



Bachat ka Doosra Naam

Quarterly Report
September 30, 2012
(Unaudited)



Funds Under Management
of
Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)

PAKISTAN PREMIER FUND

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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	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 Officer (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)
Audit Committee	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member Member Member
Human Resource Committee	Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jehangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & CFO of the Management Company	Mr. Muhammad Saqib Saleem	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Summit Bank Limited Standard Chartered Bank (Pakistan) Limited MCB Bank Limited Habib Metro Bank Limited Bank Al-Habib Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Registrar	JWAFFS Registrar Services (Private) Limited Kashif Centre, Room No. 505, 5th Floor, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT TO THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Premier Fund's accounts review for the first quarter ended September 30th 2012.

EQUITIES MARKET OVERVIEW

The KSE-100 index made an impressive start in FY13 and posted a return of 11.9% during 1Q FY13, outperforming most of the regional players. Although the market remained strong as far as returns are concerned, activity remained dull in terms of both volumes and turnover. Foreigners, however, made a strong return to the local market with a cumulative net inflow of US\$ 92 million during the period under review.

Major interest during the period remained in Construction & Materials, Consumer and Electricity Sectors where strong inherent bottom line growth, healthy payouts and favorable projected impact of fall in interest rates thrived investor interest. Highly levered companies were also remained in the limelight during the period amid aggressive policy rate cut of 150 bps by the SBP during the period. Strong corporate results as well as healthy payouts by key companies served to keep the positive momentum intact in the market.

FUND PERFORMANCE

During the period, PPF performed in line with KSE100 index and delivered 11.9% return. Overall equity exposure of the fund was increased by around 2.1% which stood at 93.9% at the end of the quarter. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the quarter, the fund realigned its sector exposure by reducing allocation in Banks, Oil & Gas while increasing its allocations in Electricity, Fixed Line Telecommunication, Personal Goods and Construction & Materials sectors.

The Net Asset of the Fund as at September 30, 2012 stood at Rs. 491.738 million as compared to Rs 467.932 million as at June 30 2012 registering a an increase of 5 %

The Net Asset Value (NAV) per unit as at September 30, 2012 was Rs. 10.91 as compared to opening NAV of Rs. 9.75 per unit as at June 30, 2012 registering an increase of Re.1.16 per unit

FUTURE OUTLOOK

Along with attractive valuations and earnings growth, anticipation of accommodative govt. policies before upcoming general elections has also contributed towards strong investors' confidence. A sustained momentum, however, would require continued support on this front along with an improved fiscal and external account management. We therefore prefer to remain vigilant of fading triggers on macro front and potential opportunities arising out of micro dynamics in stock and sector allocation.

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.

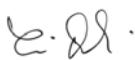
On behalf of Directors,

Yasir Qadri
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

		Unaudited September 30, 2012	Audited June 30, 2012
	Note	(Rupees in '000)	
ASSETS			
Bank Balances		18,528	34,756
Investments	4	479,570	463,605
Dividend and profit receivable		7,022	978
Deposits, prepayments and other receivable		2,720	2,915
Advance tax		2,655	2,655
Total Assets		510,495	504,909
LIABILITIES			
Payable on redemption of units		-	1,831
Payable to the Management Company		6,040	5,979
Payable to Trustee		82	77
Payable to Securities and Exchange Commission of Pakistan		118	518
Unclaimed dividend		10,266	10,266
Payable against purchase of investments		674	17,013
Accrued expenses and other liabilities		1,577	1,293
Total Liabilities		18,757	36,977
NET ASSETS		491,738	467,932
Unit holders' fund (as per statement attached)		491,738	467,932
CONTINGENCY			
	5		
		(Number of units)	
Number of units in issue		45,089,644	48,007,325
		(Rupees)	
Net Asset Value per unit		10.91	9.75

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012


	Note	September 30, 2012	September 30, 2011
(Rupees in '000)			
Income			
Dividend income		6,988	9,488
Capital gain/ (loss) on sale of investments - net		25,204	(8,720)
Income from government securities		318	1,944
Profit on bank deposits		485	915
		32,995	3,627
Net unrealised appreciation on remeasurement of investments 'at fair value through profit or loss'	4.2	27,044	719
Total income		60,039	4,346
Operating expenses			
Remuneration of the Management Company		2,489	3,197
Sindh Sales tax on remuneration of the Management Company		398	512
Remuneration of the Trustee		249	320
Annual fee - Securities and Exchange Commission of Pakistan		118	152
Securities transaction cost		1,410	688
Settlement and bank charges		37	29
Fees and subscriptions		123	117
Auditor's remuneration		126	90
Printing and related cost		125	53
Total expenses		5,075	5,159
Net income from operating activities		54,964	(813)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(2,886)	1,641
Net income for the period before taxation		52,078	828
Taxation	6	-	-
Net income for the period after taxation		52,078	828
Other comprehensive income for the period		-	-
Total comprehensive income for the period		52,078	828
Earnings per unit	7		

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



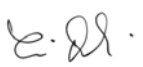
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012	September 30, 2011
	(Rupees in '000)	
Accumulated loss brought forward	(12,139)	(26,030)
Net income for the period after taxation	52,078	828
Net element of income and capital gains included in in prices of units issued less those in units redeemed		
- amount representing unrealised capital (gains) losses and capital (gains) losses that from part of the unit holders' fund - transferred to distribution statement	904	4,320
Final distribution of Rs 0.21 for the year ended June 30, 2011 Issue of bonus units	-	(14,985)
Net income / (loss) carried forward	40,844	(35,867)

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Note	September 30, 2012	September 30, 2011
		(Rupees in '000)	
Net assets at the beginning of the period		467,932	687,525
Issue of 301,448 units (2011: Nil units)		3,065	-
Issue of Nil bonus units (2011: 1,589,040 units)		-	14,985
Redemption of 3,219,129 units (2011: 7,536,620)		(34,224)	(84,386)
		(31,158)	(69,401)
Net element of (income) / losses and capital (gains) / losses included in proces of units issued less those in units redeemed			
-amount transferred to income statement		2,886	(1,641)
-amount transferred to distribution statement		(904)	(4,320)
		1,982	(5,961)
Final distribution of Rs 0.21 for the year ended June 30, 2011			
-Issue of bonus units		-	(14,985)
Capital gain / (loss) on sale of investments		25,204	(8,720)
Net unrealised appreciation in value of investments 'at fair value through profit or loss' - net	4.2	27,044	719
Other net income / (loss) for the period		(170)	7,188
		52,078	(813)
Net element of income and capital gains included in prices of units issued less those in units redeemed-transferred to distribution statement		904	5,961
Net assets at the end of the period		491,738	602,326

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

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



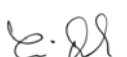
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012


	September 30, 2012	September 30, 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	52,078	828
Adjustments for non-cash and their items		
Unrealised appreciation in the value of investments - 'at fair value through profit or loss'	(27,044)	(719)
Dividend income	(6,988)	(9,488)
Net element of (income) / loss and (capital gains) / losses included in prices of units issued less those in units redeemed	2,886	(1,641)
	20,933	(11,020)
(Increase) / decrease in assets		
Investments - net	11,079	50,081
Dividend and profit receivable	184	(241)
Deposits, prepayments and other receivables	195	-
	11,458	49,840
Increase / (decrease) in liabilities		
Payable on redemption of units	(1,831)	15,579
Payable to the Management Company	61	4
Payable to Trustee	5	(16)
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(400)	(949)
Accrued expenses and other liabilities	284	37,934
Payable against purchase of investments	(16,339)	-
	(18,220)	52,552
Dividend received	760	-
Net cash generated from operating activities	14,931	91,272
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment from issuance / redemption of units	(31,158)	(84,386)
Net cash used in financing activities	(31,158)	(84,386)
Net (decrease)/ increase in cash cash and cash equivalent during the perio	(16,228)	6,986
Cash and cash equivalents at the beginning of the period	34,756	47,629
Cash and cash equivalents at the end of the period	18,528	54,615

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

1 LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Premier Fund (the Fund) was constituted by virtue of a Scheme of Arrangement for conversion of Pakistan Premier Fund Limited (PPFL) into an Open End Scheme under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on November 12, 2010 after being approved by the Securities and Exchange Commission of Pakistan (SECP) on November 11, 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Based on shareholders' resolutions of MCB-AMC and Arif Habib Investments Limited (AHI) 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). AHI being a listed company is the surviving entity and in compliance of SBP's approval, it 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 & 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 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 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.

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 categorization 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 transferrable and can be redeemed by surrendering them to the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of "AM2" (positive outlook) to the management company and 3-star short term ranking and 4-star long term ranking to the fund.

The Fund primarily invests in shares of listed equity securities and cash and near cash instruments which include cash in bank accounts (excluding TDRs), and treasury bills not exceeding 90 days remaining in maturity.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have 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' (IAS 34), 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. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements.

2.2 These condensed interim financial statements are un-audited.

2.3 The directors of the asset management company declare that these financial statements give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the year ended June 30, 2012.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

4	INVESTMENTS	September 30, 2012	June 30, 2012
		(Rupees in '000)	
	At fair value through profit or loss		
	- Government Securities	4.1	-
	- Equity securities	4.2	29,580
		479,570	434,024
		479,570	463,604

4.1 Government Securities

Issue date	Tenor	----- Face value -----				Balance as at September 30, 2012			Market value as percentage of total investments	Market value as percentage of net assets
		As at July 1, 2012	Purchases during the period	Sales / matured during the period	As at September 30, 2012	Carrying Value	Market value	Appreciation / (Diminution)		

-----Rupees in '000-----

MARKET TREASURY BILLS

May 3, 2012	3 Months	20,000	-	20,000	-	-	-	-	-	-
June 28, 2012	3 Months	10,000	-	10,000	-	-	-	-	-	-

TOTAL - 2012 September

- - -

TOTAL - 2012 June

29,584 29,580 (4)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

4.2 Equity Securities - At fair value through profit and loss

Name of the Investee company	Number of shares					Balance as at September 30, 2012			Market value as percentage of investments	Market value as percentage of net assets	Paid up value of shares held as a % of total paid up capital of the investee company
	As at July 1, 2012	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)			
-----Rupees in '000-----											
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL & GAS											
Attock Petroleum	92,293	5,000	-	38,422	58,871	27,978	30,833	2,855	6.43%	6.27%	0.09%
National Refinery Limited	-	21,000	-	-	21,000	4,985	4,939	(46)	1.03%	1.00%	0.03%
Pakistan Oilfields Limited	117,980	5,500	-	11,000	112,480	41,565	48,744	7,179	10.16%	9.91%	0.05%
Pakistan Petroleum Limited	242,217	9,000	44,304	74,000	221,521	33,534	38,972	5,438	8.13%	7.93%	0.01%
Pakistan State Oil Company Ltd.	14,710	61,600	-	18,310	58,000	14,965	12,598	(2,367)	2.63%	2.56%	0.03%
Oil and Gas Development Company Ltd.	109,600	178,700	-	156,600	131,700	22,298	23,624	1,326	4.93%	4.80%	0.00%
						145,325	159,710	14,385			
CHEMICALS											
Engro Corporation Limited	92,000	263,000	-	147,000	208,000	22,362	22,208	(154)	4.63%	4.52%	0.04%
Fauji Fertilizer Company Limited	252,067	95,000	-	346,800	267	29	30	1	0.01%	0.01%	0.00%
Fatima Fertilizer Co Ltd	909,577	-	-	909,577	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	-	200,000	-	199,500	500	21	18	(3)	0.00%	0.00%	0.00%
ICI Pakistan Limited	-	99,900	-	42,700	57,200	9,555	9,377	(178)	1.96%	1.91%	0.06%
						31,967	31,633	(334)			
INDUSTRIAL METALS AND MINING											
International Industries	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
FORESTRY AND PAPER											
Century Paper & Board Mills Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
INDUSTRIAL METALS AND MINING											
International Industries Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
CONSTRUCTION AND MATERIALS											
Lucky Cement	171,000	214,200	-	5,200	380,000	46,742	50,593	3,851	10.55%	10.29%	0.12%
Cherat Cement Company Limited	200,478	216,000	-	200,000	216,478	8,111	8,590	479	1.79%	1.75%	0.23%
DG Khan Cement Company Limited	133,000	532,500	-	415,553	249,947	11,223	12,572	1,349	2.62%	2.56%	0.06%
Kohat Cement Company Limited	131,374	87,500	-	59,000	159,874	7,445	9,325	1,880	1.94%	1.90%	0.12%
Lafarge Pakistan Cement Limited	1,259,000	322,000	-	1,581,000	-	-	-	-	0.00%	0.00%	0.00%
Fecto Cement	-	183,975	-	83,500	100,475	2,494	2,559	65	0.53%	0.52%	0.20%
						76,015	83,639	7,624			
GENERAL INDUSTRIALS											
Packages Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
INDUSTRIAL ENGERINEERING											
Millat Tractos Limited	21,918	15,500	-	-	37,418	18,165	18,073	(92)	3.77%	3.68%	0.10%
						18,165	18,073	(92)			
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal Limited	214,164	-	-	-	214,164	2,142	2,142	-	0.45%	0.44%	0.20%
						2,142	2,142	-			
Food Producers											
Engro Foods Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
Exide Pakistan Limited	13,699	500	-	14,199	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			
PERSONAL GOODS											
Nishat Chunian	-	160,000	-	110,000	50,000	902	1,111	209	0.23%	0.23%	0.03%
Nishat Mills Limited	-	321,000	-	46,000	275,000	15,335	15,581	246	3.25%	3.17%	0.08%
						16,237	16,692	455			
PHARMA AND BIO TECH											
Abbot Laboratories Pakistan Limited	61,851	-	-	61,851	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

Name of the Investee company	Number of shares					Balance as at September 30, 2012			Market value as percentage of investments	Market value as percentage of net assets	Paid up value of shares held as a % of total paid up capital of the investee company
	As at July 1, 2012	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)			
ELECTRICITY											
Hub Power Company Limited	876,165	138,000	-	-	1,014,165	42,961	47,544	4,583	9.91%	9.67%	0.09%
Nishat Chunian Power Limited	822,051	515,000	-	822,051	515,000	8,204	8,601	397	1.79%	1.75%	0.14%
Nishat Power Limited	-	160,000	-	160,000	-	-	-	-	0.00%	0.00%	0.00%
						51,165	56,145	4,980			
BANKS											
Allied Bank Limited	58,173	-	-	58,173	-	-	-	-	0.00%	0.00%	0.00%
Askari Bank Limited	363,750	579,478	-	-	943,228	13,658	14,413	755	3.01%	2.93%	0.12%
Bank AL-Falah Limited	2,469,155	190,000	-	1,460,500	1,198,655	20,655	18,651	(2,004)	3.89%	3.79%	0.09%
Bank AL-Habib Limited	761,130	280,000	-	392,000	649,130	18,349	18,377	28	3.83%	3.74%	0.06%
JS Bank Limited	-	461,000	-	140,000	321,000	1,791	1,714	(77)	0.36%	0.35%	0.03%
MCB Bank Limited	25,570	101,300	-	88,000	38,870	7,167	7,231	64	1.51%	1.47%	0.00%
National Bank Of Pakistan	89,000	321,500	-	89,000	321,500	14,475	14,127	(348)	2.95%	2.87%	0.02%
United Bank Limited	300,029	240,000	-	378,000	162,029	12,697	11,953	(744)	2.49%	2.43%	0.01%
						88,792	86,466	(2,326)			
DELISTED COMPANIES**											
Sarhad Ghee Mills Limited	113,000	-	-	-	113,000	-	-	-	0.00%	0.00%	0.01%
Sunflo Citruss Limited	315,000	-	-	-	315,000	-	-	-	0.00%	0.00%	0.03%
						-	-	-			
Fixed Line Telecommunication											
Pakistan Telecommunication Company Ltd. "A"	-	1,030,500	-	674,000	356,500	6,614	6,913	299	1.44%	1.41%	0.01%
Telecard Limited	-	125,000	-	125,000	-	-	-	-	0.00%	0.00%	0.00%
Wateen Telecom Limited	1,650,000	300,000	-	-	1,950,000	4,073	4,953	880	1.03%	1.01%	0.32%
						10,687	11,866	1,179			
NON LIFE INSURANCE											
Pakistan Reinsurance Company Limited	-	636,025	-	-	636,025	12,031	13,204	1,173	2.75%	2.69%	0.21%
						12,031	13,204	1,173			
TOTAL						452,526	479,570	27,044			

** These securities are delisted and are valued at Nil in the books of accounts.

Investments include quoted equity securities with market value of Rs. 35.732 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5 CONTINGENCY

CONTRIBUTION TO WORKERS WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

During the period ended 30 June 2012, 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.

In view of the afore mentioned developments and based on legal counsel, the Management Company firmly believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the Management Company also expects that the constitutional petition pending in the Honourable High Court of Sindh on the subject as referred above will be decided in favour of the Mutual Funds.

The aggregate unrecognised amount of WWF as at September 30, 2012 amounted to Rs 15.975 million. If the same were made the NAV of the fund would have been lower by Re. 0.354 per unit.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

6 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 a tax liability in respect of income relating to the current period as the management company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

7 EARNINGS 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.

8 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

8.1 Connected persons of the Fund include the Management Company, other collective investment, schemes being managed by the Management Company, MCB Bank Limited being the parent company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more units of the Fund.

8.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

8.3 Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively.

8.4 Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Transactions during the period with connected persons / related parties

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Arif Habib Investments Limited - Management Company		
Remuneration for the period	2,489	3,197
Other expenses paid		-
Sindh Sales tax on remuneration of the management company	398	512
Central Depository Company of Pakistan Limited		
Remuneration for the period	249	320
CDS Charges		-
CDS Eligibility charges	23	21
Arif Habib Limited - Brokerage house		
Brokerage*	74	-
Directors and executives of the Management Company		
Issue of 14,072 Units (2011: Nil units)	137	-
Redemption of 4,540 units (2011: 3,788 Units)	49	36
Bonus of nil units (2011: 483 Units)	-	5
MCB Bank Limited		
Markup accrued	167	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

Amounts outstanding as at period end	Sept 30, 2012	June 30, 2012
	(Rupees in '000)	
Arif Habib Investments Limited - Management Company		
Remuneration Payable	820	767
Sindh sales tax payable on Management company's remuneration	131	123
Conversion cost payable	5,089	5,089
Central depository Company of Pakistan Limited		
Remuneration payable	82	77
Security deposit	200	200
Summit Bank Limited		
Balance with bank	4,326	4,326
Directors and executives of the Management Company		
Units held: 18,380 (June 30, 2012: 14,072)	104	137
D.G Khan Cement Company Limited		
Shares held 249,947 (June 30, 2012: shares)	12,572	5,238
Nishat chunian Limited		
Shares held 50,000 (June 30, 2012: Nil shares)	1,111	-
Nishat Mills Limited		
Shares held 275,000 (June 30, 2012: Nil shares)	15,335	-
Nishat Chunian Power Limited		
Shares held 515,000 (June 30, 2012: 822,051 shares)	8,601	12,919
MCB bank Limited		
Shares held 38,870 (June 30, 2012: 25,570 shares)	7,231	4,251
Arif Habib Limited - Brokerage house		
Brokerage payable	80	-

9 DATE OF AUTHORISATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorised for issue on October 25 2012 by the Board of Directors of the Management Company.

10 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer

For Arif Habib Investments Limited
(Management Company)



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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