited) June 30, 2011
<b>5 ADVANCE TAX</b>			
Advance tax	5.1	<u>2,655</u>	<u>2,655</u>
		<u>2,655</u>	<u>2,655</u>

**5.1** Adjustment / refund of advance tax by Pakistan Premier Fund Limited as on December 22, 2010 from the Federal Board of Revenue has been transferred in the books of accounts of Pakistan Premier Fund by virtue of conversion undertaken as per clause (l) of Article IV of the Scheme of Arrangement.

	Note	(Unaudited) March 31, 2012 (Rupees in '000)	(Audited) June 30, 2011
<b>6 PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	6.1	819	1,160
Sales tax payable on remuneration of Management Company		131	-
Conversion cost payable	6.2	<u>5,089</u>	<u>5,680</u>
		<u>6,039</u>	<u>6,840</u>

**6.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration, during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. The Management Company has charged its remuneration for the current period at the rate of 2 percent per annum.

**6.2** Conversion costs include 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 ancillary matters. These have been charged to the Pakistan Premier Fund Limited in terms of conditions imposed by SECP while granting approval to the conversion undertaken. The conversion cost shall be reimbursed by the Fund to the Management Company over a period of five years as per Article XIV of the Scheme of Arrangement.

	Note	(Unaudited) March 31, 2012 (Rupees in '000)	(Audited) June 30, 2011
<b>7 DIVIDEND PAYABLE</b>			
Dividend payable	7.1	<u>10,266</u>	<u>10,266</u>
		<u>10,266</u>	<u>10,266</u>

**7.1** The Board of Directors of the Pakistan Premier Fund Limited in their meeting held on August 05, 2010 had proposed a final cash dividend for the year ended June 30, 2010 of Rs.1.86 per share amounting to Rs. 315.837 million duly approved by the members at the Annual General Meeting held on September 25, 2010.

The Board of Directors of the Pakistan Premier Fund Limited also approved an interim dividend for the period from July 1, 2010 to December 21, 2010 in their meeting held on December 22, 2010 of Rs. 0.30 per share amounting to Rs. 50.942 million.

Dividend payable amounting to Rs. 63.587 million stood outstanding on the books of accounts of Pakistan Premier Fund Limited as on effective date of conversion (December 22, 2010). This was transferred in the books of accounts of Pakistan Premier Fund by virtue of conversion undertaken as per clause (n) of Article IV of the Scheme of Arrangement. As on March 31, 2012, unclaimed dividend of Rs. 10.266 million stands outstanding in the books of accounts of Pakistan Premier Fund.

## **8 CONTINGENCIES AND COMMITMENTS**

**8.1** 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", "SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the period, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company believes that the Pakistan Premier Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognized amount of WWF as at March 31, 2012 amounted to Rs 12.016 million (this includes 11.062 million related to prior periods).

**8.2** There were no other contingencies and commitments outstanding as at March 31, 2012. (June 30, 2011: Nil).

## **9 SINDH SALES TAX ON REMUNERATION OF MANAGEMENT COMPANY**

During the period the provincial government has levied General Sales Tax @16% on the remuneration of management company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

## **10 TAXATION**

The income of the Fund is exempt from income tax under 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company, on behalf of the Fund, intends to distribute at least 90 percent of the Fund's accounting income (if any) for the current period as reduced by capital gains (whether realised or unrealised) to its unit holders.

The Fund 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.

## **11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

Remuneration payable to the Management Company is determined in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and constitutive documents of the Fund.

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

### **11.1 Transactions during the nine months / quarter with connected persons / related parties are as follows:**

	Unaudited			
	Nine months ended		Quarter ended	
	March		March	
	2012	2011	2012	2011
	Rupees in '000		Rupees in '000	
<b>Arif Habib Investments Limited - Management Company</b>				
Remuneration of the Management Company	8524	4207	2,847	3708
Sales tax on remuneration of Management Company	1364	-	456	-
Issue of Nil units (2011: 16,975,034 units)	-	153,624	-	-
Redemption of Nil units (2011: 16,900,000 units)	-	152,945	-	-
<b>Central Depository Company of Pakistan Limited</b>				
Remuneration for the period	852	418	247	380
CDS Charges	-	21	-	21
CDS Eligibility charges	-	18	-	16
<b>Summit Bank Limited</b>				
Issue of Nil units (2011: 2,183,298 units)	-	19,759	-	-
Redemption of Nil units (2011: 2,183,298 units)	-	19,759	-	-

	Unaudited			
	Nine months ended		Quarter ended	
	March		March	
	2012	2011	2012	2011
	Rupees in '000		Rupees in '000	
<b>Arif Habib Corporation</b>				
Issue of Nil units (2011: 40,721,548 units)	-	368,530	-	-
Redemption of Nil units (2011: 40,721,548 units)	-	368,937	-	-
<b>Trustee - AHI Employee Provident Fund</b>				
Issue of Nil units (2011: 213,772 units)	-	1,935	-	-
Redemption of Nil units (2011: 213,772 units)	-	1,935	-	-
<b>Trustee - AHI Employee Stock Beneficial Ownership Trust</b>				
Issue of Nil units (2011: 50,000 units)	-	453	-	453
Redemption of Nil units (2011: 50,000 units)	-	453	-	453
<b>Directors and executives of the Management Company</b>				
Issue of Nil units (2011: 798,994 units)	-	7,267	-	7,267
Redemption of Nil units (2011: 800,272 units)	-	7,318	-	1,885
Bonus 279.01 units (2011: Nil units)	2,631	-	-	-

**11.2 Details of balance outstanding as at period / year end with connected persons / related parties are as follows:**

	(Unaudited) March 31, 2012 (Rupees in '000)	(Audited) June 30, 2011 (Rupees in '000)
<b>Amounts outstanding as at period end</b>		
<b>Arif Habib Investments Limited - Management Company</b>		
Units held: Nil (2011: 75,034)	-	692
Remuneration payable at the end of period	819	2,317
Sales tax payable on remuneration of Management Company	131	-
Conversion cost payable	5,089	5,680
Other Payable	-	485
<b>Central depository Company of Pakistan Limited</b>		
Remuneration payable	82	38
Security deposit	200	300
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage payable at period end	174	118
<b>Summit Bank Limited</b>		
Balance with bank	4,313	38,653
<b>MCB Bank Limited</b>		
Balance with bank	14,910	-
142,670 Shares held (2011: Nil shares)	25,030	-
<b>Fatima Fertilizer Company Limited</b>		
90,685 shares held (2011: Nil shares)	2,151	-
<b>Nishat Mills Limited</b>		
85,879 shares held (2011: 828,514 shares)	4,731	52,404
<b>Nishat Power Limited</b>		
907,053 shares held (2011: Nil shares)	12,535	-
<b>Nishat Chunian Power Limited</b>		
33,500 shares held (2011: Nil shares)	468	-
<b>D.G. Khan Cement</b>		
50,000 shares held (2011: Nil shares)	1,819	-
<b>Directors and executives of the Management Company</b>		
Units held 12,808 (2011: 95,925 units)	134	884
<b>Receivable from Pakistan Income Enhancement fund</b>		
Amount due on conversion of units	998	-

**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorized for issue on April 27, 2012 by the Board of Directors of the Management Company.

**13 CORRESPONDING FIGURES**

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

**14 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Executive Vice Chairman