

**PAKISTAN
PREMIER FUND**

CONTENTS

Fund's Information	186
Report of the Directors of the Management Company	187
Condensed Interim Statement of Assets and Liabilities	188
Condensed Interim Income Statement	189
Condensed Interim Distribution Statement	190
Condensed Interim Cash Flow Statement	191
Condensed Interim Statement of Movement in Unit Holders' Funds	192
Notes to and Forming Part of the Condensed Interim Financial Statements	193

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 (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)
Company Secretary & CFO of the Management Company	Mr. Muhammad Saqib Saleem	
Audit Committee	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Habib Metropolitan Bank Limited Summit Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Buliding No.2 Beaumont Road Karachi. 75530.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Registrar	Gangjees Registrar Services (Pvt.) Limited Room No. 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.	
Rating	AM2 (Positive Outlook) – Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED 30 JUNE 2011

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 2011.

EQUITIES MARKET OVERVIEW

Local equities market opened the year on a low with KSE100 index posting return of -5.87% during the period under review. Alongside negative returns, the market continued to remain dull with consistently low turnover throughout the period remained indicative of investor's shyness towards equity asset class. Even an unexpected 50 bps cut in DR by the SBP in July 2011 failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors. Global equities market went down significantly during the quarter, especially in August, which also had an adverse impact on emerging and frontier markets including Pakistan. Other resistive forces that played a dampening role for the market were political unrest, worsened law and order situation, strained Pak-US relations, floods in Sindh and energy crisis. Better corporate results and payouts by index heavy weights as well as expectations of a major cut in DR in upcoming monetary policy gave much needed support to the market towards the end of quarter and concentrated buying in selective high yielding and defensive stocks helped market to recover around 8.5% of its losses. Chemicals, Oil and Gas and Energy sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on individual financial performance.

FUND PERFORMANCE

During 1QFY12, PPF outperformed KSE100 index by delivering 0.1% return as compared to KSE100 index return of -5.9%. Overall equity exposure of the fund was increased to 82.1% from 78.3% at the beginning of the quarter. Exposure in Banks was significantly increased as BAHF, MEBL and NBP were added in the sector to take advantage of their attractive valuations. Around 2.5% exposure was built in Fixed Line Telecom by buying PTCL. Allocation in Electricity was also increased by taking new exposure in NPL while liquidating its KOHE holdings. Similarly exposure in Oil and Gas sector was increased by taking new exposure in APL and PSO. Allocation in Chemicals was reduced from 17.8% to 11.2% by reducing ENGRO and FFC while building new position in FATIMA. Other major changes include around 4% reduction in PKGS and PICT.

FUTURE OUTLOOK

Negative factors viz. alarming political and geopolitical scenario, deteriorating law and order situation, scarcity of energy, weak macroeconomic fundamentals and bearish trend in big global economies are deep rooted and not expected to reverse in short term. However sizeable cuts in discount rate coupled with strong corporate results of key listed stocks are expected to provide the thrust required to keep the wheel rolling. Moreover strong earnings growth, high dividend yields and relatively cheaper valuation offer decent returns for long term investors.

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

Dated: October 26, 2011
Karachi.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

	Note	Unaudited September 30, 2011 (Rupees in '000)	Audited June 30, 2011
ASSETS			
Balances with banks		54,615	47,629
Receivable against sale of Investments		-	-
Receivable against sale of units		-	-
Investments	4	603,002	652,364
Dividend and profit receivable		11,069	1,340
Deposits and prepayments		2,700	2,700
Advance tax		2,655	2,655
Total Assets		674,041	706,688
LIABILITIES			
Payable on redemption of units		15,773	194
Payable to the Management Company		6,844	6,840
Payable to Central Depository Company of Pakistan Limited - Trustee		100	116
Payable to Securities and Exchange Commission of Pakistan		152	1,101
Unclaimed dividend		10,266	10,266
Accrued expenses and other liabilities		38,580	646
Total Liabilities		71,715	19,163
NET ASSETS		602,326	687,525
Unit holders' fund (as per statement attached)		602,326	687,525
(Number of units)			
Number of units in issue		63,818,843	71,355,463
(Rupees)			
Net Asset Value per unit		9.44	9.64

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	Quarter Ended September 30, 2011 (Rupees in '000)
Income		
Dividend income		9,488
Capital gain on sale of investments - net		(8,720)
Income from government securities		1,944
Profit on bank deposits		915
Unrealised appreciation in the value of investments 'at fair value through profit or loss'	4.3	719
Other income		-
Total income		<u>4,346</u>
Operating expenses		
Remuneration of the Management Company		3,709
Remuneration of Central Depository Company of Pakistan Limited - Trustee		320
Annual fee - Securities and Exchange Commission of Pakistan		152
Securities transaction cost		688
Settlement and bank charges		29
Fees and subscriptions		87
Auditor's remuneration		90
Legal & professional charges		30
Printing and related cost		53
Total expenses		<u>5,159</u>
Net income from operating activities		<u>(813)</u>
Element of loss and capital losses included in prices of units issued less those in units redeemed		1,641
Net income for the period before taxation		<u>828</u>
Taxation	7	-
Net income for the period after taxation		<u>828</u>
Other comprehensive income for the period		-
Total comprehensive income for the period		<u><u>828</u></u>
Earnings per unit	8	

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Quarter Ended September 30, 2011
	(Rupees in '000)
Undistributed Income / (loss) carried forward	(26,030)
Final distribution of Rs 0.21 for the year ended June 30, 2011	
Issue of bonus units	(14,985)
Element of losses and capital losses included in prices of units issued less those in units redeemed - net	
- amount representing unrealised capital (gains) losses and capital (gains) losses that from part of the unit holders' fund - transferred to distribution statement	4,320
Net income for the period	828
Net income / (loss) carried forward	<u><u>(35,867)</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Note	Quarter Ended September 30, 2011
	(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period	828
Adjustments	
Unrealised appreciation in the value of investments - 'at fair value through profit or loss'	719
Net element of loss and capital loss included in prices of units issued less those in units redeemed	(1,641)
Dividend income	(9,488)
	(11,020)
Decrease / (Increase) in assets	
Receivable against sale of Investments	-
Receivable against sale of units	-
Investments - 'at fair value through profit or loss'	50,081
Profit receivable	(241)
Deposits and prepayments	-
	49,840
Increase / (Decrease) in liabilities	
Payable on redemption of units	15,579
Payable to the Management Company	4
Payable to Central Depository Company of Pakistan Limited - Trustee	(16)
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(949)
Unclaimed dividend	-
Accrued expenses and other liabilities	37,934
	52,552
	91,372
Dividend received	-
Net cash used in operating activities	91,372
CASH FLOWS FROM FINANCING ACTIVITIES	
Net payment from issuance / redemption of units	(84,386)
Net cash from financing activities	(84,386)
Net increase in cash and cash equivalents during the period	6,986
Cash and cash equivalents at the beginning of the period	47,629
Cash and cash equivalents at the end of the period	54,615

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	Quarter Ended September 30, 2011 (Rupees in '000)
Net assets at the beginning of the period		687,525
Issue of NIL units		-
Redemption of 7,536,620 units		(84,386) (84,386)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		
- amount representing loss and capital losses - transferred to income statement		(1,641)
- amount representing unrealised capital (losses) and capital (losses) that from part of the unit holders' fund - transferred to distribution statement		(4,320)
Capital gain on sale of investments		(8,720)
Net unrealised appreciation in value of investments 'at fair value through profit or loss' - net	4.3	719
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund		5,961
Other net income for the period		7,188 5,148
Final distribution of Rs 0.21 for the year ended June 30, 2011 Issue of bonus units		(14,985)
Issue 1,589,040 bonus units for the year ended June 30, 2011		14,985
Net assets at the end of the period		602,326

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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 and 4 Star Long Term rankings 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 comparative information of the Income Statement, Distribution Statement, Movement in unit Holder's Fund and Cash Flow Statement have not been presented as the fund Converted to open end from Investment Company on December 22, 2011.

2.4 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, 2011.

4 INVESTMENTS

September 30, June 30,
2011 2011

(Rupees in '000)

At fair value through profit or loss

- Government Securities	4.1	49,908	98,773
- Listed equity securities	4.2	553,094	553,591
		<u>603,002</u>	<u>652,364</u>

4.1 Government Securities - at 'fair value through profit or loss'

	Tenor	----- Face value -----				Balance as at September 30, 2011			Market value as percentage of total investments	Market value as percentage of net assets
		As at 01 July 2011	Purchases during the period	Sales / Matured during the period	As at September 30, 2011	Cost	Market value	Apprecia tion / (Diminut ion)		
-----Rupees in '000-----										
-----Percentage-----										
TREASURY BILLS										
	3 Months	100,000	105,000	205,000	-	-	-	-	-	-
	6 Months	-	120,000	70,000	50,000	49,909	49,908	(1)	8.28	8.29
					50,000	49,909	49,908	(1)		

4.2 Listed Equity Securities

Name of the Investee company	----- Number of shares -----					Balance as at September 30, 2011			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 01, 2011	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	As at September 30, 2011	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	-	44,100	-	-	44,100	17,028	17,545	517	2.91%	2.91%	0.06%
Pakistan Oilfields Limited	182,480	5,000	-	35,000	152,480	44,738	56,168	11,430	9.31%	9.33%	0.06%
Pakistan Petroleum Limited	239,334	-	23,383	5,500	257,217	50,328	48,761	(1,567)	8.09%	8.10%	0.02%
Pakistan State Oil Company Ltd.	-	123,314	-	10,000	113,314	27,817	28,847	1,031			
						<u>139,911</u>	<u>151,321</u>	<u>11,410</u>			
CHEMICALS											
Engro Corporation Limited	305,060	125,000	-	215,000	215,060	33,656	30,837	(2,819)	5.11%	5.12%	0.05%
Fauji Fertilizer Company Limited	496,053	50,000	-	315,000	231,053	25,235	37,407	12,173	6.20%	6.21%	0.03%
Fatima Fertilizer Co Ltd	-	500,000	-	100,000	400,000	6,839	7,540	701	1.25%	1.25%	0.02%
						<u>65,730</u>	<u>75,785</u>	<u>10,055</u>			
INDUSTRIAL METALS AND MINING											
International Industries	65,000	-	-	-	65,000	3,306	2,603	(703)	0.43%	0.43%	0.05%
						<u>3,306</u>	<u>2,603</u>	<u>(703)</u>			
CONSTRUCTION AND MATERIALS											
Lucky Cement	305,000	105,000	-	35,000	375,000	27,190	28,320	1,130	4.70%	4.70%	0.12%
						<u>27,190</u>	<u>28,320</u>	<u>1,130</u>			
GENERAL INDUSTRIALS											
Packages Limited	588,011	-	-	264,352	323,659	40,163	33,013	(7,150)	5.47%	5.48%	0.38%
						<u>40,163</u>	<u>33,013</u>	<u>(7,150)</u>			
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal	428,329	-	-	119,027	309,302	22,582	22,310	(272)	3.70%	3.70%	0.28%
						<u>22,582</u>	<u>22,310</u>	<u>(272)</u>			
Food Producers											
Engro Foods Limited	-	35,000	-	20,000	15,000	375	369	(6)	0.06%	0.06%	0.00%
						<u>375</u>	<u>369</u>	<u>(6)</u>			

	Tenor	----- Face value -----				Balance as at September 30, 2011			Market value as percentage of total investments	Market value as percentage of net assets	
		As at 01 July 2011	Purchases during the period	Sales / Matured during the period	As at September 30, 2011	Cost	Market value	Apprecia tion / (Diminution)			
-----Rupees in '000-----											
-----Percentage-----											
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	210,148	-	-	-	210,148	14,521	14,406	(116)	2.39%	2.39%	0.26%
						14,521	14,406	(116)			
PERSONAL GOODS											
Kohinoor Mills Limited	547,932	-	-	254,874	293,058	700	317	(384)	0.05%	0.05%	0.48%
Nishat Mills Limited	828,514	50,000	-	87,481	791,033	49,014	38,041	(10,974)	6.31%	6.32%	0.22%
						49,715	38,357	(11,358)			
ELECTRICITY											
Hub Power Company Limited	626,250	400,000	-	-	1,026,250	39,718	42,589	2,871	7.06%	7.07%	0.65%
Kohinoor Energy Limited	307,476	-	-	307,000	476	9	8	(1)	0.00%	0.00%	0.00%
Kot Addu Power Company Limited	725,433	-	-	325,000	400,433	16,242	18,060	1,818	2.99%	3.00%	0.05%
Nishat Power Limited	-	1,150,645	-	-	1,150,645	18,071	17,386	(685)			
						74,040	78,043	4,003			
BANKS											
Allied Bank Limited	891,336	-	-	35,702	855,634	50,171	51,766	1,595	8.58%	8.59%	0.10%
Bank AL-Habib Limited	-	6,028	-	-	6,028	169	180	11	0.03%	0.03%	0.00%
Habib Metropolitan Bank Limited	815,990	-	-	182,245	633,745	13,979	11,598	(2,382)	1.92%	1.93%	0.06%
Meezan Bank Limited	-	716,203	-	-	716,203	12,565	14,396	1,831	2.39%	2.39%	0.09%
National Bank Of Pakistan	-	370,858	-	70,000	300,858	11,685	13,779	2,094	2.29%	2.29%	0.02%
						88,570	91,719	3,148			
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 L	-	1,450,000	-	-	1,450,000	16,685	16,849	164	2.79%	2.80%	0.04%
						16,685	16,849	164			
TOTAL											
						542,787	553,094	10,306			

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

Investments include quoted equity securities with market value of Rs. 72.802 million (2011 : 75.883 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.

	Note	(Unaudited) Sept 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
4.3 Net unrealised appreciation / (diminution) on re-measurement of financial assets at 'fair value through profit or loss' - held for trading			
Market value of investments		603,002	652,364
Less: Carrying value of investments		(592,696)	(627,474)
		10,306	24,890
Net unrealised (appreciation) / diminution on re-measurement of investments at the beginning of the period		(24,890)	-
Realised on disposal during the year		15,303	-
		719	24,890

5 REMUNERATION OF MANAGEMENT COMPANY

During the period, through Sindh sales tax on services Act 2011, General Sales Tax on Fund management services has been imposed @ 16%, effective from July 01, 2011. Management fee charged during the period includes General sales tax.

6 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.

Subsequent to the year ended June 30, 2011, 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 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 SHC. 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. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs 11.082 million (including Rs 0.02 million for the quarter ended September 30, 2011).

7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund 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.

8 EARNINGS PER UNIT

Earnings / (Loss) 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 / (loss) per unit is not practicable.

9 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, other associated undertaking and investors holding 10% or more of units of the Fund.

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

Performance fee 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.

Details of transactions and balances at year 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, 2011
	(Rupees in '000)
Arif Habib Investments Limited - Management Company	
Remuneration for the period	3,709
Issue of NIL units	-
Redemption of NIL units	-
Central Depository Company of Pakistan Limited	
Remuneration for the period	320

Quarter Ended
September 30,
2011

(Rupees in '000)

Directors and executives of the Management Company

Issue of NIL Units

Redemption of 3,788 Units

Bonus of 483 Units

-
36
5

- * 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.

Amounts outstanding as at period end

Sept 30, 2011 June 30, 2011
(Rupees in '000)

Arif Habib Investments Limited - Management Company

Units held: NIL

Payable at the end of period

-	-
6,844	6,840

Central depository Company of Pakistan Limited

Remuneration payable

Security deposit

100	116
200	200

Pakistan Income Enhancement Fund

Payable against conversion

-	-
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Directors and executives of the Management Company

Units held: 18,380 (2011 : 21,734)

174	139
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10 DATE OF AUTHORISATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorised for issue on October 26, 2011 by the Board of Directors of the Management Company.

11 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For Arif Habib Investments Limited
(Management Company)

Chief Executive

Director