

**PAKISTAN  
INTERNATIONAL ELEMENT  
ISLAMIC ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

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

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan International Element Islamic Asset Allocation Fund's** accounts review for the first half ended December 31st 2011.

## ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, inflationary pressures have remained largely on the lower side during the period with YoY CPI inflation averaging 10.9% amid change in CPI methodology as well as high base-effect of last year. External account, however, has started deteriorating significantly with 1H FY12 current account balance posting a sizeable deficit of US\$ 2.2 billion amid higher trade deficit despite record remittances flows. On the fiscal side, the government posted a budget deficit of 1.2% of GDP during 1Q FY12 with its entire funding coming from the domestic sources. Non-realization of official flows is not only hurting the BOP position, it would continue to affect the funding profile of fiscal deficit - which would have its implications on the monetary mechanism as well as exchange rate. Citing some improvements in key macro variables, the SBP decided to ease its monetary stance by lowering its policy discount rate cumulatively by 200 bps to 12.0% during early part of the period. Significant deterioration in macroeconomic balances, however, has compelled them to keep DR unchanged during the latter part.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. Due to sizeable depletion in net foreign assets (NFA) of the banking system, market liquidity remained largely tight almost throughout the period - compelling the SBP to constantly inject significant amount of money in the system through OMOs in order to calm down the market.

## EQUITIES MARKET OVERVIEW

Bearish trend continued at the local bourses with the KSE-100 index went down by 9.2% during the period under review with abysmally low volumes. Attractive valuations were marred by the dearth of liquidity, extremely volatile global markets and fragile domestic economic and geo-political conditions. Deteriorating macroeconomic balances coupled with rising tension in the political arena restrained local investors from taking counter positions against foreigners, which remained net seller during the period with a net FIPI outflow of over US\$ 151 million. Even a cumulative reduction in DR of 200 bps by the SBP during early part of the period failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors as well as lack of clarity on political and macro fronts. Sector-wise, Chemicals and Oil & Gas sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on their respective fundamentals and valuations.

## FUND PERFORMANCE

During the period under review, the fund delivered a return of -6.5% as against its benchmark return of -4.5%, an underperformance of 2%. On the equities front, the overall allocation remained largely unchanged at around 82% by period-end. Sector-wise, the fund reduced its exposure significantly in Oil & Gas, General Industries and Personal Goods sectors, while increased its exposure towards Chemicals, Banks and Fixed Line Telecommunications during the period.

On the fixed income side, the fund increased its allocation towards GoP Ijarah Sukuk to around 9.3% to take advantage of attractive yields as well as capital gains potential. The exposure towards corporate Sukuk, on the other hand, remained largely unchanged at around 2%.

## FUTURE OUTLOOK

Despite continued improvement on inflation front, fragile external and fiscal accounts would continue to keep a check on the SBP's future monetary direction. We continue to flag realization of foreign flows as the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. In our opinion, the absence of foreign flows and government's greater reliance on domestic sources for fiscal funding could result in rebound of inflation and interest rates going forward.

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011**

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Although the external environment may remain challenging in the near term, the stock market may find support from the December earnings season with a focus on dividend laden results including Banking, Electricity and Chemicals Sectors and could redraw attention to the fundamental strength in the listed companies. Strong earnings growth, high dividend yield and relatively cheaper valuations offer decent returns for long term investors in our opinion.

### **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: January 27, 2012

## TRUSTEE REPORT TO THE UNIT HOLDERS

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### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of **Pakistan International Element Islamic Asset Allocation Fund** (the Fund) are of the opinion that Arif Habib Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Muhammad Hanif Jakhura**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 24, 2012

# INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

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## *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan International Element Islamic Asset Allocation Fund** (formerly Pakistan International Element Islamic Fund) as at December 31, 2011, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (Arif Habib Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

## *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## *Emphasis of matter paragraph*

We draw attention to note 5.1 to the condensed interim financial information which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers Welfare Fund which litigation is currently pending adjudication at the Honorable High Court of Sindh. Our conclusion is not qualified in respect of this matter.

## *Other information*

The financial statements of the Fund for the year ended June 30, 2011 and half year ended December 31, 2010 were audited and reviewed respectively by another auditor whose reports dated September 20, 2011 and February 19, 2011 expressed unqualified opinion / conclusion on those financial statements.

Chartered Accountants  
Dated: January 27, 2012  
Karachi

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

## As at 31 December 2011

|   | Un-audited<br>December 31,<br>2011 | Audited<br>June 30,<br>2011 |
|---|------------------------------------|-----------------------------|
| Note  | (Rupees in '000)                   |                             |
| ASSETS  |                                    |                             |
| Balances with banks                                       | 3,084                              | 49,430                      |
| Investments   | 255,746                            | 283,387                     |
| Receivable against sale of investments                    | 11,296                             | -                           |
| Receivable against sale of units                          | 234                                | 2,323                       |
| Profit receivable   | 726                                | 2,125                       |
| Other receivables   | 3,238                              | 3,198                       |
| Total Assets  | 274,324                            | 340,463                     |
| LIABILITIES   |                                    |                             |
| Payable to the Management Company                         | 480                                | 534                         |
| Payable to the Trustee                                    | 59                                 | 58                          |
| Payable to Securities and Exchange Commission of Pakistan | 149                                | 373                         |
| Payable against redemption of units                       | 3                                  | 881                         |
| Accrued expenses and other liabilities                    | 1,579                              | 1,404                       |
| Total Liabilities   | 2,270                              | 3,250                       |
| NET ASSETS  | 272,054                            | 337,213                     |
| UNIT HOLDERS' FUND (as per statement attached)            | 272,054                            | 337,213                     |
| CONTINGENCIES AND COMMITMENTS                             |                                    |                             |
|   | (Number of Units)                  |                             |
| Number of units in issue                                  | 7,628,445                          | 7,713,855                   |
|   | (Rupees)                           |                             |
| Net asset value per unit                                  | 35.66                              | 43.72                       |

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director



# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

| Note   | Half year ended<br>December 31, |               | Quarter ended<br>December 31, |               |
|--|---------------------------------|---------------|-------------------------------|---------------|
|  | 2011                            | 2010          | 2011                          | 2010          |
| Rupees in '000   |                                 |               |                               |               |
| <b>INCOME</b>  |                                 |               |                               |               |
| Income from government ijarah sukuk  | 1,607                           | 1,013         | 501                           | 1,013         |
| Capital gain / (loss) on sale of investments - net   | (7,407)                         | 6,302         | (4,311)                       | 1,700         |
| Profit on bank deposits  | 206                             | 3,374         | 11                            | 1,523         |
| Income from investment in sukuk bonds  | 489                             | 654           | 233                           | 312           |
| Dividend income  | 9,700                           | 9,920         | 6,579                         | 4,956         |
| Other income   | -                               | 206           | -                             | 103           |
| Unrealised appreciation / (diminution) in value of investments<br>at 'fair value through profit or loss' - net                       | (18,579)                        | 50,077        | (22,480)                      | 47,898        |
| <b>Total Income</b>  | <b>(13,984)</b>                 | <b>71,546</b> | <b>(19,467)</b>               | <b>57,505</b> |
| <b>OPERATING EXPENSES</b>  |                                 |               |                               |               |
| Remuneration of the Management Company   | 3,050                           | 5,983         | 1,481                         | 3,015         |
| Sindh sales tax on remuneration of Management Company  | 431                             | -             | 210                           | -             |
| Remuneration of Trustee  | 352                             | 412           | 175                           | 207           |
| Annual fee - Securities and Exchange Commission of Pakistan  | 149                             | 196           | 72                            | 99            |
| Securities transaction cost  | 670                             | 460           | 274                           | 215           |
| Bank charges   | 116                             | 110           | 58                            | 53            |
| Printing and related cost  | 372                             | 101           | 315                           | 43            |
| Fees and subscription  | 91                              | 124           | 45                            | 87            |
| Legal and professional charges   | 25                              | 25            | 12                            | 11            |
| Auditors' remuneration   | 284                             | 262           | 191                           | 141           |
| Donation expense   | -                               | 56            | -                             | -             |
| Amortisation of preliminary expenses and floatation costs  | -                               | 832           | -                             | 416           |
| <b>Total operating expenses</b>  | <b>5,540</b>                    | <b>8,561</b>  | <b>2,833</b>                  | <b>4,287</b>  |
| <b>Net income/(loss) from operating activities</b>   | <b>(19,524)</b>                 | <b>62,985</b> | <b>(22,300)</b>               | <b>53,218</b> |
| Net element of (loss) / income and capital (losses) / gains included<br>in prices of units issued less those in units redeemed - net | 710                             | (10,111)      | 338                           | 3,437         |
| <b>Net income/(loss) for the period before taxation</b>  | <b>(18,814)</b>                 | <b>52,874</b> | <b>(21,962)</b>               | <b>56,655</b> |
| Taxation   | -                               | -             | -                             | -             |
| <b>Net income/(loss) after taxation</b>  | <b>(18,814)</b>                 | <b>52,874</b> | <b>(21,962)</b>               | <b>56,655</b> |
| <b>Other comprehensive income/(loss) for the period</b>  |                                 |               |                               |               |
| Other comprehensive income for the period  | -                               | -             | -                             | -             |
| <b>Total comprehensive income/(loss) for the period</b>  | <b>(18,814)</b>                 | <b>52,874</b> | <b>(21,962)</b>               | <b>56,655</b> |
| ----- Rupees -----   |                                 |               |                               |               |
| <b>Earnings/(Loss) per unit</b>  | 3.5                             |               |                               |               |

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

|   | Half year ended<br>December 31, |          | Quarter ended<br>December 31, |           |
|---|---------------------------------|----------|-------------------------------|-----------|
|   | 2011                            | 2010     | 2011                          | 2010      |
|   | ----- (Rupees in '000) -----    |          |                               |           |
| <b>Accumulated loss brought forward</b>   | (48,594)                        | (44,651) | (95,694)                      | (113,051) |
| Final distribution for the year ended June 30, 2011: Rs 5.58 per unit<br>(2010: Rs 7.10) (Date of distribution: July 4, 2011) |                                 |          |                               |           |
| - Cash  | (11,200)                        | (14,360) | -                             | -         |
| - Bonus units   | (31,881)                        | (50,259) | -                             | -         |
|   | (43,081)                        | (64,619) | -                             | -         |
| Net income/(loss) for the period after taxation   | (18,814)                        | 52,874   | (21,962)                      | 56,655    |
| Element of (loss) / income and capital gains / (losses)<br>included in prices of units issued less those in units redeemed    | 1,013                           | -        | 8,180                         | -         |
|   | (17,801)                        | 52,874   | (13,782)                      | 56,655    |
|   | (109,476)                       | (56,396) | (109,476)                     | (56,396)  |
| <b>Accumulated loss carried forward</b>   | (109,476)                       | (56,396) | (109,476)                     | (56,396)  |

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

|  | Half year ended<br>December 31, |                      | Quarter ended<br>December 31, |                      |
|--|---------------------------------|----------------------|-------------------------------|----------------------|
|  | 2011                            | 2010                 | 2011                          | 2010                 |
|  | (Rupees in '000)                |                      |                               |                      |
| <b>Net assets at the beginning of the period</b>   | 337,213                         | 410,415              | 319,307                       | 393,972              |
| Issue of 328,551 units (2010: 685,404 units)<br>and 12,229 units (2010: 251,550 units) for the<br>half year and quarter respectively   | 12,509                          | 27,211               | 456                           | 10,637               |
| Redemption of 1,250,064 units (2010: 1,358,857<br>units) and 675,542 units (2010: 1,838,086 units)<br>for the half year and quarter respectively   | (46,944)<br>(34,435)            | (54,980)<br>(27,769) | (25,409)<br>(24,953)          | (26,556)<br>(15,919) |
| Issue of 836,103 bonus units (2010: 18,284,691 units)  | 31,881                          | 50,259               | -                             | -                    |
| Element of loss / (income) and capital losses / (gains) included<br>in prices of units sold less those in units redeemed   |                                 |                      |                               |                      |
| - amount representing (income) / loss and capital<br>(gains) / losses - transferred to income statement  | (710)                           | 10,111               | (338)                         | (3,437)              |
| - amount representing (income) / loss that forms part of unit<br>holders' fund - transferred to distribution statement   | (1,013)<br>(1,723)              | -<br>10,111          | (8,180)<br>(8,518)            | -<br>(3,437)         |
| Capital gain / (loss) on sale of investments   | (7,407)                         | 6,302                | (4,311)                       | 1,700                |
| Net unrealised appreciation / (diminution) in value of<br>investments 'at fair value through profit or loss' - net   | (18,579)                        | 50,077               | (22,480)                      | 47,898               |
| Other net income / (loss) for the period   | 7,172<br>(18,814)               | (3,505)<br>52,874    | 4,829<br>(21,962)             | 7,057<br>56,655      |
| Element of income / (loss) and capital gains / (losses) included in<br>prices of units sold less those in units redeemed -<br>amount representing loss and capital losses -<br>transferred to Distribution Statement | 1,013                           | -                    | 8,180                         | -                    |
| Final distribution for the year ended June 30, 2011: Rs 5.58 per unit<br>(2010: Rs 7.10) (Date of distribution: July 4, 2011)  |                                 |                      |                               |                      |
| - Cash distribution  | (11,200)                        | (14,360)             | -                             | -                    |
| - Bonus units  | (31,881)<br>(43,081)            | (50,259)<br>(64,619) | -<br>-                        | -<br>-               |
| <b>Net assets as at the end of the period</b>  | <b>272,054</b>                  | <b>431,271</b>       | <b>272,054</b>                | <b>431,271</b>       |

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

|   | Half year ended<br>December 31, |          | Quarter ended<br>December 31, |          |
|---|---------------------------------|----------|-------------------------------|----------|
|   | 2011                            | 2010     | 2011                          | 2010     |
|   | Rupees in '000                  |          | Rupees in '000                |          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                 |          |                               |          |
| Net income for the period before taxation   | (18,814)                        | 52,874   | (21,962)                      | 56,655   |
| <b>Adjustments for non-cash items:</b>  |                                 |          |                               |          |
| Dividend income   | (9,700)                         | (9,920)  | (6,579)                       | (4,956)  |
| Unrealised (appreciation) / diminution in value of investments at 'fair value through profit or loss' - net             | 18,579                          | (50,077) | 22,480                        | (47,898) |
| Amount of additional units issued to class 'C' & 'D' unit holders against the amount of rebate in management fee        | 344                             | 798      | 170                           | 413      |
| Amortisation of preliminary expenses and floatation costs   | -                               | 832      | -                             | 416      |
| Net element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed | (710)                           | 10,111   | (338)                         | (3,437)  |
|   | (10,301)                        | 4,618    | (6,229)                       | 1,193    |
| <b>(Increase) / Decrease in assets</b>  |                                 |          |                               |          |
| Investments   | 9,062                           | (43,377) | 27,630                        | (94,640) |
| Receivable against sale of investments  | (11,296)                        | 21,264   | (10,977)                      | -        |
| Receivable against sale of units  | 2,089                           | 813      | (100)                         | (105)    |
| Profit receivable   | 509                             | (924)    | (448)                         | (143)    |
| Other receivables   | (40)                            | (73)     | 2,280                         | 40       |
|   | 324                             | (22,297) | 18,385                        | (94,848) |
| <b>Increase / (Decrease) in liabilities</b>   |                                 |          |                               |          |
| Payable to the Management Company   | (54)                            | 33       | (36)                          | 79       |
| Payable to the Trustee  | 1                               | 3        | 1                             | 6        |
| Payable to Securities and Exchange Commission of Pakistan   | (224)                           | (326)    | 72                            | 99       |
| Payable against purchase of units   | -                               | 54       | -                             | 2,124    |
| Payable against redemption of units   | (878)                           | (27)     | -                             | (1,128)  |
| Accrued expenses and other liabilities  | 175                             | (457)    | (240)                         | (158)    |
|   | (980)                           | (720)    | (203)                         | 1,022    |
|   | (10,957)                        | (18,399) | 11,953                        | (92,633) |
| Dividend received   | 10,590                          | 11,670   | 8,359                         | 9,279    |
| <b>Net cash (used in) / generated from operating activities</b>   | (367)                           | (6,729)  | 20,312                        | (83,354) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                 |          |                               |          |
| Net payments against redemption of units  | (34,779)                        | (28,567) | (25,123)                      | (16,334) |
| Dividend paid   | (11,200)                        | (14,360) | -                             | -        |
| <b>Net cash (outflow on) / inflow from financing activities</b>   | (45,979)                        | (42,927) | (25,123)                      | (16,334) |
| <b>Net (decrease) in cash and cash equivalents</b>  | (46,346)                        | (49,656) | (4,811)                       | (99,688) |
| Cash and cash equivalents at the beginning of the period  | 49,430                          | 58,094   | 7,895                         | 108,126  |
| <b>Cash and cash equivalents at the end of the period</b>   | 3,084                           | 8,438    | 3,084                         | 8,438    |

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

## 1 LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan International Element Islamic Fund ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited ("the Management Company", "AHIL") and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 14 December 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003). The name of the Fund has been changed to Pakistan International Element Islamic Asset Allocation Fund with effect from May 11, 2011.

The Management Company of the Fund has been licensed to act as an Asset Management Company under 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.

Based on shareholders' resolutions of MCB Asset Management Limited (MCB-AMC) and AHIL the two companies have merged as of 27th June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHIL being a listed company is the surviving entity and is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30th July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHIL/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 honourable SHC. The honourable 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.

The Fund is an open-ended mutual fund, listed on the Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Fund is to make shariah compliant investments in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The management fee for plan "A and B" units is charged at 2% of the closing net assets and at 1.33% and 1% for plan "C and D" and plan "E" units respectively. The difference in management fee is passed on to such unit holders in the form of additional units to ensure equal net assets value for all classes.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2' (Positive Outlook) to the Management Company and '3 Star Normal' and '2 Star Long Term' rating to the Fund.

All the activities of the Fund are undertaken in accordance with the Islamic Shariah rules and principles. The management company has appointed a Shariah Supervisory Council whose advice is followed to ensure that activities of the Fund are in compliance with Shariah.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the 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 International Accounting Standard (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 unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied 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 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

During the period, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and the remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is included in the distribution statement. Previously, the proportion of opening undistributed income received / paid on issue / redemption of units was being recognised in the income statement.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology:

- loss for the year would have been lower by Rs 1,013 thousand.
- amount taken to distribution statement would have been lower by Rs 1,013 thousand.

**3.2 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.

**3.3 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.

**3.4 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 issue at the period end.

**3.5 Earnings per unit**

Earnings per unit (EPU) 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.

**4 INVESTMENTS**

**At fair value through profit or loss**

- Investment in shares listed in Pakistan
- Investment in unlisted Sukuk bond
- Investment in Government ijarah Sukuk

| <b>Note</b> | <b>December 31,<br/>2011<br/>(Un-audited)</b> | <b>June 30,<br/>2011<br/>(Audited)</b> |
|-------------|---|--|
|             | <b>(Rupees in '000)</b>                       |  |
| 4.1         | 224,318                                       | 277,028                                |
| 4.2         | 5,803   | 6,359                                  |
| 4.3         | 25,625  | -                                      |
|             | <u>255,746</u>                                | <u>283,387</u>                         |

4.1 Listed Equity Securities - at 'fair value through profit or loss'

| Name of the Investee company | Number of shares   |                             |                                       |                         |                         | Balance as at December 31, 2011 |              |                             | Market Value                         |                               | Paid up value of shares held as a percentage of total paid up capital of the investee company |
|------------------------------|--------------------|-----------------------------|---------------------------------------|-------------------------|-------------------------|---------------------------------|--------------|-----------------------------|--------------------------------------|-------------------------------|---|
|                              | As at July 1, 2011 | Purchases during the period | Bonus / Right issue during the period | Sales during the period | As at December 31, 2011 | Carrying Value                  | Market Value | Appreciation / (Diminution) | As a percentage of total investments | As a percentage of net assets |   |

----- (Rupees in '000) -----

Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise

**Oil and Gas**

|                                    |         |        |        |        |         |        |        |         |      |      |      |
|------------------------------------|---------|--------|--------|--------|---------|--------|--------|---------|------|------|------|
| Attock Petroleum                   | -       | 49,464 | -      | -      | 49,464  | 20,004 | 20,404 | 400     | 7.98 | 7.50 | 0.06 |
| Oil & Gas Development Co. Ltd.     | -       | 55,000 | -      | -      | 55,000  | 7,612  | 8,339  | 727     | 3.26 | 3.07 | -    |
| Pakistan Oilfields Limited         | 143,011 | -      | -      | 92,000 | 51,011  | 18,313 | 17,673 | (640)   | 6.91 | 6.50 | 0.02 |
| Pakistan Petroleum Limited         | 194,364 | 7,000  | 14,836 | 91,000 | 125,200 | 23,462 | 21,074 | (2,388) | 8.24 | 7.75 | 0.01 |
| Pakistan State Oil Company Limited | 154,079 | -      | -      | 77,701 | 76,378  | 20,208 | 17,354 | (2,854) | 6.79 | 6.38 | 0.04 |
|                                    |         |        |        |        |         | 89,599 | 84,844 | (4,755) |      |      |      |

**Chemicals**

|                                    |        |         |   |         |         |        |        |         |       |      |      |
|------------------------------------|--------|---------|---|---------|---------|--------|--------|---------|-------|------|------|
| Fauji Fertilizer Company Limited   | 67,530 | 219,664 | - | 115,000 | 172,194 | 28,512 | 25,750 | (2,762) | 10.07 | 9.47 | 0.02 |
| Fatima Fertilizer Co Ltd           | -      | 9,752   | - | 9,752   | -       | -      | -      | -       | -     | -    | -    |
| Sitara Chemical Industries Limited | 62,483 | -       | - | -       | 62,483  | 6,236  | 4,511  | (1,725) | 1.76  | 1.66 | 0.29 |
|                                    |        |         |   |         |         | 34,748 | 30,261 | (4,487) |       |      |      |

**General Industrials**

|                     |         |        |   |         |        |       |       |       |      |      |      |
|---------------------|---------|--------|---|---------|--------|-------|-------|-------|------|------|------|
| Packages Limited    | 314,074 | -      | - | 314,074 | -      | -     | -     | -     | -    | -    | -    |
| Tri-Pack Films Ltd. | -       | 23,950 | - | -       | 23,950 | 4,280 | 3,839 | (441) | 1.50 | 1.41 | 0.08 |
|                     |         |        |   |         |        | 4,280 | 3,839 | (441) |      |      |      |

**Household Goods**

|                           |           |   |   |           |   |   |   |   |   |   |   |
|---------------------------|-----------|---|---|-----------|---|---|---|---|---|---|---|
| Pakistan Elektron Limited | 1,085,011 | - | - | 1,085,011 | - | - | - | - | - | - | - |
|                           |           |   |   |           |   | - | - | - |   |   |   |

**Personal Goods**

|                      |         |   |   |         |     |    |    |     |      |      |   |
|----------------------|---------|---|---|---------|-----|----|----|-----|------|------|---|
| Nishat Mills Limited | 657,340 | - | - | 657,000 | 340 | 17 | 14 | (3) | 0.01 | 0.01 | - |
|                      |         |   |   |         |     | 17 | 14 | (3) |      |      |   |

**Electricity**

|                           |         |         |   |         |         |        |        |         |       |       |      |
|---------------------------|---------|---------|---|---------|---------|--------|--------|---------|-------|-------|------|
| Hub Power Company Limited | 753,419 | 242,000 | - | 143,629 | 851,790 | 32,437 | 29,131 | (3,306) | 11.39 | 10.71 | 0.07 |
|                           |         |         |   |         |         | 32,437 | 29,131 | (3,306) |       |       |      |

**Fixed Line Telecommunications**

|  |   |           |   |   |           |        |        |         |       |      |      |
|--|---|-----------|---|---|-----------|--------|--------|---------|-------|------|------|
| Pakistan telecommunication Company Limited "A" | - | 2,600,000 | - | - | 2,600,000 | 30,302 | 27,014 | (3,288) | 10.56 | 9.93 | 0.07 |
|  |   |           |   |   |           | 30,302 | 27,014 | (3,288) |       |      |      |

**Construction and Materials**

|                      |         |         |   |         |         |        |        |     |      |      |      |
|----------------------|---------|---------|---|---------|---------|--------|--------|-----|------|------|------|
| Lucky Cement Limited | 355,700 | 150,000 | - | 204,500 | 301,200 | 22,341 | 22,602 | 261 | 8.84 | 8.31 | 0.09 |
|                      |         |         |   |         |         | 22,341 | 22,602 | 261 |      |      |      |

**Banks**

|                     |   |           |   |   |           |        |        |         |       |      |      |
|---------------------|---|-----------|---|---|-----------|--------|--------|---------|-------|------|------|
| Meezan Bank Limited | - | 1,531,269 | - | - | 1,531,269 | 28,617 | 26,613 | (2,004) | 10.41 | 9.78 | 0.19 |
|                     |   |           |   |   |           | 28,617 | 26,613 | (2,004) |       |      |      |

**Total as at December 31, 2011**

242,341 224,318 (18,023)

Total as at June 30, 2011

278,074 277,028 (1,046)

4.1.1 Investments includes shares with market value of Rs. 17,211,250 (June 30, 2011: Rs. 28,991,250) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

4.2

| Name of the Investee Company | Profit rate % | Number of certificates |                             |                         |                         | Balance as at December 31, 2011 |              |                             | Market value as percentage of net assets | Market value as percentage of total investment | Outstanding principle value as a percentage of issued debt capital |
|------------------------------|---------------|------------------------|-----------------------------|-------------------------|-------------------------|---------------------------------|--------------|-----------------------------|--|--|--|
|                              |               | As at July 1, 2011     | Purchases during the period | Sales during the period | As at December 31, 2011 | Carrying value                  | Market value | Appreciation / (diminution) |  |  |  |

----- (Rupees in '000) -----

**Unlisted Sukuk bonds of Rs 5,000**

|  |        |       |   |   |       |       |       |       |      |      |      |
|--|--------|-------|---|---|-------|-------|-------|-------|------|------|------|
| Pak Elektron Limited (28 September 2007) | 13.70% | 3,000 | - | - | 3,000 | 6,359 | 5,803 | (556) | 2.13 | 2.27 | 1.25 |
|--|--------|-------|---|---|-------|-------|-------|-------|------|------|------|

4.2.1 This unlisted sukuk bond carry floating profit rates equal to 3 month ask side Karachi inter bank offer rate plus 1.75% per annum receivable quarterly with floor at 10% or cap at 25%. These sukuk bonds are secured against floating charge on all of the issuer's present and future fixed assets with 25% margin.

4.2.2 Coupon payment of PEL sukuk on December 28, 2011 (comprising of mark-up amounting to Rs. 241,213) was not received on the due date. As per the requirements of the Circular 1 of 2009 of SECP, the accrual of mark up with effect from December 28, 2011 was suspended. Subsequent to the period end, the security has been classified as non performing asset.

4.3

| Name of the Investments   | Profit rate % | Face Value         |                             |                         |                         | Balance as at December 31, 2011 |              |                              | Market value as a percentage of net assets | Market value as a percentage of total investments |
|---------------------------|---------------|--------------------|-----------------------------|-------------------------|-------------------------|---------------------------------|--------------|------------------------------|--|---|
|                           |               | As at July 1, 2011 | Purchases during the period | Sales during the period | As at December 31, 2011 | Carrying Value                  | Market value | Appreciation / (diminution ) |  |   |
|                           |               |                    |                             |                         |                         |                                 |              |                              |  |   |
| (Rupees in '000)          |               |                    |                             |                         |                         |                                 |              |                              |  |   |
| Government Ijarah Sukuk   | 11.79%        | -                  | 65,000                      | 40,000                  | 25,000                  | 25,625                          | 25,625       | -                            | 9.34                                       | 10.02   |
| Total - December 31, 2011 |               |                    |                             |                         |                         | 25,625                          | 25,625       |                              | 9.34                                       | 10.02   |
| Total - June 30 2011      |               |                    |                             |                         |                         | -                               | -            | -                            | -  | -   |

4.4 The above sukuk have been carried at cost by the Fund as in the opinion of the management, there is no external source available for their accurate valuation. Financial Markets Association of Pakistan (FMAP) is currently developing a mechanism for revaluation of these sukuk. Once developed, this mechanism will be forwarded to the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP) for their consideration. Mutual Funds Association of Pakistan (MUFAP) has also informed the SECP that the mechanism of pricing of these sukuk is currently being studied by MUFAP and has requested SECP to allow status quo to the Funds in valuation of these securities.

## 5 CONTINGENCIES AND COMMITMENTS

5.1 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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, 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.

Subsequent to June 30, 2011, the Honourable Lahore 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 International Element Islamic Asset Allocation Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at December 31, 2011 amounted to Rs. 2.58 million (including Rs. Nil for the half year ended December 31, 2011).

5.2 There were no other contingencies and commitments outstanding as at December 31, 2011.

6 During the current period, the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

## 7 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 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, because of which no provision for taxation has been made as Fund has a net loss in current period.

## **8 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, the Trustee, directors and key management personnel and other associated undertakings.

Management fee payable to the Management Company is determined in accordance with the provisions of the Non Banking Finance Companies and Notified Entities Regulation, 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.

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

### **8.1 Transactions during the period**

|  | <b>Half year ended<br/>December 31,</b> |             | <b>Quarter ended<br/>December 31,</b> |             |
|--|---|-------------|---------------------------------------|-------------|
|  | <b>2011</b>                             | <b>2010</b> | <b>2011</b>                           | <b>2010</b> |
|  | <b>Rupees in '000'</b>                  |             |                                       |             |
| <b>Arif Habib Investments Limited - Management Company</b>   |   |             |                                       |             |
| Management fee for the period  | 3,050                                   | 5,983       | 1,260                                 | 3,015       |
| <b>Arif Habib Limited - Brokerage House</b>  |   |             |                                       |             |
| Brokerage for the period   | 27                                      | 70          | 4                                     | 40          |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>  |   |             |                                       |             |
| Remuneration for the period  | 352                                     | 412         | 175                                   | 207         |
| CDS Charges  | 12                                      | 9           | 9                                     | 3           |
| CDS eligibility fee  | -                                       | 34          | -                                     | 17          |
| <b>The Bank of Punjab (10% holding)</b>  |   |             |                                       |             |
| Cash Dividend Paid   | 11,200                                  | 14,361      | -                                     | -           |
| Issue of 7,239 units (2010: 12,311 units) and 3,543 units (2010: 6,144) for the half year and quarter respectively           | 273                                     | 220         | 136                                   | 50          |
| Redemption of 303,667 units (2010: 17,089 units) and 297,438 units (2010: 17,089) for the half year and quarter respectively | 11,244                                  | 713         | 11,005                                | 713         |
| <b>Directors and executives of the Management Company</b>  |   |             |                                       |             |
| Issue of 13,559 units (2010: 14,245 units) and 3,265 units (2010: 8,522) for the half year and quarter respectively          | 511                                     | 577         | 121                                   | 354         |
| Redemption of 9,733 units (2010: 23,738 units) and 1,351 units (2010: 5,954) for the half year and quarter respectively      | 360                                     | 923         | 50                                    | 245         |
| Bonus units issued: 658 (2010: 19,134) and Nil bonus units (2010: Nil) for the half year and quarter respectively            | 25                                      | 727         | -                                     | -           |
| <b>Nishat Mills Limited</b>  |   |             |                                       |             |
| Dividend income  | 907                                     | -           | 907                                   | -           |

|   | December 31,<br>2011<br>(Un-audited) | June 30,<br>2011<br>(Audited) |
|---|--------------------------------------|-------------------------------|
|   | ----- Rupees in '000'-----           |                               |
| <b>8.2 Amounts outstanding as at period / year end</b>          |                                      |                               |
| <b>Arif Habib Investments Limited - Management Company</b>      |                                      |                               |
| Management fee payable  | 480                                  | 503                           |
| Other payable   | -                                    | 31                            |
| <b>Arif Habib Limited - Brokerage House</b>                     |                                      |                               |
| Brokerage payable   | 4                                    | 14                            |
| <b>Summit Bank Limited</b>                                      |                                      |                               |
| Balance at the end of the period / year                         | 1,761                                | 1,531                         |
| <b>MCB Bank Limited</b>   |                                      |                               |
| Balance at the end of the period / year                         | 10                                   | 10                            |
| <b>Bank of Punjab (10% holding)</b>                             |                                      |                               |
| Units held - 2,003,542 units (June 30, 2011: 378,007 units)     | 71,446                               | 14,360                        |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                                      |                               |
| Security deposit  | 200                                  | 200                           |
| Prepaid CDS eligibility charges                                 | -                                    | 34                            |
| Remuneration payable  | 59                                   | 72                            |
| <b>Directors and executives of the Management Company</b>       |                                      |                               |
| Units held - 8,980 units (June 30, 2011: 22,583 units)          | 320                                  | 868                           |
| <b>Nishat Mills Limited</b>                                     |                                      |                               |
| Shares held - 340 units (June 30, 2011: 657,340 units)          | 14                                   | 33,091                        |

## 9 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant changes or reclassifications were made in this condensed interim financial information.

## 10 DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was authorised for issue on January 27, 2012 by the Board of Directors of the Management Company.

## 11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees.

For Arif Habib Investments Limited  
(Management Company)

Yasir Qadri  
Chief Executive Officer

Nasim Beg  
Director