

Half Year Report

December 31, 2012
(Unaudited)



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 & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
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 Metropolitan 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	
Transfer Agent	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	AM2 - Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan Premier Fund's accounts review for the half year ended December 31st 2012.

EQUITIES MARKET OVERVIEW

The KSE-100 index made an impressive start in FY13 as well and posted a return of 22.5% during the first half of 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 around US\$ 157 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 cumulative 250 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, the Fund delivered a return of 21.8% while KSE100 index increased by 22.5%. Overall equity exposure of the fund was increased by around 2.1% which stood at 88.4% at the end of the period. The fund changed its investment strategy several times during the period to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by reducing allocation in Banks, Oil & Gas and Pharma & Bio Tech while increasing its allocations in Electricity and Construction & Materials sectors.

The Net Asset of the Fund as at December 31, 2012 stood at Rs. 494.25 million as compared to Rs 467.93 million as at June 30 2012 registering an increase of 5.62 %

The Net Asset Value (NAV) per unit as at December 31, 2012 was Rs. 11.88 as compared to opening NAV of Rs. 9.75 per unit as at June 30, 2012 registering an increase of Re. 2.13 per unit

FUTURE OUTLOOK

Investors are pinning hopes on Dec-end results, expecting strong payout from Commercial Banks, Electricity, Chemicals, and Oil & Gas sectors. However, on the account of mounting political uncertainty and precarious macroeconomic position especially on the external front reflected through depleting FX reserves and steady depreciation of Pak Rupee, the market could correct itself in the shorter term. 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
February 04, 2013

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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URL: www.cdcPakistan.com
Email: info@cdcpak.com



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TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN PREMIER FUND

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, 2012 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 22, 2013



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



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Premier Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company 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 interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed 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 at and for the six months period ended 31 December 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Emphasis of matter

We draw attention to note 9 to the condensed interim financial information relating to Workers' Welfare Fund (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF in Honourable Sind High Court. In view of the matter more fully discussed in the above note, provision against WWF amounting to Rs. 13.989 million in aggregate is not being maintained by the Fund. Our conclusion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity.

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



KPMG Taseer Hadi & Co.

Other matters

The figures for the quarter ended 31 December 2012 and 31 December 2011 in the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement have not been reviewed by us and we do not express a conclusion on them.

The financial statements of the Fund for the year ended 30 June 2012 and condensed interim financial information of the Fund for the six months period ended 31 December 2011 were audited and reviewed respectively by another firm of auditors who expressed unmodified opinion with emphasis of matter paragraph on the financial statements of the Fund for the year ended 30 June 2012 and unmodified conclusion with emphasis of matter paragraph on the condensed interim financial information of the Fund for the six months period ended 31 December 2011 vide their audit and review reports dated 17 September 2012 and 27 January 2012 respectively. The emphasis pertains to non provision of Workers' Welfare Fund for reason explained in the emphasis of matter paragraph above.

Date: 04 February 2013

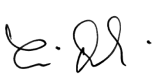
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

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

	(Unaudited) Note 31 December 2012	(Audited) 30 June 2012
	(Rupees in '000)	
Assets		
Balances with banks	41,935	34,756
Receivable against sale of investments	11,600	-
Investments	6 453,265	463,605
Dividend and profit receivable	553	978
Advances, deposits and prepayments	5,426	5,570
Total assets	512,779	504,909
Liabilities		
Payable against purchase of investments	-	17,013
Payable against redemption of units	-	1,831
Payable to Arif Habib Investments Limited - Management Company	7 6,654	5,979
Payable to Central Depository Company of Pakistan Limited - Trustee	84	77
Accrued expenses and other liabilities	1,289	1,293
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	237	518
Unclaimed dividend	8 10,266	10,266
Total liabilities	18,530	36,977
Contingencies and commitments	9	
Net assets	494,249	467,932
Unit holders' funds	494,249	467,932
	(Number of units)	
Number of units in issue	41,595,710	48,007,325
	(Rupees)	
Net assets value per unit	11.88	9.75

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Note		Six months period ended		Quarter ended	
			31 December		31 December	
			2012	2011	2012	2011
			(Rupees in '000)			
Income						
Capital gain / (loss) on sale of investments - net			48,109	(22,171)	22,905	(13,451)
Income from government securities			355	2,053	37	109
Profit on bank accounts			1,162	1,666	677	751
Dividend income			19,962	23,766	12,974	14,278
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'			38,011	(45,631)	10,967	(46,350)
			107,599	(40,317)	47,560	(44,663)
Expenses						
Remuneration of Arif Habib Investments Limited - Management Company			4,981	6,045	2,492	2,847
Sindh sales tax on management fee			797	967	399	456
Remuneration of Central Depository Company of Pakistan Limited - Trustee			498	605	249	285
Annual fee - Securities and Exchange Commission of Pakistan			237	287	119	135
Securities transaction cost			2,924	1,282	1,514	594
Settlement and bank charges			41	112	4	83
Fees and subscriptions			239	104	116	17
Auditors' remuneration			276	242	150	152
Legal and professional charges			60	40	40	10
Printing and related costs			222	725	117	671
Total expenses			10,275	10,409	5,200	5,250
			97,324	(50,726)	42,360	(49,913)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed			(8,494)	1,757	(5,608)	116
Net income / (loss) for the period before taxation			88,830	(48,969)	36,752	(49,797)
Taxation	10		-	-	-	-
Net income / (loss) for the period after taxation			88,830	(48,969)	36,752	(49,797)
Other comprehensive income for the period			-	-	-	-
Total comprehensive income for the period			88,830	(48,969)	36,752	(49,797)

Earnings per unit

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The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Arif Habib Investment Limited
(Management Company)


Chief Executive Officer


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	Six months period ended 31 December		Quarter ended 31 December	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Accumulated (losses) / undistributed income brought forward	(12,139)	(26,030)	40,844	(35,867)
Net income / (loss) for the period	88,830	(48,969)	36,752	(49,797)
Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	1,603	6,516	698	2,196
Distributions to the unit holders of the Fund:				
<i>Final distribution:</i>				
Final distribution for the year ended 30 June 2011:				
Re. 0.21 per unit				
- Issue of 1,589,040 bonus units	-	(14,985)	-	-
	-	(14,985)	-	-
Undistributed income/ accumulated (losses) carried forward	78,294	(83,468)	78,294	(83,468)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)

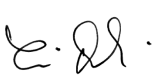


Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Six months period ended 31 December		Quarter ended 31 December	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	467,932	687,525	491,738	602,326
Issue of 624,938 units (2011: 6,141 units) and 324,762 units (2011: 6,141 units) for the six months and quarter ended respectively	6,710	57	3,645	57
Issue of 1,589,040 bonus units for the year ended 30 June 2011	-	14,985	-	-
Redemption of 7,036,553 units (2011: 12,916,906 units) and 3,817,424 units (2011: 5,380,286 units) for the six months and quarter ended respectively	(77,717)	(119,982)	(43,493)	(35,596)
	(71,007)	(104,940)	(39,848)	(35,539)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution statement	1,603	6,516	699	2,196
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing element of (income) / loss and capital gains / (losses) - transferred to Income Statement	8,494	(1,757)	5,608	(116)
- amount representing capital (gains) / losses - transferred to the Distribution Statement	(1,603)	(6,516)	(699)	(2,196)
	6,891	(8,273)	4,909	(2,312)
Net income for the period (excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gain / (loss) on sale of investments)	2,710	18,833	2,879	10,004
Capital gain / (loss) on sale of investments	48,109	(22,171)	22,905	(13,451)
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	38,011	(45,631)	10,967	(46,350)
	88,830	(48,969)	36,751	(49,797)
Distributions to the unit holders of the Fund:				
<i>Final distribution:</i>				
Final distribution for the year ended 30 June 2011: Re. 0.21 per unit				
- Issue of 1,589,040 bonus units	-	(14,985)	-	-
Net assets as at the end of the period	494,249	516,874	494,249	516,874

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)

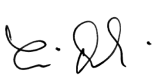


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Six months period ended 31 December		Quarter ended 31 December	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	88,830	(48,969)	36,752	(49,797)
<i>Adjustments for non cash and other items:</i>				
Net unrealised (appreciation) / diminution in value of investments classified as financial assets at 'fair value through profit or loss'	(38,011)	45,631	(10,967)	46,350
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	8,494	(1,757)	5,608	(116)
	<u>59,313</u>	<u>(5,095)</u>	<u>31,393</u>	<u>(3,563)</u>
Decrease / (increase) in assets				
Receivable against sale of investments	(11,600)	(3,846)	(11,600)	(3,846)
Investments	48,351	159,203	37,272	109,122
Dividend and profit receivable	425	(180)	6,469	61
Advances, deposits and prepayments	144	(70)	(51)	(70)
	<u>37,320</u>	<u>155,107</u>	<u>32,090</u>	<u>105,267</u>
(Increase) / decrease in liabilities				
Payable against purchase of investments	(17,013)	-	(674)	-
Payable to Arif Habib Investments Limited - Management Company	675	(117)	614	(121)
Payable to Central Depository Company of Pakistan Limited - Trustee	7	(26)	2	(10)
Accrued expenses and other liabilities	(4)	398	(288)	(37,536)
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(281)	(814)	119	135
	<u>(16,616)</u>	<u>(559)</u>	<u>(227)</u>	<u>(37,532)</u>
Net cash generated from operating activities	<u>80,017</u>	<u>149,453</u>	<u>63,255</u>	<u>64,172</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	6,710	307	3,645	57
Payments on redemption of units	(79,548)	(119,982)	(43,494)	(50,925)
Net cash used in financing activities	<u>(72,838)</u>	<u>(119,675)</u>	<u>(39,849)</u>	<u>(50,868)</u>
Net increase in cash and cash equivalents during the period	<u>7,179</u>	<u>28,833</u>	<u>23,406</u>	<u>17,253</u>
Cash and cash equivalents at beginning of the period	34,756	47,629	18,528	59,209
Cash and cash equivalents at the end of the period	<u>41,935</u>	<u>76,462</u>	<u>41,935</u>	<u>76,462</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive Officer

For Arif Habib Investment Limited
(Management Company)



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 12 November 2010 after being approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 November 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In conformity with Circular 7 of 2009 dated 6 March 2009 issued by the SECP, certain amendments have been made in the Trust Deed of the Fund duly approved by the SECP, whereby the Fund has been assigned "Equity" category.

Based on the shareholders' resolutions of MCB Asset Management Company Limited and AHIL the two companies merged as of 27 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 and AHIL/271/2011 dated 10 June 2011). AHIL being a listed company was the surviving entity and in compliance of SBP's approval, it 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 30 July 2011 (through letter no. SCD/PR and DD/AMCW/MCB-AMCL and AHI/348/2011 dated 27 June 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company sought ruling by the honourable Sindh High Court (SHC). The honourable SHC 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 Net Assets Value (NAV) remains unaffected.

The Management Company of the Fund 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 categorisation of Collective Investment Schemes (CISs) and is listed on the Lahore Stock Exchange. 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" to the Management Company while the Fund has been assigned a stability short-term rating of 3-star and a long-term rating of 4-star.

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

The face value per unit is Rs. 10. As per the scheme of conversion of the closed-end fund into an open-end scheme, a swap ratio of 1:1 (i.e. for each fully paid up share of par value of Rs 10 of Pakistan Premier Fund Limited, each share holder whose name was entered in the Register of Members of Pakistan Premier Fund Limited on the effective date was issued one unit of the open-end scheme of the par value of Rs. 10 with no front-end load upon issuance of the units of open-end scheme, the shares of Pakistan Premier Fund Limited and the corresponding share certificates were deemed to be cancelled and of no effect) was approved by the share holders of Pakistan Premier Fund Limited vide their Special Resolution dated 25 September 2010. Hence, the initial issuance of 169,804,687 units of Pakistan Premier Fund was made at the net asset value received against each unit (i.e.: Rs. 9.05 per unit). In accordance with the letter no. SCD/AMCWPPFL/277/2011 of Specialised Companies Division of the Securities and Exchange Commission of Pakistan, Pakistan Premier Fund Limited (PPFL) was dissolved and the name was deleted from the register of companies with effect from 14 June 2011.

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirement of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.
- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2012.
- 2.1.3** This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees.
- 2.1.4** This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors of the Fund. 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.
- 2.1.5** The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial information as at 31 December 2012 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2012, where as the comparative statement of moment in unit holders' fund, and condensed interim cash flow statement are extracted from unaudited condensed interim financial information for the period ended 31 December 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2012.
- 3.2** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.

4. ESTIMATES AND JUDGMENTS

- 4.1** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2** In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended 30 June 2012.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

6. INVESTMENTS

		(Unaudited) 31 December 2012	(Audited) 30 June 2012
		(Rupees in '000)	
<i>At fair value through profit or loss' - held for trading</i>			
Government securities		-	29,580
Quoted equity securities	6.1	451,158	431,883
Unquoted equity securities	6.2	2,107	2,142
		<u>453,265</u>	<u>463,605</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

6.1 Quoted equity securities

Quoted equity securities	Number of shares					Balance as at 31 December 2012			Market value	Market value	Paid up value
Name of the investee company	As at 1 July 2012	Purchases during the period	Bonus / Rights issue	Sales during the year	As at 31 December 2012	Carrying Value	Market value	Appreciation/ (diminution)	as percentage of total investments	as percentage of net assets	of shares held as a % of total paid up capital of the investee company
----- (Rupees in'000) -----											
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs 10 each unless otherwise stated											
OIL AND GAS											
Attock Petroleum Limited	92,293	17,500	-	86,622	23,171	11,099	11,863	764	0.03	0.02	0.00
National Refinery Limited	-	36,000	-	36,000	-	-	-	-	0.00	0.00	0.00
Oil and Gas Development Company Limited	109,600	333,800	-	302,600	140,800	25,590	27,120	1,530	0.06	0.05	0.00
Pakistan Oilfields Limited	117,980	29,000	-	45,400	101,580	38,591	44,445	5,854	0.10	0.09	0.00
Pakistan Petroleum Limited	242,217	13,500	44,304	153,000	147,021	22,337	25,992	3,655	0.06	0.05	0.00
Pakistan State Oil Company Limited	14,710	117,600	11,600	36,310	107,600	23,301	24,986	1,685	0.06	0.05	0.00
						120,918	134,406	13,488			
CHEMICALS											
Engro Corporation Limited	92,000	410,000	-	345,200	156,800	15,488	14,432	(1,056)	0.03	0.03	0.00
Fatima Fertilizer Company Limited	909,577	235,000	-	909,577	235,000	6,272	6,204	(68)	0.01	0.01	0.00
Fauji Fertilizer Company Limited	252,067	608,500	-	544,067	316,500	36,077	37,075	998	0.08	0.08	0.00
Fauji Fertilizer Bin Qasim Limited	375,000	-	-	374,500	500	19	19	-	0.00	0.00	0.00
Lotte Pakistan PTA Limited	-	775,000	-	150,000	625,000	4,732	4,594	(138)	0.01	0.01	0.00
						62,588	62,324	(264)			
CONSTRUCTION AND MATERIALS (CEMENTS)											
Cherat Cement Company Limited	200,478	356,000	-	351,500	204,978	7,950	9,993	2,043	0.02	0.02	0.00
D.G Khan Cement Company Limited	133,000	702,500	-	652,053	183,447	9,083	10,013	930	0.02	0.02	0.00
Kohat Cement Company Limited	131,374	194,000	-	269,000	56,374	3,010	3,982	972	0.01	0.01	0.00
Lafarge Pakistan Cement Limited	1,259,000	322,000	-	1,581,000	-	-	-	-	0.00	0.00	0.00
Lucky Cement Limited	171,000	285,200	-	221,500	234,700	29,816	35,566	5,750	0.08	0.07	0.00
Fauji Cement Company limited	-	2,320,000	-	920,000	1,400,000	9,596	9,156	(440)	0.02	0.02	0.00
Fecto Cement Limited	-	183,975	-	176,000	7,975	198	276	78	0.00	0.00	0.00
						59,653	68,986	9,333			
GENERAL INDUSTRIALS											
Thal Limited	-	26,000	-	-	26,000	2,905	2,779	(126)	0.01	0.01	0.00
						2,905	2,779	(126)			
ENGINEERING											
Millat Tractors Limited	21,918	22,500	-	22,200	22,218	11,126	12,543	1,417	0.03	0.03	0.00
						11,126	12,543	1,417			
AUTOMOBILE AND PARTS											
EXIDE Pakistan Limited	13,699	500	-	14,199	-	-	-	-	0.00	0.00	0.00
Indus Motor Company Limited	-	10,000	-	10,000	-	-	-	-	0.00	0.00	0.00
						-	-	-			
FOOD PRODUCERS											
Engro Foods Limited	-	70,000	-	70,000	-	-	-	-	0.00	0.00	0.00
						-	-	-			
PERSONAL GOODS (TEXTILE)											
Nishat Mills Limited	-	526,000	-	158,000	368,000	21,107	23,497	2,390	0.05	0.05	0.00
Nishat Chunian Limited	-	310,000	-	310,000	-	-	-	-	0.00	0.00	0.00
Gadoon Textile Mills Limited	-	32,500	-	32,500	-	-	-	-	0.00	0.00	0.00
Azgard Nine Limited	-	50,000	-	50,000	-	-	-	-	0.00	0.00	0.00
Blessed Textile Limited	-	32,000	-	4,000	28,000	2,660	3,300	640	0.01	0.01	0.00
						23,767	26,797	3,030			
PHARMA AND BIO TECH											
Abbott Laboratories (Pakistan) Limited	61,851	-	-	61,851	-	-	-	-	0.00	0.00	0.00
Hum Network Limited	-	105,000	-	105,000	-	-	-	-	0.00	0.00	0.00
						-	-	-			
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunications Company Limited	-	1,100,500	-	1,100,500	-	-	-	-	0.00	0.00	0.00
Wateen Telecom Limited	1,650,000	300,000	-	1,170,000	780,000	1,629	2,324	695	0.01	0.00	0.00
TeleCard Limited	-	125,000	-	125,000	-	-	-	-	0.00	0.00	0.00
						1,629	2,324	695			
ELECTRICITY											
The Hub Power Company Limited	876,165	353,000	-	109,000	1,120,165	47,798	50,676	2,878	0.11	0.10	0.00
Kohinoor Energy Limited	-	-	-	-	-	-	-	-	0.00	0.00	0.00
Kot Addu Power Company Limited	-	390,500	-	35,000	355,500	16,587	17,558	971	0.04	0.04	0.00
Nishat Chunian Power Limited	822,051	840,000	-	1,662,051	-	-	-	-	0.00	0.00	0.00
Nishat Power Limited	-	578,000	-	388,000	190,000	3,675	3,705	30	0.01	0.01	0.00
Pakgen Power Limited	-	75,000	-	-	75,000	1,585	1,578	(7)	0.00	0.00	0.00
						69,645	73,517	3,872			
COMMERCIAL BANKS											
Allied Bank Limited	58,173	-	-	58,173	-	-	-	-	0.00	0.00	0.00
Askari Bank Limited	363,750	1,214,478	-	375,000	1,203,228	18,021	20,720	2,699	0.05	0.04	0.00
Bank Alfalah Limited	2,469,155	190,000	-	2,659,155	-	-	-	-	0.00	0.00	0.00
Bank AL Habib Limited	761,130	725,000	-	827,000	659,130	19,576	20,914	1,338	0.05	0.04	0.00
MCB Bank Limited	25,570	136,300	-	151,800	10,070	2,093	2,112	19	0.00	0.00	0.00
Meezan Bank Limited	-	250,000	-	-	250,000	7,330	7,513	183	0.02	0.02	0.00
National Bank of Pakistan	89,000.00	412,500	-	478,500	23,000	1,052	1,136	84	0.00	0.00	0.00
United Bank Limited	300,029	410,000	-	619,000	91,029	6,990	7,616	626	0.02	0.02	0.00
JS Bank Limited	-	461,000	-	461,000	-	-	-	-	0.00	0.00	0.00
Bank Islami Pakistan Limited	-	20,000	-	-	20,000	180	184	4	0.00	0.00	0.00
						55,242	60,195	4,953			
NON LIFE INSURANCE											
Pakistan Reinsurance Company Limited	-	636,025	-	338,000	298,025	5,638	7,287	1,649	0.02	0.01	0.00
						5,638	7,287	1,649			
SHARES OF DELISTED COMPANIES**											
Sarhad Ghee Mills Limited	113,000	-	-	-	113,000	-	-	-	0.00	0.00	0.00
Sunflo Citrus Limited	315,000	-	-	-	315,000	-	-	-	0.00	0.00	0.00
						-	-	-			
Total 31 December 2012						413,111	451,158	38,047			
Total 30 June 2012						419,791	431,883	12,092			

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Name of the investee company	Number of shares					Balance as at 31 December 2012			Market value as percentage of total 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 1 July 2012	Purchases during the period	Bonus / Rights issue	Sales during the year	As at 31 December 2012	Carrying Value	Market value	Appreciation/ (diminution)			
6.2 Unquoted equity securities											
Fully paid ordinary shares of Rs. 10 each unless stated otherwise						----- (Rupees in '000) -----					
Pakistan International Bulk Terminal Limited (Note 6.2.1)	214,164	-	-	-	214,164	2,142	2,107	(35)	0.00	0.00	0.00
Total 31 December 2012						2,142	2,107	(35)			
Total 30 June 2012						2,142	2,142	-			

6.2.1 Last year Pakistan International Container Terminal Limited distributed specie dividend in the form of shares of its wholly owned unlisted subsidiary i.e. Pakistan International Bulk Terminal (Private) Limited (PIBTL) approved in its EOGM held on 3 August 2011. Listing of above shares is in progress and in absence of quoted price management has valued such shares at its breakup value based on annual audited financial statements of PIBTL as at 30 June 2012. The management in anticipation of listing of such shares has classified it as 'as at fair value through profit or loss' - held for trading.

6.2.2 Investments as at 31 December 2012 include shares having a market value of Rs. 35.449 million (30 June 2012: 30.914 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 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

	(Unaudited) 31 December 2012	(Audited) 30 June 2012
7. PAYABLE TO THE MANAGEMENT COMPANY		
		(Rupees in '000)
Remuneration of the Management Company	840	767
Sindh sales tax payable on management fee	134	123
Conversion cost payable	7.1	5,089
	6,654	5,979

7.1 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.

8. UNCLAIMED DIVIDEND

Unclaimed dividend amounting to Rs. 10.266 million stood outstanding in the books of account of Pakistan Premier Fund Limited as on the effective date of conversion (22 December 2010). This was transferred in the books of account of Pakistan Premier Fund by virtue of conversion undertaken as per clause (n) of Article IV of the Scheme of Arrangement.

9. CONTINGENCIES AND COMMITMENTS

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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Subsequent to the year ended 30 June, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 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 30 June 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 High Court of Sindh. However, pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company in this condensed interim financial information. The aggregate unrecognised amount of WWF as at 31 December 2012 amounted to Rs. 13.989 million. (NAV per unit: Re. 0.34)

10. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the Fund by the year end to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in this condensed interim financial information.

11. 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.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties 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 undertaking.

The transactions with related parties / connected persons are in the normal course of business and carried out on agreed terms at contracted rates.

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

12.1 Details of transactions with connected persons are as follows:

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Arif Habib Investments Limited - Management Company				
Remuneration of the Management Company	4,981	6,045	2,847	2,847
Sindh sales tax on management fee	797	967	456	456
Central Depository Company of Pakistan Limited				
Remuneration for the period	498	605	249	285
CDS charges	45	-	22	-
Next Capital Limited				
Brokerage *	66	85	-	85
Nishat Mills Limited				
Dividend income	1,470	1,190	1,470	1,190
Nishat Chunian Power Limited				
Dividend income	660	-	660	-
D.G Khan Cement Company Limited				
Dividend income	435	-	435	-
MCB Bank Limited				
Dividend income	145	425	3	425
Other Related Parties - Directors and executives of the Management Company				
Issue of 4,764 units (2011: NIL units) during the six months and 4,764 units for quarter ended	56	-	56	-
Redemption of 11,504 units (2011: NIL units) for the six months period and 224 units(2011: NIL) for quarter ended	130	-	81	-
Bonus NIL units (2011: 297)	-	3	-	-

* 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.

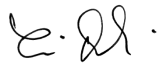
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

	(Unaudited) 31 December 2012	(Audited) 30 June 2012
	(Rupees in '000)	
12.2 Amounts outstanding as at period / year end :		
Arif Habib Investments Limited - Management Company		
Remuneration payable at the end of period	840	767
Sales tax payable on remuneration of Management Company	134	123
Conversion cost payable	5,680	5,089
Central depository Company of Pakistan Limited		
Remuneration payable	84	77
Security deposit	200	200
Arif Habib Limited - Brokerage house		
Brokerage payable at period end	50	62
Summit Bank Limited		
Balance with bank	4,343	4,326
MCB Bank Limited		
Accrued mark-up receivable	31	439
Balance with bank	24,210	646
10,070 Shares held (30 June 2012: 25,570)	2,112	4,251
Nishat Mills Limited **		
368,000 shares held (30 June 2012: NIL shares)	23,497	-
Nishat Power Limited **		
75,000 shares held (30 June 2012: Nil shares)	3,705	-
Next Capital Limited		
Brokerage payable	11	24
Fatima Fertilizer Company Limited		
235,000 shares held (30 June 2012: 909,577 shares)	6,204	22,439
D.G Khan Cement Company Limited		
183,447 shares held (30 June 2012: 133,000)	10,013	5,238
Nishat Chunian Power Limited		
NIL shares (30 June 2012: 822,051 shares)	-	12,191
Nishat Power Limited		
190,000 shares held (30 June 2012: NIL)	3,705	-
Directors and executives of the Management Company		
Units held 7,332 (June 2012: 14,072 units)	87	137
Mohammad Aslam Motiwala		
Units held 5,236,070 (30 June 2012: 5,236,070)	62,205	51,052

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

13 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on February 04, 2013.



Chief Executive Officer

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



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

Arif Habib Investments Limited (A subsidiary of MCB Bank Limited)

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