

**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>Chief Financial Officer &amp; Company Secretary 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 Summit 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>Registrar</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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011**

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Dear Investor,

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

## **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 outperformed KSE100 index by delivering -8.7% return as compared to KSE-100 index return of -9.2%. 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 83.9% from 78.3% at the beginning of the year. On sector level allocations were increased in Banks, Electricity and Oil & Gas while allocations of Personal Goods, Industrial Transportation and Chemicals were reduced. The fund built its exposure towards Fixed Line Telecom during the period under review.

## **FUTURE OUTLOOK**

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 Premier 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 TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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## *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Premier Fund** as at December 31, 2011 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement 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 statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2011 and December 31, 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 8.1 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.

Chartered Accountants

Dated: January 27, 2012

Karachi

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

## As at 31 December 2011

	(Un-Audited) December 31, 2011	(Audited) June 30, 2011
	----- (Rupees in '000)-----	
<b>ASSETS</b>		
Bank balances	76,462	47,629
Investments	449,672	652,364
Receivable against sale of investments	3,846	-
Dividend and profit receivable	323	1,340
Deposits and prepayments	2,770	2,700
Advance tax	2,655	2,655
<b>Total assets</b>	535,728	706,688
<b>LIABILITIES</b>		
Payable to the Management Company	6,723	6,840
Payable to Central Depository Company of Pakistan Limited - Trustee	90	116
Annual fee payable to the Securities and Exchange Commission of Pakistan	287	1,101
Payable on redemption of units	444	194
Dividend payable	10,266	10,266
Accrued expenses and other liabilities	1,044	646
<b>Total liabilities</b>	18,854	19,163
<b>NET ASSETS</b>	516,874	687,525
<b>Unit holders' funds (As per statement attached)</b>	516,874	687,525
<b>CONTINGENCIES AND COMMITMENTS</b>		
	8	
	(Number of units)	
<b>Number of units in issue</b>	60,033,738	71,355,463
	(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>	8.61	9.64

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  
Director

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

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2011	2010	2011	2010
		----- (Rupees in '000) -----			
<b>INCOME</b>					
Capital loss on sale of investments - net		(22,171)	(10)	(13,451)	(10)
Income from government securities		2,053	762	109	762
Profit on bank accounts		1,666	705	751	705
Dividend income		23,766	-	14,278	-
		5,314	1,457	1,687	1,457
Unrealised (diminution) / appreciation in fair value of investments classified as financial assets 'at fair value through profit or loss' - net		(45,631)	15,303	(46,350)	15,303
<b>Total income</b>		<b>(40,317)</b>	<b>16,760</b>	<b>(44,663)</b>	<b>16,760</b>
<b>OPERATING EXPENSES</b>					
Remuneration of the Management Company		6,045	499	2,847	499
Sindh sales tax on remuneration of Management Company	9	967	-	456	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		605	38	285	38
Annual fee - Securities and Exchange Commission of Pakistan		287	24	135	24
Securities transaction cost		1,282	7	594	7
Settlement and bank charges		112	4	83	4
Fees and subscriptions		104	6	17	6
Auditors' remuneration		242	204	152	204
Legal and professional charges		40	-	10	-
Printing and related costs		725	12	671	12
<b>Total operating expenses</b>		<b>10,409</b>	<b>794</b>	<b>5,250</b>	<b>794</b>
<b>Net (loss) / income from operating activities</b>		<b>(50,726)</b>	<b>15,966</b>	<b>(49,913)</b>	<b>15,966</b>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		1,757	(529)	116	(529)
<b>Net (loss) / income for the period before taxation</b>		<b>(48,969)</b>	<b>15,437</b>	<b>(49,797)</b>	<b>15,437</b>
Taxation	10	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(48,969)</b>	<b>15,437</b>	<b>(49,797)</b>	<b>15,437</b>
Other comprehensive income / (loss) for the period		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(48,969)</b>	<b>15,437</b>	<b>(49,797)</b>	<b>15,437</b>
Earnings / (loss) per unit	3.4				
The annexed notes 1 to 14 form an integral part of this condensed interim financial information.					

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  
Director



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

	Half year ended December 31,		Quarter ended December 31,	
	2011	2010	2011	2010
	----- (Rupees in '000) -----			
<b>Accumulated loss brought forward</b>	(26,030)	(160,470)	(35,867)	(160,470)
Net (loss) / income for the period	(48,969)	15,437	(49,797)	15,437
Net element of income / (loss) and capital (losses) / gains included in the prices of units issued less those in units redeemed	6,516	70,737	2,196	70,737
Final distribution for the year ended 'June 30, 2011: Rs 0.21 per unit - Bonus units	(14,985)		-	-
	(57,438)	86,174	(47,601)	86,174
<b>Accumulated loss carried forward</b>	<u>(83,468)</u>	<u>(74,296)</u>	<u>(83,468)</u>	<u>(74,296)</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  
Director

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

	Note	Half year ended December 31,		Quarter ended December 31,	
		2011	2010	2011	2010
		----- (Rupees in '000) -----			
<b>Net assets at the beginning of the period</b>		687,525	-	602,326	-
Issue of 6,141 units (2010: 169,804,687 units) and 6,141 units (2010: 169,804,687 units) for the half year and quarter ended respectively		57	1,537,617	57	1,537,617
Redemption of 12,916,906 units (2010: 74,905,517 units) and 5,380,286 units (2010: 74,905,517 units) for the half year and quarter ended respectively		(119,982) (119,925)	(678,844) 858,773	(35,596) (35,539)	(678,844) 858,773
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		(1,757)	529	(116)	529
- amount representing element of (income) / loss and capital (gains) / losses that from part of the unit holders' fund - transferred to distribution statement		(6,516) (8,273)	(70,737) (70,208)	(2,196) (2,312)	(70,737) (70,208)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income		6,516	70,737	2,196	70,737
Capital (loss) / gain on sale of investments - net		(22,171)	(10)	(13,451)	(10)
Net unrealised (diminution) / appreciation in value of investments classified as financial assets 'at fair value through profit or loss' - net		(45,631)	15,303	(46,350)	15,303
Other net income for the period		18,833 (48,969)	144 15,437	10,004 (49,797)	144 15,437
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>516,874</u>	<u>874,739</u>	<u>516,874</u>	<u>874,739</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  
Director

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

	Half year ended December 31,		Quarter ended December 31,	
	2011	2010	2011	2010
	Rupees in '000		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net (loss) / income for the period	(48,969)	15,437	(49,797)	15,437
<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	45,631	(15,303)	46,350	(15,303)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(1,757)	529	(116)	529
Dividend income	(23,766)	-	(14,278)	-
	(28,861)	663	(17,841)	663
<b>(Increase) / decrease in assets</b>				
Investments - net	159,203	241,531	109,122	241,531
Receivable against sale of investments	(3,846)	(20)	(3,846)	(20)
Profit receivable	(180)	(197)	61	(197)
Deposits and prepayments	(70)	2	(70)	2
	155,107	241,316	105,267	241,316
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	(117)	984	(121)	984
Payable to Central Depository Company of Pakistan Limited - Trustee	(26)	38	(10)	38
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(814)	23	135	23
Payable on redemption of units	250	4,793	(15,329)	4,793
Unclaimed dividend	-	(15,656)	-	(15,656)
Accrued expenses and other liabilities	398	(167)	(37,536)	(167)
	(309)	(9,985)	(52,861)	(9,985)
Dividend received	22,821	-	18,227	-
<b>Net cash generated from operating activities</b>	148,758	231,994	52,792	231,994
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net payment from issuance / redemption of units	(119,925)	(678,804)	(35,539)	(678,804)
Bank balances transferred from Pakistan Premier Fund Limited upon conversion	-	546,590	-	546,590
<b>Net cash used in financing activities</b>	(119,925)	(132,214)	(35,539)	(132,214)
<b>Net increase in cash and cash equivalents during the period</b>	28,833	99,780	17,253	99,780
Cash and cash equivalents at the beginning of the period	47,629	-	59,209	-
<b>Cash and cash equivalents at the end of the period</b>	76,462	99,780	76,462	99,780

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  
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

- 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 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. 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 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) December 31, 2011	(Audited) June 30, 2011
		(Rupees in '000)	

**4 INVESTMENTS**

**Financial assets 'at fair value through profit or loss'**

- Government securities	4.1	-	98,773
- Listed equity securities	4.2	447,530	553,591
- Unlisted equity securities	4.3	2,142	-
		<u>449,672</u>	<u>652,364</u>

**4.1 Government securities**

Particulars	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	Purchased during the period	Disposed off during the period	Matured during the period	As at December 31, 2011	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 - December 31, 2011</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 HALF YEAR AND  
QUARTER ENDED DECEMBER 31, 2011**

**4.2 Listed equity securities**

Name of the Investee company	Number of shares					Balance as at December 31, 2011			Market value as percentage of investments	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	As at December 31, 2011	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	-	69,100	-	2,801	66,299	25,771	27,348	1,577	6.08%	5.29%	0.07%
National Refinery Limited	-	10,000	-	853	9,147	2,845	2,220	(625)	0.49%	0.43%	0.01%
Pakistan Oilfields Limited	182,480	5,000	-	62,500	124,980	44,832	43,299	(1,533)	9.63%	8.38%	0.05%
Pakistan Petroleum Limited	239,334	53,383	-	5,500	287,217	53,644	48,344	(5,300)	10.75%	9.35%	0.02%
Pakistan State Oil Company Limited	-	123,314	-	25,000	98,314	24,134	22,338	(1,796)	4.97%	4.32%	0.06%
						151,226	143,549	(7,677)			
CHEMICALS											
Engro Corporation Limited	305,060	248,345	-	395,000	158,405	20,225	14,684	(5,541)	3.27%	2.84%	0.04%
Fatima Fertilizer Company Limited	-	1,471,685	-	900,000	571,685	13,115	13,103	(12)	2.91%	2.54%	0.03%
Fauji Fertilizer Company Limited	496,053	199,500	-	395,000	300,553	48,522	44,945	(3,577)	10.00%	8.70%	0.04%
						81,862	72,732	(9,130)			
INDUSTRIAL METALS AND MINING											
International Industries	65,000	-	-	-	65,000	3,218	2,471	(747)	0.55%	0.48%	0.05%
						3,218	2,471	(747)			
CONSTRUCTION AND MATERIALS											
Lucky Cement Limited	305,000	155,000	-	160,000	300,000	21,599	22,512	913	5.01%	4.36%	0.09%
						21,599	22,512	913			
GENERAL INDUSTRIALS											
Packages Limited	588,011	-	-	588,011	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal Limited	428,329	-	-	324,065	104,264	8,471	6,880	(1,591)	1.53%	1.33%	0.10%
						8,471	6,880	(1,591)			
FOOD PRODUCERS											
Engro Foods Limited	-	35,000	-	20,000	15,000	375	339	(36)	0.08%	0.07%	0.00%
						375	339	(36)			
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	210,148	5,000	-	215,148	-	-	-	-	0.00%	0.00%	0.00%
PERSONAL GOODS											
Kohinoor Mills Limited	547,932	-	-	547,932	-	-	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited	828,514	50,000	-	443,335	435,179	21,673	17,603	(4,070)	3.91%	3.41%	0.12%
						21,673	17,603	(4,070)			
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunication Company Limited	-	1,650,000	-	-	1,650,000	18,675	17,144	(1,531)	3.81%	3.32%	0.04%
						18,675	17,144	(1,531)			
ELECTRICITY											
Hub Power Company Limited	626,250	990,000	-	-	1,616,250	61,974	55,276	(6,698)	12.29%	10.69%	0.14%
Kohinoor Energy Limited	307,476	-	-	307,000	476	8	8	-	0.00%	0.00%	0.00%
Kot Addu Power Company Limited	725,433	200,000	-	325,000	600,433	26,738	24,810	(1,928)	5.52%	4.80%	0.07%
Nishat Power Limited	-	1,150,645	-	18,591	1,132,054	17,779	14,660	(3,119)	3.26%	2.84%	0.32%
						106,499	94,754	(11,745)			
BANKS											
Allied Bank Limited	891,336	-	-	213,370	677,966	43,485	36,522	(6,963)	8.12%	7.07%	0.08%
Bank Al-Habib Limited	-	67,028	-	-	67,028	1,873	1,912	39	0.43%	0.37%	0.01%
Habib Metropolitan Bank Limited	815,990	-	-	313,056	502,934	10,949	8,495	(2,454)	1.89%	1.64%	0.05%
MCB Bank Limited	-	60,000	-	13,000	47,000	6,604	6,326	(278)	1.41%	1.22%	0.01%
Meezan Bank Limited	-	716,203	-	-	716,203	12,565	12,448	(117)	2.77%	2.41%	0.09%
National Bank of Pakistan	-	580,858	-	487,984	92,874	4,054	3,812	(242)	0.85%	0.74%	0.01%
United Bank Limited	-	600	-	-	600	33	31	(2)	0.01%	0.01%	0.00%
						79,563	69,546	(10,017)			
Total December 31, 2011						493,161	447,530	(45,631)			
Total June 30, 2011						528,685	553,591	24,906			

**4.3 Unlisted equity securities**

Name of the Investee company	Number of shares					Balance as at December 31, 2011			Market value as percentage of investments	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	As at December 31, 2011	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)	-	-	-	-	-	2,142	2,142	-	0.48%	0.41%	0.00%
Total December 31, 2011						2,142	2,142	-			
Total June 30, 2011						-	-	-			

4.2.1 Investment in listed equity securities includes shares with market value aggregating to Rs. 53.248 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) December 31, 2011	(Audited) June 30, 2011
		(Rupees in '000)	
<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) December 31, 2011	(Audited) June 30, 2011
		(Rupees in '000)	
<b>6 PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	6.1	899	1,160
Sales tax payable on remuneration of Management Company		144	-
Conversion cost payable	6.2	<u>5,680</u>	<u>5,680</u>
		<u>6,723</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) December 31, 2011	(Audited) June 30, 2011
		(Rupees in '000)	
<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 December 31, 2011, 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.

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 the year ended June 30, 2011, 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 December 31, 2011 amounted to Rs 11.062 million.

**8.2** There were no other contingencies and commitments outstanding as at December 31, 2011. (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 half year / quarter with connected persons / related parties are as follows:

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Rupees in '000</b>		<b>Rupees in '000</b>	
<b>Arif Habib Investments Limited - Management Company</b>				
Remuneration of the Management Company	6045	499	2,847	499
Sales tax on remuneration of Management Company	967	-	456	-
Issue of Nil units (2010: 16,975,034 units)	-	153,624	-	153,624
Redemption of Nil units (2010: 16,900,000 units)	-	152,945	-	152,945
<b>Central Depository Company of Pakistan Limited</b>				
Remuneration for the period	605	38	285	38
CDS Eligibility charges	-	2	-	2
<b>Summit Bank Limited</b>				
Issue of Nil units (2010: 2,183,298 units)	-	19,759	-	19,759
Redemption of Nil units (2010: 2,183,298 units)	-	19,759	-	19,759



	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Rupees in '000</b>		<b>Rupees in '000</b>	
<b>Arif Habib Corporation</b>				
Issue of Nil units (2010: 40,721,548 units)	-	368,530	-	368,530
Redemption of Nil units (2010: 40,721,548 units)	-	368,937	-	368,937
<b>Trustee - AHI Employee Provident Fund</b>				
Issue of Nil units (2010: 213,772 units)	-	1,935	-	1,935
Redemption of Nil units (2010: 213,772 units)	-	1,935	-	1,935
<b>Trustee - AHI Employee Stock Beneficial Ownership Trust</b>				
Issue of Nil units (2010: 50,000 units)	-	453	-	453
Redemption of Nil units (2010: 50,000 units)	-	453	-	453
<b>Directors and executives of the Management Company</b>				
Issue of Nil units (2010: 695,925 units)	-	6,298	-	6,298
Redemption of Nil units (2010: 600,000 units)	-	5,433	-	5,433
Bonus 297.01 units (2010: Nil units)	3	-	-	-

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

	<b>(Unaudited) December 31, 2011</b>	<b>(Audited) June 30, 2011</b>
	<b>(Rupees in '000)</b>	
<b>Amounts outstanding as at period end</b>		
<b>Arif Habib Investments Limited - Management Company</b>		
Remuneration payable at the end of period	899	1,160
Sales tax payable on Remuneration of Management Company	144	-
Conversion cost payable	5,680	5,680
<b>Central depository Company of Pakistan Limited</b>		
Remuneration payable	90	116
Security deposit	200	200
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage payable at period end	45	-
<b>Summit Bank Limited</b>		
Balance with bank	16,729	6,316
<b>MCB Bank Limited</b>		
Balance with bank	48,856	-
47,000 Shares held (2011: Nil shares)	6,326	-
<b>Fatima Fertilizer Company Limited</b>		
571,685 shares held (2011: Nil shares)	13,103	-
<b>Nishat Mills Limited</b>		
435,179 shares held (2011: 828,514 shares)	17,603	41,707
<b>Nishat Power Limited</b>		
1,132,054 shares held (2011: Nil shares)	14,660	-
<b>Directors and executives of the Management Company</b>		
Units held 12,808 (2011: 21,734 units)	110	139

**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorized for issue on January 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  
Director**