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COMPANY'S INFORMATION

Board Of Directors	Mr. Amanullah Suleiman Syed Ajaz Ahmed Mr. Saleem Chamdia Mr. Muhammad Iqbal Mr. Shamsuddin Khan Mr. Salman Umer Mr. Khursheed Anwer Mr. Muhammad Khubaib	Chairman Chief Executive Director Director Director Director Director Director
Audit Committee	Mr. Amanullah Suleiman Mr. Saleem Chamdia Mr. Muhammad Khubaib Mr. Salman Umer	
Company Secretary & CFO	Mr. Muhammad Asif Mehdi Rizvi	
Investment Advisor	Arif Habib Investments Limited <i>(formerly: Arif Habib Investment Management Limited)</i> 2/1, R.Y. 16, Old Queens Road, Karachi - 74000, Pakistan.	
Custodian	Deutsche Bank AG, Karachi Branch 242 & 243, Avari Plaza, Fatima Jinnah Road, P.O. Box 4925 Karachi.	
Bankers	<ul style="list-style-type: none"> • Arif Habib Bank Limited • Deutsche Bank AG, Karachi Branch • Bank Al-Habib Limited • Habib Metropolitan Bank Limited • MCB Bank Limited • Faysal Bank Limited • Standard Chartered Bank (Pakistan) Limited • Allied Bank Limited • The Bank Of Panjab 	
Auditors	A.F. Ferguson & Co. - Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi - 74000	
Legal Adviser	M/s. Tasawar Ali Hashmi Advocate 1011/1012 Chapal Plaza, Hasrat Mohani Road, Karachi.	
Registered Office	2/1, R.Y. 16, Old Queens Road, Karachi - 74000, Pakistan.	
Registrar and Share Transfer Office	M/s. THK Associates (Private) Limited Ground Floor State Life Building No. 3 Dr. Zia uddin Ahmed Road, Karachi	
Rating	<ul style="list-style-type: none"> • PACRA : 3 Star Normal • PACRA : 3 Star Long Term • PACRA : AM2 (Investment Adviser) 	

MISSION STATEMENT

To Provide investors a facility to invest into a range of Pakistan's high quality shares of listed companies that offer value in terms of potentially good dividends yields or growth opportunity.

VISION STATEMENT

To be the top performer in the mutual fund industry. We strive to deliver results and perform to the highest standards. To continue building a firm foundation based on research and market analysis enabling us to deliver strong returns and value growth for our shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting of Pakistan Premier Fund Limited will be held on Saturday on 19th September 2009 at 10:00 am at Aquarius Hall at Beach Luxury Hotel, Molvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Fourteenth Annual General Meeting held on 30th August 2008.
2. To receive, consider and adopt the Report of Directors and Auditors together with Audited accounts of the Company for the year ended 30th June 2009.
3. To appoint external auditors and to fix their remuneration for the year ending 30th June 2010.
4. To consider any other business of the company with the permission of the chair.

Karachi
26th August 2009

By order of the Board
Mohammad Asif Mehdi Rizvi
Company Secretary

Notes:

1. The Register of Members will remain closed from 11th September 2009 to 19th September 2009. (both days inclusive). Physical scrips transfers / CDS transactions IDs received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Limited; Ground Floor, State Life Building No. 3 Dr. Ziauddin Road, Karachi at the close of business on 10th September 2009 will be treated in time for the entitlement to attend the Annual General Meeting.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another member of the company his/ her proxy to attend, speak and vote instead of him/ her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxy, in order to be effective, must be duly completed and signed and received at the registered office of the Company not less than 48 hours before the meeting.
3. Members are requested to notify any change in their address immediately to the Share Registrar M/s. THK Associates (Pvt) Ltd.

CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No 1 of 2000 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan.

A. For attending the meeting:

1. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her National Identity Card (CNIC) or original passport at the time of attending the meeting.
2. In case of corporate entity the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing of proxies:

1. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per requirement.
2. The proxy form will be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the forms.
3. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.
5. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

**REPORT OF THE OF THE DIRECTORS OF THE INVESTMENT ADVISOR
FOR THE YEAR ENDED 30TH JUNE 2009**

The Board of Directors of the Pakistan Premier Fund Limited (PPFL) is pleased to submit its report together with the audited financial statements for the year ended 30th June 2009.

Company Objective

The objective of the Company is to provide investors long term capital appreciation from investments primarily in Pakistani equities.

Profile

Pakistan Premier Fund Limited (PPFL) is a closed end equity fund. The Company takes a long term value investing approach and the portfolio is diversified across all major sectors with stocks having long term positive fundamentals.

PPFL is a long only fund. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments / placements. Under the NBFC Regulations 2008, the Company is not allowed to borrow.

Company's Performance during 2009

The net assets of the Company as at 30th June 2009 stood at Rs. 1,392.64 million and NAV per share at Rs 8.20. During the year, PPFL recorded negative return of 33.77% as compared to KSE-100 Index negative return of 41.72%.

(Mutual funds performance is measured on the basis of total return-that's changes in net asset value (NAV) over time or the percentage increase or decrease in the NAV)

Reasons for Loss

The Company incurred a net loss of Rs 767.57 million during the year which was mainly due to decrease in equity prices. During the year the Company incurred capital loss of Rs 113.74 million, while unrealised diminution in value of investment was Rs 713.40 million.

Loss Per Share (LPS)

LPS for the year ended 30th June 2009 is Rs 4.52.

Outlook

On the basis of relative valuations, KSE is at a substantial discount to regional and international markets. From its lows of 4,810 in January 2009, the KSE-100 has rebounded by almost 50%. Global equity markets, particularly emerging markets have shown strong performance since March 09 amid early signs of global economic recovery (or end of recession). While relative valuations signal Pakistani equities to deliver positive performance in 2010. For the market to show sustainable recovery, the economy needs to come out of its somber state and critically GDP growth should pick up pace in coming months. On the stimulus front, there appears to be little the government can provide for in the short term, however, continuing fall in domestic interest rates and global economic recovery should help in improving the prospects of relatively better GDP growth in the second half of the current fiscal year. Most importantly, the government needs to bring the domestic security situation under control as prolonged conflict and war like situation in the tribal belt will make it extremely difficult to attract any sizeable investment inflows in the country.

PPFL's share price has been trading at historically high discount to its NAV, ranging between 55-60%. In our view, the discount to NAV should reduce as the stock market stabilizes. In addition, PPFL's portfolio offers excellent long term growth prospects and we are optimistic that the Company should be able to deliver better returns in 2010.

Corporate Governance

The Company is listed on all the three stock exchanges of Pakistan. The management is required to comply with the requirement of Code of Corporate Governance prescribed for listed companies. The financial statements, prepared by the Investment Adviser present fairly the state of affairs of the Company and results of its operations, cash flows, statement of changes in equity and statement of movement in net assets - per share. Proper books of account of the Company have been maintained during the year. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on prudent judgment. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored. There is no doubt upon Company's ability to continue as going concern. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Key financial data of last ten years has been summarized in the financial statements. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements. The statement as to the value of investments of provident fund is not applicable in the case of the Company as such expenses are borne by the Investment Adviser. The detailed pattern of shareholding, as required by the Companies Ordinance, 1984 and the Code of Corporate Governance are enclosed.

Statement showing attendance of Board meetings is as under:

Attendance of Board Meetings
From 1st July 2008 to 30th June 2009

S. No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1.	Mr. Amanullah Suleiman	Chairman	4	3	1
2.	Syed Ajaz Ahmed	Chief Executive	4	4	-
3.	Mr. Muhammad Iqbal	Director	4	4	-
4.	Mr. Salman Umer	Director	4	2	2
5.	Mr. Salim Chamdia	Director	4	4	-
6.	Mr. Muhammad Khubaib	Director	4	4	-
7.	Mr. Khursheed Anwer	Director	4	-	4
8.	Mr. Shamsuddin Khan	Director	-	-	-
9.	Mr. Muhammad Aslam Motiwala	Former Director	-	-	-
10.	Mr. Muhammad Asif Sultan	Former Director	-	-	-
11.	Mr. Khurshid Zafar	Former Director	4	3	1

During the year three directors resigned from the Board. On 17th July 2008, Mr. Muhammad Aslam Motiwala and Mr. Muhammad Asif Sultan resigned and were replaced by Mr. Khurshid Zafar and Mr. Khursheed Anwer. On 24th April 2009, Mr. Khurshid Zafar resigned and was replaced by Mr. Shamsuddin Khan. All casual vacancies were filled within the required time frame.

The trades in the shares of the Company carried out by its Directors, CE, CFO, Company Secretary and their spouses and minor children are as under:

Trades By	Purchases	Bonus	Right	Sales
	----- (No. of Shares) -----			
Chief Executive: Syed Ajaz Ahmed	-	-	-	-
M Asif Mehdi Rizvi Company Secretary	-	-	-	-
Directors & their spouse				
Mr. Amanullah Suleiman	-	-	-	-
Mr. Muhammad Iqbal	-	-	-	-
Mr. Salman Umer	-	-	-	-
Mr. Salim Chamdia	-	-	-	-
Mr. Muhammad Khubaib	-	-	-	-
Mr. Khursheed Anwer	-	-	-	-
Mr. Shamsuddin Khan	-	-	-	-

External Auditors

The Auditors, Messrs A.F. Ferguson & Co. Chartered Accountants have completed their assignment for the year ended 30th June 2009 and shall retire at the conclusion of 15th Annual General Meeting. Being eligible, they have offered themselves for re-appointment. Therefore, on recommendation of the Audit Committee, the Board recommends appointment of Messrs. A.F. Ferguson & Co. Chartered Accountants, as the auditors for the year ended 30th June 2010.

Transactions with Connected Persons

The Company has fully complied with the best practices on transfer pricing as contained in the Listing Regulation number 38 of The Karachi Stock Exchange (Guarantee) Limited. Accordingly all the related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transaction and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

Commitment

The Investment Advisor is committed towards devoting all its skills, resources and experience, to enhance returns for the investors, while remaining conservative and watchful of market and systemic risks.

Acknowledgement

The Board is thankful to the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the custodian and banker to the Company, Deutsche Bank AG, Karachi Branch and the managements of Karachi, Lahore and Islamabad stock exchanges for their continued cooperation and support. The Directors also appreciate the efforts put in by the Investment Advisor for managing the Fund meticulously.

For and on behalf of the Board

Karachi
30th July 2009

Syed Ajaz Ahmed
Chief Executive

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED 30TH JUNE 2009**

Objective

The objective of Pakistan Premier Fund Limited is to provide investors long term capital appreciation from investments primarily in Pakistani equities.

Profile

Pakistan Premier Fund Limited (PPFL) is a closed end equity fund. The Company (hereinafter referred to as the Fund) takes a long term value investing approach and the portfolio is diversified across all major sectors with stocks having long term positive fundamentals.

PPFL is a long only fund. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments / placements. Under the NBFC Regulations 2008, the Fund is not allowed to borrow.

Asset Allocation and Performance Review during Fiscal Year 2008

Amidst the market turmoil during the financial year 2009, PPFL's NAV fell 33.77% as compared to KSE-100 Index drop of 41.72% and internal benchmark return of negative 43.37%. The Fund had beginning and ending equity exposure of 85.5% and 93.78% respectively while the average (month-end) exposure during the year was 89.89%.

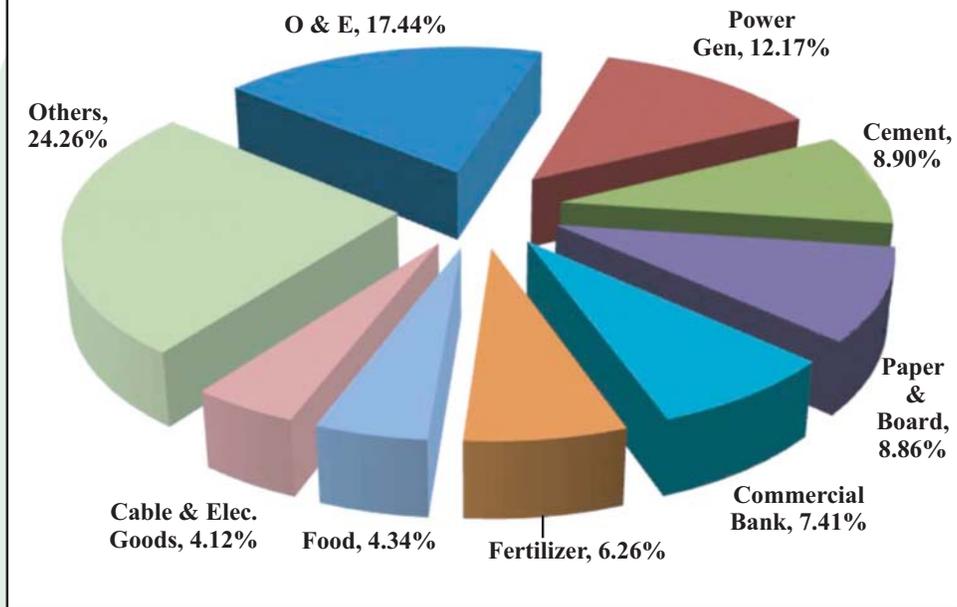
	FY2006-2007	FY2007-2008	FY2008-2009
Beginning net assets (Rs. 000)	2,576,507	2,910,082	2,414,916
Beginning NAV (Rs.) (Ex Div)	14.94	14.79	12.38
Ending Net Assets (Rs. 000)	2,910,082	2,414,916	1,392,635
Ending NAV (Rs.)	19.71	14.22	8.20
Cash Distribution (Rs.)			
- interim *	-	-	-
- final	2.50	1.50	-
Bonus Distribution - final	15%		
Income Distribution	16.73%	10.14%	0.00%
Capital Growth	15.17%	-13.97%	-33.77%
Total Return	31.90%	-3.83%	-33.77%

	Total Return	Annualised Return (CAGR)
1 Year	-33.77%	-33.77%
2 Year	-36.31%	-20.17%
3 Year	-15.99%	-5.64%

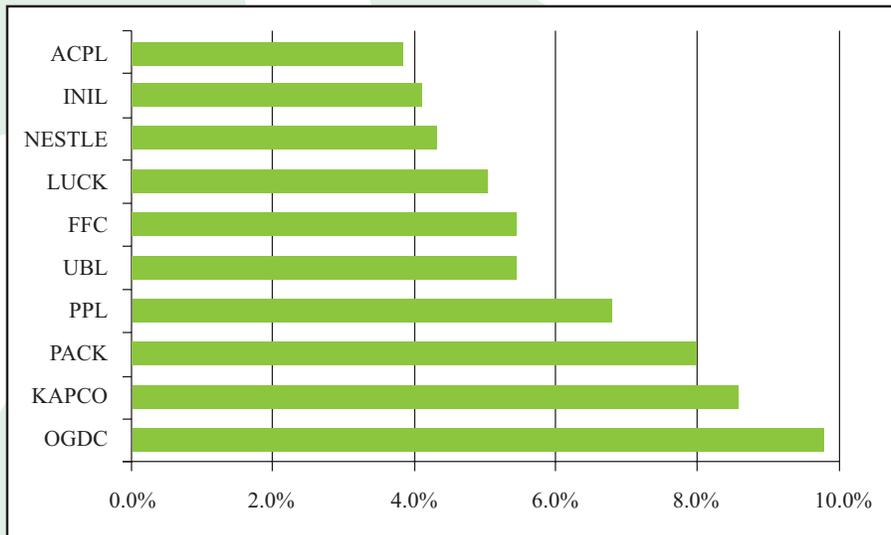
Summary of key investment decisions during the year:

- During the market recovery phase in the second half of the financial year, the PPFL's allocation in the banking sector was increased. As at end June 2009, the exposure to this sector was 7.4% as compared to 4.5% at the beginning of the financial year. Some reshuffling was made within the sector whereby UBL was accumulated mainly because of it reaching fundamentally attractive levels, while exposure in NBP was completely offloaded.
- Exposure in cement sector increased from 5.9% to 8.9% by adding Lucky Cement, since it was best positioned to take advantage of a turn around in sector fundamentals, i.e. reducing input costs, higher retention prices and continued strength in export sales. During this time, exposure to Cherat Cement was completely offloaded.
- Overall weight of the fertilizer sector was reduced from 8.9% to 6.3% by reducing exposure in FFBL & Engro. Exposure in FFBL was offloaded at the beginning of the financial year on the basis of negative outlook on the company. FFC remained the major sector holding, averaging 4.6% (month-end average).
- The weight of the E&P sector increased to 17.4% as at end June 2009 from 14.3% at the beginning of the year. While some exposure was added in POL, most of the increase in sector weight was because of a relative outperformance of PPL and OGDC stock prices vis-a-vis the rest in the fund holdings. During the year, the Company added 2.72% of PSO at various stages.
- The power sector outperformed the broader market by a significant margin. Market capitalization of the sector was down only about 14% in FY2009. Exposure to HUBCO was increased in the portfolio at the beginning of the year. Subsequently, after the removal of floor from KSE-100 Index, excess exposure (above the maximum 10% allowed under Regulations) in KAPCO was offloaded. Sector weight by year end rose to 12.2% from 10.5% at the start.
- In the Cables and Electric Goods Sector, PEL was further accumulated in the portfolio considering that it is a major beneficiary of the growth in power sector.
- PPFL has maintained its holding in key blue chip stocks, having long term positive fundamentals. These include Pak Tobacco (2.31%), International Industries (4.11%), Siemens (1.45%), PICT (3.12%), Nestle (4.34%), Packages (8.02%). Out of these, Nestle was further accumulated after the stock price had fallen substantially towards the end of the financial year.

Sector Break-up: PPFL



Year End Top Ten Holdings



Stock Market Review

The KSE-100 index recorded a fall of 42% by the close of FY 2009 (June). The year was marked with the ugly episode of a price floor imposition on stock prices from 27th August till 15th December 2008. This drastic measure was taken to give some breathing space to the clearing system; however, the situation got worst and the price floor mechanism got prolonged as equity prices kept on retreating in the off-market as global markets tumbled due to crises in the financial markets. Amid global economic recession, Pakistani economy too was severely impacted and the country had to enter into a \$7.6 bn two year stabilization programme with the IMF in November 2008. GDP growth decelerated sharply to just 2% in 2009 (as against 6.5% average during the previous 5 years), with inflation accelerating to above 20%, hence forcing the Central Bank to increase the policy rate to 15% by January 2009.

The index plummeted by almost 50% straight after the removal of the floor (around 9,000) before consolidating and commencing a new upturn and eventually closing at 7,162.18 as against 12,289.03 at the end of FY08. Since Feb 09, the market has shown steady recovery, with the index reaching as high as 8,000 in April 09 and thereafter consolidating around 7,000 levels during May and June. The last quarter saw significant drop in both inflation and interest rates (10 yr PIB yield fell below 12%), which helped in the rerating of equity valuations.

Average daily volumes plunged to a ten year low of 106m, down 56% as compared to 242m registered in FY08. At the same time, while market capitalization in rupee terms deteriorated by 44% reaching PKR 2,121bn, in dollar terms it fell 53% to USD 26bn.

The performance of KSE-100 index was by far the worst vis-à-vis regional markets that witnessed an average decline of 13%. Consequently the index reached a P/E of 6.7x, a significant discount of 57% to the regional earnings multiple of 15.7x, whereas the dividend yield touched 8.6% as compared to the regional average of 3.4%..

Foreign investment during the fiscal year witnessed an outflow of USD445m. This trend, however, did see a modest upturn during the last month as during June 2009 there was an inflow to the tune of USD16m. This has primarily been due to the fact that KSE-100 was included in the MSCI Frontier Index in late May 2009 with a weight of 3% after being removed from the MSCI Emerging Markets Index in December 2008.

Economic Review

The economy suffered from severe deterioration at the onset of Financial Year 09, brought upon by record commodity prices and capital flight. The Government, aiming for fiscal consolidation initiated elimination of subsidies, resulting in record inflation at 25.3% YoY at its peak in August 2008. SBPs FX reserves fell to a mere USD 3bn amidst a massive import bill, with the currency depreciating almost 15% in Q1 FY09. Entry into the IMF program and the commodity price meltdown commencing in Q2 FY09 allowed the economy to re-gain stability. In order to reverse capital flight and suppress inflation, SBP opted for monetary tightening, increasing the policy rate by a total of 300bps. However, severe liquidity pressures compelled the Central Bank to relax the SLR and CRR rates.

2HFY09 saw the Current Account Deficit (CAD) narrow significantly amid stable currency and build up in reserves. Higher interest rates have ignited interest in Treasuries, allowing the Government to retire some of its debt with the SBP and move towards the less inflationary bank debt for financing its deficit. In anticipation of lower inflationary expectations and subsequent policy rate cuts, market yields began to decline substantially. Liquidity also improved and the benchmark KIBOR came down from the 15% range at the start of 2009 to the 12% range at FY09 end. Fiscal spending has remained restricted with PSDP expenditure greatly underutilized.

The country witnessed major deterioration in security situation as Taliban militants took control of Swat and Malakand region in the province of NWFP, which eventually forced the government to undertake large scale military offensive in Swat and the tribal belt. This war like situation has put a severe strain on the economy in form of huge increase in outlays for internally displaced people and higher military spending.

Real economic activity has been adversely affected with an initial estimate of only 2% GDP growth. Large scale manufacturing declined by 8.24% Jul 2008 - Apr 2009 as production fell across all major industries due to fall in domestic demand and exports. Agriculture sector showed strong performance with growth of 4.7% on the back of bumper wheat crop, while service sector recorded growth of 3.6%.

The Year Ahead

Inflation is likely to continue to fall in Q1 till the base effect starts to reverse in October, after which there may be some upward trend due to expectations of increasing electricity tariffs and fuel prices. Market yields are likely to settle at around 10-11 % and a total of 300bps cut in the policy rate can be expected for FY10. Decreasing interest rates combined with the gradual pick-up of domestic demand are likely to increase the off-take of credit and subsequently an increase can be seen in manufacturing activity by 2HFY10. Overall a money supply (M2) growth of 11% seems likely for FY10.

The federal budget envisions a significant increase in development expenditure of PKR 646bn which is likely to provide stimulus to the economy, however shortfalls with respect to the ambitious tax revenue target of PKR 1,531bn is likely to induce cuts in the PSDP. In addition to this, inability to achieve the revenue target may also induce the government to borrow more extensively from scheduled banks which may reduce the quantum of credit available for the private sector. Overall we expect spending on PSDP should be lower than what has been estimated as growth in tax revenues amid slowing economy will be difficult to materialize.

The Current account Deficit (CAD) after experiencing a significant improvement by over USD 5bn in FY09 will likely worsen slightly in FY10 mainly as imports starts to pick-up and exports continue to remain depressed. International oil prices will be the key factor as higher oil prices (which has recently rebounded above USD 60 a barrel) will have a negative impact on Pakistan's balance of payments. Remittances are likely to remain strong, although growth similar to FY09 (20%) is unlikely due to a higher base. Commitments made in the Friends of Democratic Pakistan (FoDP) amounting to USD 5.2bn over three years and USD 1.5bn a year from the Kerry-Lugar bill approved by Congress will provide much needed support to the Financial Account as Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are not expected to pick-up significantly in FY10. Existing reserves and disbursement of IMF tranches will continue to keep FX reserves in a comfortable position. There is still room for further depreciation of the local currency based on inflation and interest rate differentials with trading partners although it is probably not going to be more than 4-5%.

The Government is targeting 3.3% overall GDP growth for FY10, with 3.8% in agriculture, 1.8% in Manufacturing and 3.6% in services. Despite the fact that sluggish growth is expected in FY10 as compared to previous years, growth targets can be outperformed if the current macroeconomic adjustment process continues going forward and improvement in the security situation as a result of military action yields positive results.

Outlook

On the basis of relative valuations, KSE is at a substantial discount to regional and international markets. From its lows of 4,810 in January 2009, the KSE-100 has rebounded by almost 50%. Global equity markets, particularly emerging markets have shown strong performance since March 09 amid early signs of global economic recovery (or end of recession). While relative valuations signal Pakistani equities to deliver positive performance in 2010, for the market

to show sustainable recovery, the economy needs to come out of its somber state and critically GDP growth should pick up pace in coming months. On the stimulus front, there appears to be little the Government can provide for in the short term, however, continuing fall in domestic interest rates and global economic recovery should help in improving the prospects of relatively better GDP growth in the second half of the current fiscal year. Most importantly, the Government needs to bring the domestic security situation under control as prolonged conflict and war like situation in the tribal belt will make it extremely difficult to attract any sizeable investment inflows in the country.

Other Disclosures under NBFC Regulations 2008

The Fund Manager hereby makes the following disclosures as required under the NBFC Regulations 2008;

- a. The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers/dealers by virtue of transactions conducted by the Fund.
- b. There was no unit split undertaken during the year.
- c. The Fund Manager is not aware of any circumstances that can materially affect any interests of the share holders other than those already disclosed in this report.

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2009**

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present all the Directors are non-executive directors. Currently, there is no representation of minority shareholder on the Board.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring on the Board during the financial year ended 30th June 2009 were duly filled up by the Directors within 30 days thereof.
5. The Company being an investment company has adopted the 'Statement of Ethics and Business Practices' of its Investment Advisor, as all expenditure in respect of the secretariat, including substantially all administrative, accounting expenses are borne by the Investment Advisor. This statement has been signed by all the directors of the Company.
6. The Board has developed vision and mission statements and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. In accordance with the terms of Investment Advisory Contract dated 26th December 2002, approved by the Board, the Investment Advisor of the Company, Arif Habib Investments Limited (formerly: Arif Habib Investment Management Limited), has the powers to appoint Chief Executive (CE) of the Company. Accordingly, Investment Advisor had appointed CE on the terms and conditions applicable under prevailing laws and employment policy of the Investment Advisor. The appointment of Chief Executive (CE) has also been ratified by the Board of the Company.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings and the minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its new directors during the year to appraise them of their duties and responsibilities.
10. In accordance with the terms of Investment Advisory Contract dated 26th December 2002, approved by the Board, the Investment Advisor of the Company, Arif Habib Investments Limited (formerly: Arif Habib Investment Management Limited) is responsible for appointment of all the officers and other staff and to fix their remuneration and terms of employment. Accordingly, Investment Advisor has appointed the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The roles and responsibilities of the Chairman and CE have been approved by the Board of Directors.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CE and CFO before approval of the Board.
14. The directors, CE and executives of the Company do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the significant corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of four members, all of whom are non executive directors including the chairman of the committee.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The company has an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses an minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transaction and pricing methods for transactions that were made on terms equivalent to those that will prevail in the arm's length transactions only if such terms can be substantiated.
22. We confirm that all other material principles contained in the Code have been complied with.

Karachi
30th July 2009

Syed Ajaz Ahmed
Chief Executive

A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F.Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 2426682-6 / 2426711-5
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Premier Fund Limited, to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xii) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.


Chartered Accountants
Karachi

Dated: July 30, 2009

A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F.Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 2426682-6 / 2426711-5
Facsimile: (021) 2415007 / 2427938

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of Pakistan Premier Fund Limited as at June 30, 2009 and the related income statement, distribution statement, cash flow statement, statement of changes in equity and reserves and statement of movement in equity and reserves - 'per share' together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the investment adviser to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, the requirements of the Companies Ordinance, 1984 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - i) The statement of assets and liabilities and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income statement, distribution statement, cash flow statement, statement of changes in equity and reserves and statement of movement in equity and reserves - 'per share' together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its distributions, its cash flows, changes in equity and reserves and movement in equity and reserves - 'per share' for the year then ended; and

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- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The Financial Statements of the Company for the year ended June 30, 2008 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated July 25, 2008.


Chartered Accountants

Engagement Partner: Rashid A. Jafer

Dated: 30 JUL 2009

Karachi

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30TH JUNE 2009**

	Note	2009 (Rupees in '000)	2008
Assets			
Balances with banks	4	83,681	333,407
Receivable against sale of investments		2,025	-
Investments	5	1,307,567	2,079,904
Dividend and profit receivable	6	7,830	14,617
Deposits and prepayments	7	2,650	2,678
Advance tax		2,655	2,655
Total assets		<u>1,406,408</u>	<u>2,433,261</u>
Liabilities			
Payable to the Investment Adviser	8	2,321	4,025
Payable to Securities and Exchange Commission of Pakistan	9	1,400	2,638
Payable against purchase of investments		-	3,167
Unclaimed dividend		8,589	6,989
Accrued expenses and other liabilities	10	1,462	1,526
Total liabilities		<u>13,772</u>	<u>18,345</u>
Net assets		<u>1,392,636</u>	<u>2,414,916</u>
Shareholders' equity			
Authorised capital			
200,000,000 (2008: 200,000,000) ordinary shares of Rs. 10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital			
169,804,687 shares of Rs. 10 each issued as follows:			
- 93,750,000 (2008: 93,750,000) ordinary shares of Rs. 10 each issued as fully paid-up in cash		937,500	937,500
- 76,054,687 (2008: 76,054,687) ordinary shares of Rs. 10 each issued as fully paid bonus shares		760,547	760,547
		<u>1,698,047</u>	<u>1,698,047</u>
Revenue reserve (Accumulated loss) / undistributed income		<u>(305,411)</u>	<u>716,869</u>
		<u>1,392,636</u>	<u>2,414,916</u>
(Rupees)			
Net asset value per share		<u>8.20</u>	<u>14.22</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

**INCOME STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	Note	2009	2008
		(Rupees in '000)	
Income			
Capital (loss) / gain on sale of investments		(113,737)	74,282
Income from term finance certificates		309	462
Dividend income		75,957	105,342
Profit on bank accounts		18,120	21,374
Other income		-	40
		<u>(19,351)</u>	<u>201,500</u>
Unrealised diminution in value of investments at fair value through profit or loss - net	5.4	(713,401)	(262,076)
		<u>(732,752)</u>	<u>(60,576)</u>
Operating expenses			
Remuneration of Investment Adviser		28,797	52,754
Custody fee		1,440	2,541
Annual fee - Securities and Exchange Commission of Pakistan		1,400	3,888
Securities transaction cost		1,373	3,358
Fees and subscription	11	425	1,689
Legal and other charges		227	113
Auditors' remuneration	12	514	626
Directors' fee		110	3
Printing Charges		435	377
Bank charges		100	100
Total operating expenses		<u>34,821</u>	<u>65,449</u>
Net loss for the year		<u><u>(767,573)</u></u>	<u><u>(126,025)</u></u>
Loss per share - basic and diluted			
		(Rupees)	
Loss per share	13	<u><u>(4.52)</u></u>	<u><u>(0.74)</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008
	(Rupees in '000)	
Undistributed income brought forward	716,869	1,433,519
Final distribution of for the year ended 30 th June 2008		
- Bonus shares @ nil (2007: 15%)	-	(221,484)
- Cash dividend @ 15% (2007: 25%)	(254,707)	(369,141)
(Date of distribution: 12 th September 2008)		
Net loss for the year	(767,573)	(126,025)
(Accumulated loss) / undistributed income carried forward	<u>(305,411)</u>	<u>716,869</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	Note	2009 (Rupees in '000)	2008
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss for the year		(767,573)	(126,025)
Adjustments			
Unrealised diminution in value of investments at fair value through profit or loss - net		713,401	262,076
Remuneration of Investment adviser		28,797	52,754
Dividend income		(75,957)	(105,342)
		<u>(101,332)</u>	<u>83,463</u>
(Increase) / decrease in assets			
Receivable against sale of investments		(2,025)	558
Investments		58,936	81,925
Profit receivable		1,631	2,063
Deposits and prepayments		28	(2,450)
		<u>58,570</u>	<u>82,096</u>
(Decrease) / increase in liabilities			
Payable against purchase of investments		(3,167)	1,392
Payable to Securities and Exchange Commission of Pakistan		(1,238)	167
Accrued expenses and other liabilities		(64)	(168)
		<u>(4,469)</u>	<u>1,391</u>
		<u>(47,231)</u>	<u>166,950</u>
Remuneration paid to investment adviser		(30,501)	(98,146)
Dividend received		81,113	99,400
Dividend paid		(253,107)	(367,560)
Net cash outflow on operating activities		<u>(249,726)</u>	<u>(199,356)</u>
Cash and cash equivalents at beginning of the year		<u>333,407</u>	<u>532,763</u>
Cash and cash equivalents at end of the year	4	<u><u>83,681</u></u>	<u><u>333,407</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY AND RESERVES
FOR THE YEAR ENDED 30TH JUNE 2009**

	Issued subscribed and paid up capital	Undistributed income / (Accumulated loss)	Total
	----- (Rupees in '000) -----		
Balance as at 01st July 2007	1,476,563	1,433,519	2,910,082
Final distribution for the year ended 30 th June 2007			
- Cash dividend @ 25%	-	(369,141)	(369,141)
- Issue of bonus shares @ 15%	221,484	(221,484)	-
Capital gain on sale of investments	-	74,282	74,282
Unrealised diminution in value of investments at fair value through profit or loss - net	-	(262,076)	(262,076)
Other net operating income for the year	-	61,769	61,769
Net loss for the year ended 30 th June 2008		(126,025)	(126,025)
Balance as at 30th June 2008	<u>1,698,047</u>	<u>716,869</u>	<u>2,414,916</u>
Balance as at 01st July 2008	1,698,047	716,869	2,414,916
Final distribution for the year ended 30 th June 2008			
- Cash dividend @ 15%	-	(254,707)	(254,707)
Capital loss on sale of investments	-	(113,737)	(113,737)
Unrealised diminution in value of investments at fair value through profit or loss - net	-	(713,401)	(713,401)
Other net operating income for the year	-	59,565	59,565
Net loss for the year ended 30 th June 2009	-	(767,573)	(767,573)
Balance as at 30th June 2009	<u>1,698,047</u>	<u>(305,411)</u>	<u>1,392,636</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY AND RESERVES 'PER SHARE'
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008
	(Rupees)	
Net assets per share at the beginning of the year	14.22	19.71
Dilution due to issue of bonus shares 2008: nil (2007 : 15%)	-	(2.25)
	<u>14.22</u>	<u>17.46</u>
Capital (loss) / gain on sale of investments	(0.67)	0.44
Unrealised diminution in value of investments at fair value through profit or loss - net	(4.20)	(1.54)
Other net operating income for the year	0.35	0.36
Net loss for the year	(4.52)	(0.74)
Final cash dividend 2008: 15% (2007: 25%)	(1.50)	(2.50)
Net assets per share at the end of the year	<u><u>8.20</u></u>	<u><u>14.22</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Premier Fund Limited (the Company) is a public limited company incorporated on 11th December 1994 under the Companies Ordinance, 1984. The Company commenced its business on 11th July 1995 and is listed on all the three Stock Exchanges in Pakistan. The registered office of the Company is situated at 2/1, R.Y. 16, Old Queens Road, Karachi, Pakistan. The Company is registered as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Company entered into an agreement with Arif Habib Investments Limited (Formerly: Arif Habib Investment Management Limited) to act as its Investment Adviser with effect from 26th December 2002. Arif Habib Investments Limited (Formerly: Arif Habib Investment Management Limited) is duly licensed under the NBFC Rules to act as an Investment Adviser.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' and fund rating of '3 Star Long term and 3 Star Short term' to the Management Company and the Company respectively.

The Company primarily invests in shares of listed companies, term finance certificates and short-term reverse repurchase transactions.

Pakistan Premier Fund Limited and Deutsche Bank A.G. have entered into Custodial Service Agreement on 9th June 2005 for holding, safe custody and handling of all assets of the Company, including securities and for performance of treasury functions.

The Securities and Exchange Commission of Pakistan notified the Non-Banking Finance Companies and Notified Entities Regulations, 2008 during the year. As per Regulation 65 of these regulations an asset management company managing an Investment Company Shall, upon the expiry of every five years from 21st November 2007 or the date of launch of the Investment Company which ever is later, hold within one month of such period a meeting of share holders to seek the approval of the shareholders (by special resolution) to convert the Investment Company into an Open End Scheme or wind up the Investment Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year ended 30th June 2009, IFRS 7 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in note 19 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after 1st July 2008 but were considered not to be relevant or did not have any significant effect on the Company's operations.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after 1st January 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective restatement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at the beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (Effective from 1st January 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the Company's financial statements.

IFRS 7 (Amendment), 'Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Company's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from 1st January 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Company's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 1st January 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.1 and note 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value.

2.6 Functional and Presentation Currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Financial assets

3.1.1 The company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss- held for trading

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity.

c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

d) Available for sale

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the company commits to purchase or sell the asset.

3.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of Term Finance Certificates

The SECP vide its circular no. 1/2009 dated 06th January 2009 has changed the methodology for valuation of debt securities. Under the said directive, investment in term finance certificates are valued on the basis of traded, thinly traded and non traded securities. The circular also specifies the criteria for the provisioning of non-performing debt securities. Accordingly, investment in term finance certificates have been valued at the rates determined and announced by MUFAP based on the methodology prescribed in the circular. Prior to the issuance of the said directive investment in term finance certificates were valued as follows:

- (i) From 5th November 2008 to 9th January 2009, at the lower of discounted redeemable face value of term finance certificates and the market value as determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP circular no. 26/2008 dated 5th November 2008.
- (ii) Prior to 5th November 2008, at the rates notified by MUFAP in accordance with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

b) Basis of valuation of Equity Securities

The investment of the company in equity securities is valued on the basis of quoted market prices available at the stock exchange.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available for sale financial assets are taken to equity until the available for sale investment is derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Loans and receivables and held to maturity financial assets are carried at amortised cost.

3.1.5 Impairment

The company assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is reclassified from equity to the income statement. Impairment losses recognised on equity instruments are not reversed through the income statement.

3.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

3.1.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.2 Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.4 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

All reverse repo transactions are accounted for on the settlement date.

3.5 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.6 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.8 Taxation

The income of the Company 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the shareholders.

The Company provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Company also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Company has not recognised any amount in respect of deferred tax in these financial statements as the Company intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its shareholders every year.

3.9 Revenue recognition

Realised capital gains / losses arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

Unrealised capital gains / losses arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the period in which they arise.

Dividend income is recognised when the right to receive the payment is established.

Profit on bank deposits is recognised on an accrual basis.

Profit on investment is recognised on an accrual basis.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

3.11 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statement within the fair value net gain or loss.

	Note	30 th June 2009	30 th June 2008
(Rupees in '000)			
4. BALANCES WITH BANKS			
In current accounts		8,771	7,168
In deposit accounts	4.1	74,910	326,239
		<u>83,681</u>	<u>333,407</u>

4.1 Profit rates on deposit accounts range between 5.00% to 14.00% (2008: 0.75% to 10.50%) per annum. This also includes Rs. 74.892 million (2008: 323.726 million) with related parties on which return is earned at 5.00% to 14.00% (2008: 8.00% to 10.50%) per annum.

	Note	30 th June 2009	30 th June 2008
(Rupees in '000)			
5. INVESTMENTS			
At fair value through profit or loss- held for trading			
Listed equity securities	5.1	1,305,973	2,076,634
Term finance certificates	5.3	1,594	3,270
		<u>1,307,567</u>	<u>2,079,904</u>

5.1 Listed equity securities 'at fair value through profit or loss' - held for trading

Name of the Investee Company	Number of shares					Balance as at 30 th June 2009			Market value as a % of total investments	Market value as a % of paid up capital of the investee company
	As at 1 st July 2008	Purchases during the year	Bonus/ Rights issue	Sales during the year	As at 30 th June 2009	Cost	Market value	(Diminution)/ Appreciation		
-----Rupees in '000-----										
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise										
INVESTMENT BANKS / COMPANIES / SECURITIES										
Arif Habib Securities Limited	-	100,000	-	100,000	-	-	-	-	-	-
COMMERCIAL BANKS										
Allied Bank Limited	664,056	-	66,405	-	730,461	42,501	27,465	(15,036)	1.97	2.10
National Bank of Pakistan	348,920	-	-	348,920	-	-	-	-	-	-
United Bank Limited	-	2,135,400	-	158,300	1,977,100	96,357	75,703	(20,654)	5.44	5.79
						138,858	103,168	(35,690)		
INSURANCE										
IGI Insurance Limited	134,250	-	67,125	-	201,375	41,325	18,192	(23,133)	1.31	1.39
						41,325	18,192	(23,133)		
TEXTILE SPINNING										
Reliance Cotton Spinning**	-	-	5,464	-	5,464	-	131	131	0.01	0.01
						-	131	131		
TEXTILE COMPOSITE										
Artistic Denim Mills Limited	146,400	-	-	-	146,400	7,229	3,288	(3,941)	0.24	0.25
Colony Mills Limited	1,425,000	-	-	800,000	625,000	1,485	3,369	1,884	0.24	0.26
Chenab Limited	1,000,000	-	-	-	1,000,000	18,000	2,790	(15,210)	0.20	0.21
Reliance Weaving Mills Limited	109,875	-	-	-	109,875	1,203	385	(818)	0.03	0.03
Nishat Mills Limited	558,180	-	279,090	-	837,270	62,777	31,666	(31,111)	2.27	2.42
Kohinoor Mills Limited	547,932	-	-	-	547,932	18,398	2,663	(15,735)	0.19	0.20
Sapphire Textile Mills Limited	121,440	-	-	-	121,440	5,343	8,379	3,036	0.60	0.64
Suraj Cotton Mills Limited	234,750	-	-	-	234,750	11,626	2,981	(8,645)	0.21	0.23
						126,061	55,521	(70,540)		
SUGAR AND ALLIED INDUSTRIES										
Colony Sugar Mills Limited	306,271	-	-	-	306,271	3,062	5,207	2,145	0.37	0.40
						3,062	5,207	2,145		

PAKISTAN PREMIER FUND LIMITED

Name of the Investee Company	Number of shares				Balance as at 30 th June 2009			Market value as a % of total investments	Market value as a % of paid up capital of the investee company		
	As at 1 st July 2008	Purchases during the year	Bonus/Rights issue	Sales during the year	As at 30 th June 2009	Cost	Market value			(Diminution)/Appreciation	Market value as a % of net assets
CEMENT											
Attock Cement Pakistan Limited	764,000	-	-	-	764,000	67,614	53,648	(13,966)	3.85	4.10	1.06
Cherat Cement Company Limited	697,091	-	-	697,091	-	-	-	-	-	-	-
Lucky Cement Limited	652,000	550,000	-	-	1,202,000	112,349	70,353	(41,996)	5.05	5.38	0.37
Thatta Cement Limited	-	166,500	-	166,500	-	-	-	-	-	-	-
						179,963	124,001	(55,962)			
TOBACCO											
Pakistan Tobacco Company Limited	441,900	-	-	-	441,900	32,059	32,192	133	2.31	2.46	0.17
						32,059	32,192	133			
REFINERY											
Pakistan Refinery Limited	-	16,000	-	16,000	-	-	-	-	-	-	-
POWER GENERATION AND DISTRIBUTION											
Kohinoor Energy Limited	603,000	-	-	-	603,000	22,262	17,487	(4,775)	1.26	1.34	0.36
Hub Power Company Limited	991,500	200,000	-	-	1,191,500	36,332	32,278	(4,054)	2.32	2.47	0.10
Kot Addu Power Company Limited	4,428,800	-	-	1,595,200	2,833,600	136,013	119,748	(16,265)	8.60	9.16	0.32
						194,607	169,513	(25,094)			
OIL AND GAS MARKETING COMPANIES											
Pakistan State Oil Company Limited	30,000	147,500	-	-	177,500	68,432	37,923	(30,509)	2.72	2.90	0.10
						68,432	37,923	(30,509)			
OIL AND GAS EXPLORATION COMPANIES											
Pakistan Petroleum Limited	455,010	-	45,501	-	500,511	101,463	94,867	(6,596)	6.81	7.26	0.06
Oil and Gas Development Company Limited	1,885,360	175,000	-	325,000	1,735,360	196,953	136,469	(60,484)	9.80	10.44	0.04
Pakistan Oilfield Limited	-	65,900	13,180	-	79,080	23,855	11,538	(12,317)	0.83	0.88	0.03
						322,271	242,874	(79,397)			
ENGINEERING											
International Industries Limited	1,057,230	-	211,446	-	1,268,676	27,469	57,205	29,736	4.11	4.37	1.27
International Industries Limited (Letter of Right)	-	-	264,307	264,307	-	-	-	-	-	-	-
						27,469	57,205	29,736			

Rupees in '000

PAKISTAN PREMIER FUND LIMITED

Name of the Investee Company	Number of shares				Balance as at 30 th June 2009			Market value as a % of total investments	Market value as a % of paid up capital of the investee company		
	As at 1 st July 2008	Purchases during the year	Bonus/Rights issue	Sales during the year	As at 30 th June 2009	Cost	Market value			(Diminution)/Appreciation	Market value as a % of net assets
AUTOMOBILE ASSEMBLER											
Indus Motor Company Limited	152,992	-	-	-	152,992	32,496	16,480	(16,016)	1.18	1.26	0.19
Pak Suzuki Motor Company Limited	322,150	140,000	-	-	462,150	62,665	31,380	(31,285)	2.25	2.40	0.56
						95,161	47,860	(47,301)			
CABLE AND ELECTRICAL GOODS											
Pakistan Electron Limited	730,506	786,000	-	-	1,516,506	84,327	37,170	(47,157)	2.67	2.84	1.56
Siemens Pakistan Engineering Company Limited	19,900	-	-	-	19,900	11,961	20,258	8,297	1.45	1.55	0.24
						96,288	57,428	(38,860)			
TRANSPORT											
Pakistan International Container Terminal Limited	813,220	-	-	-	813,220	47,269	43,450	(3,819)	3.12	3.32	0.89
						47,269	43,450	(3,819)			
TECHNOLOGY AND COMMUNICATION											
Pakistan Telecommunication Company Limited - "A"	2,000,000	-	-	-	2,000,000	91,200	34,480	(56,720)	2.48	2.64	0.05
TRG Pakistan "A"	1,950,000	-	-	1,950,000	-	-	-	-	-	-	-
NetSol Technologies Limited	-	100,000	20,000	-	120,000	7,539	2,143	(5,396)	0.15	0.16	0.15
						98,739	36,623	(62,116)			
FERTILIZER											
Fauji Fertilizer Bin Qasim Limited	1,503,200	-	-	1,503,200	-	-	-	-	-	-	-
Engro Chemicals Pakistan Limited	305,028	90,000	-	305,028	90,000	11,520	11,559	39	0.83	0.88	0.03
Fauji Fertilizer Company Limited	632,692	-	237,259	-	869,951	58,087	75,642	17,555	5.43	5.78	0.13
						69,607	87,201	17,594			
CHEMICALS											
BOC Pakistan Limited	31,000	-	-	-	31,000	5,010	3,565	(1,445)	0.26	0.27	0.12
						5,010	3,565	(1,445)			
PAPER AND BOARD											
Century Papers & Board Mills Limited	600,710	-	-	-	600,710	27,290	7,923	(19,367)	0.57	0.61	0.85
Packages Limited	722,717	-	-	11,600	711,117	67,875	111,674	43,799	8.02	8.54	0.84
Security Papers Limited	63,769	-	12,753	-	76,522	5,325	3,826	(1,499)	0.27	0.29	0.19
						100,490	123,423	22,933			

Name of the Investee Company	Number of shares				Balance as at 30 th June 2009			Market value as a % of total investments	Market value as a % of paid up capital of the investee company
	As at 1 st July 2008	Purchases during the year	Bonus/ Rights issue	Sales during the year	As at 30 th June 2009	Cost	Market value		
VANASPATI AND ALLIED									
Sarhad Ghee Mills Limited*	113,000	-	-	-	113,000	-	-	-	-
FOOD AND PERSONAL CARE - PRODUCTS									
Sunflo Cit-Russ Limited*	315,000	-	-	-	315,000	-	-	-	-
Nestle Pakistan Limited	49,200	6,200	-	-	55,400	64,435	(3,939)	4.34	4.63
UniLever Pakistan Limited (Rs 50 each)	3,680	-	-	3,680	-	64,435	(3,939)	-	-
Total as at 30th June 2009						1,711,106	1,305,973	(405,133)	

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

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

* These securities are delisted and are valued at Nil in the book of accounts.
 ** These shares were received as specie dividend from Reliance Weaving Mills Limited.

5.2 The above includes shares with a market value aggregating to Rs 91,586,432 (2008:Rs. 156,584,502) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Company's trades in term of circular no. 11 dated 23rd October 2007 issued by the Securities and Exchange Commission of Pakistan.

5.3 Term finance certificates - at 'fair value through profit or loss' - held for trading

Name of the investee company	Issue date	Number of certificates			Balance as at 30 th June 2009			Market value as a % of total investments	Percentage in relation to the size of the issue	
		As at 1 st July 2008	Purchases during the year	Sales / Mature during the year	As at 30 th June 2009	Cost	Market Value			(Diminution)/ Appreciation
Al-Zamin Leasing Modaraba	30 th May 2005	1,000	-	-	1,000	1,700	1,594	(106)	0.11	0.12
Total Term Finance Certificates						1,700	1,594	(106)		1.80

PAKISTAN PREMIER FUND LIMITED

	30th June 2009	30th June 2008
	(Rupees in '000)	
5.4 Net Unrealised diminution in value of investments at 'fair value through profit or loss' - net		
Market value of investments	1,307,567	2,076,842
Less: Cost of investments	<u>(1,712,806)</u>	<u>(1,768,479)</u>
	(405,239)	308,363
Add: Realised on disposal during the year	201	218,571
Less: Net unrealised appreciation in value of investments at fair value through profit or loss at the beginning of the year	<u>(308,363)</u>	<u>(789,010)</u>
	<u><u>(713,401)</u></u>	<u><u>(262,076)</u></u>
 6. DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable	6,872	12,028
Income accrued on Term Finance Certificates	14	28
Accrued profit on bank deposits	<u>944</u>	<u>2,561</u>
	<u><u>7,830</u></u>	<u><u>14,617</u></u>
 7. DEPOSITS AND PREPAYMENTS		
Deposit with Central Depository Company of Pakistan Limited	150	150
Deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Prepayments	<u>-</u>	<u>28</u>
	<u><u>2,650</u></u>	<u><u>2,678</u></u>
 8. PAYABLE TO THE INVESTMENT ADVISER		
Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Investment Adviser of the Company is entitled to a remuneration, during the first five years of the Company, of an amount not exceeding three percent of the average annual net assets of the Company and thereafter of an amount equal to two percent of such assets of the Company. The Investment Adviser has charged its remuneration for the current year at the rate of two percent per annum.		
 9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund with effect from 21 st November 2008. Previously, annual fee of an amount equal to one tenth of one percent of the average annual net assets was accrued under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2007.		
 10. ACCRUED EXPENSES AND OTHER LIABILITIES	30th June 2009	30th June 2008
	(Rupees in '000)	
Custodian fee and settlement charges	125	188
Auditors' remuneration	240	375
Others	<u>1,097</u>	<u>963</u>
	<u><u>1,462</u></u>	<u><u>1,526</u></u>
 11. FEES AND SUBSCRIPTION		
Professional tax	100	100
Listing fee	140	805
Central Depository Company of Pakistan Limited fee	68	288
Stamp duty	-	241
PACRA fees	100	250
Others	<u>17</u>	<u>5</u>
	<u><u>425</u></u>	<u><u>1,689</u></u>

	Year ended 30 th June 2009	Year ended 30 th June 2008
12. AUDITORS' REMUNERATION	(Rupees in '000)	
Audit fee	210	180
Half yearly review fee	100	80
Other certifications and services	133	305
Out of pocket expenses	71	61
	<u>514</u>	<u>626</u>

13. LOSS PER SHARE		
Net loss for the year	<u>(767,573)</u>	<u>(126,025)</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>169,804,687</u>	<u>169,804,687</u>
	(Rupees)	
Loss per share - basic and diluted	<u>(4.52)</u>	<u>(0.74)</u>

There were no convertible dilutive potential ordinary shares in issue as at 30th June 2009 and 30th June 2008.

14 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited) being the Investment Adviser and Arif Habib Securities Limited, Arif Habib Limited, Arif Habib Bank Limited and Thatta Cement Limited being companies under common management and Deutsche Bank A.G being the Custodian of the Company.

Remuneration payable to the Investment Advisor is determined in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Custodian charges payable are determined in accordance with the provisions of Custodial Services Agreement

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

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

	Year ended 30 th June 2009	Year ended 30 th June 2008
14.1 Transactions during the year	(Rupees in '000)	
Directors		
Dividend paid by the Company	100	-
Director fee	110	3
Investment Adviser		
Remuneration for the year	28,797	52,754
Dividend paid by the Company	26,990	39,116
Sale of shares of Cineplex Limited	-	9,777
Arif Habib Limited - Brokerage house		
Brokerage*	144	586
Dividend paid by the Company	8,305	-
Arif Habib Bank Limited		
Mark-up for the year	17,392	14,209
Bank Charges	96	95
Dividend paid by the Company	750	8,539

	Year ended 30 th June 2009 (Rupees in '000)	Year ended 30 th June 2008
Deutsche Bank A.G Karachi		
Custody fee	1,440	2,541
Mark-up for the year	307	415
Arif Habib Securities Limited		
Purchase of 100,000 shares	12,365	-
Sale of 100,000 shares	13,150	-
Dividend paid by the Company	26,206	37,979
Thatta Cement Limited		
Purchase of 166,500 shares	2,331	-
Sale of 166,500 shares	2,533	-

14.2 Amounts outstanding as at the year end

	30 th June 2009 (Rupees in '000)	30 th June 2008
Investment Adviser		
Remuneration payable	2,321	4,025
Arif Habib Bank Limited		
Balance at the end of the year	75,905	323,424
Accrued mark-up	833	2,459
Deutsche Bank A.G Karachi		
Balance at the end of the year	2,422	2,302
Accrued mark-up	111	102

* 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.

15 PARTICULARS OF INVESTMENT COMMITTEE

Details of members of the investment committee of the Company are as follows:

	Designation	Qualification	Experience in years	
1	Adnan Siddiqui	Deputy Chief Executive	MBA	19
2	Basharat Ullah	Chief Investment Officer	MBA	16
3	Zeeshan	Chief Financial Officer	ACA	6
4	Nazia Nauman	Head of Equity	MBA / CFA	9
5	Jawad Haleem	Head of Research & Fund Manager	MSC Economics	5

15.1 Jawwad Haleem is the Fund Manager of the Company. Other Fund managed by the Fund Manager is Pakistan Pension Fund.

16 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2009
H. H. Misbah Securities (Private) Limited	17.97%
KASB Securities Limited	11.31%
DJM Securities (Private) Limited	11.04%
Arif Habib Limited	11.01%
Taurus Securities Limited	8.11%
BMA Capital Management Limited	6.69%
AKD Securities Limited	4.79%
Invisor Securities (Private) Limited	4.47%
Elixir Securities Pakistan limited	3.98%
First Capital Equities Limited	3.21%
	2008
Arif Habib Limited	19.51%
KASB Securities Limited	10.22%
BMA Capital Management Limited	8.45%
Invisor Securities (Private) Limited	7.38%
Invest and Finance Securities	6.66%
H. H. Misbah Securities (Private) Limited	5.68%
DJM Securities (Private) Limited	5.30%
Invest Capital investment bank limited	5.11%
Global Securities Pakistan Limited	4.48%
First Capital Equities Limited	3.48%

17 PATTERN OF SHAREHOLDING

	<u>30th June 2009</u>		
	Number of Share holders	Paid-up value of shares held	Percentage
	(Rupees in '000)		
Individuals	5,928	921,308	54.26
Associated Companies and Directors	12	390,552	23.00
Insurance companies	8	4,256	0.25
Banks / DFIs	25	57,788	3.40
NBFCs	13	57,307	3.37
Public Limited Companies	142	228,026	13.43
Others	10	38,810	2.29
	<u>6,138</u>	<u>1,698,047</u>	<u>100.00</u>
	<u>30th June 2008</u>		
	Number of Share holders	Paid-up value of shares held	Percentage
	(Rupees in '000)		
Individuals	6,086	866,490	51.02
Associated Companies and Directors	17	535,811	31.55
Insurance Companies	8	4,171	0.25
NBFC	9	5,269	0.31
Banks and DFIs	18	60,231	3.55
Public Limited Companies	147	149,024	8.78
Others	64	77,051	4.54
	<u>6,349</u>	<u>1,698,047</u>	<u>100.00</u>

18 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

There were four meetings held of the Board of the Directors on 25th July 2008, 24th October 2008, 24th February 2009 and 24th April 2009. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave Granted	
Syed Ajaz Ahmed	4	4	-	-
Mr. Amanullah Suleman	4	3	1	4th meeting
Mr. Salman Umer	4	2	2	2nd and 4th meeting
Mr. Muhammad Iqbal	4	4	-	-
Mr. Muhammad Khubaib	4	4	-	-
Mr. Saleem Chamdia	4	4	-	-
Mr. Khursheed Anwer**	4	-	4	1st to 4th meeting
Mr. Shamsuddin Khan****	-	-	-	-
Mr. Muhammad Aslam Motiwala*	-	-	-	-
Mr. Muhammad Asif Sultan*	-	-	-	-
Mr. Khurshid Zafar***	4	3	1	3rd meeting

* Mr. Muhammad Aslam Motiwala and Mr. Muhammad Asif Sultan resigned from the office on 17th July 2008.

** Mr. Khursheed Anwer was appointed as Director on 25th July 2008

*** Mr. Khurshid Zafar was appointed as Director on 25th July 2008 and resigned from the office on 24th April 2009.

**** Mr. Shamsuddin Khan was appointed as Director on 21st May 2009

19 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risk: market risk, credit risk and liquidity risk.

19.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Investment Advisor manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk

19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

19.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at 30th June 2009

Exposed to Yield / Interest risk			Not exposed to Yield / Interest rate risk	Total
Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

Financial Assets

Balances with banks	74,910	-	-	8,771	83,681
Receivable against sale of investments	-	-	-	2,025	2,025
Investments	-	-	1,594	1,305,973	1,307,567
Dividend and profit receivable	-	-	-	7,830	7,830
Deposits	-	-	-	2,650	2,650
	74,910	-	1,594	1,327,249	1,403,753

Financial Liabilities

Payable to the Investment Advisor	-	-	-	2,321	2,321
Unclaimed dividend	-	-	-	8,589	8,589
Accrued expenses and other liabilities	-	-	-	1,462	1,462
				12,372	12,372

On-balance sheet gap

	74,910	-	1,594	1,314,877	1,391,381
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As at 30th June 2008

Exposed to Yield / Interest risk			Not exposed to Yield / Interest rate risk	Total
Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

Financial Assets

Balances with banks	326,239	-	-	7,168	333,407
Receivable against sale of investments	-	-	-	-	-
Investments	-	-	3,270	2,073,572	2,076,842
Dividend and profit receivable	-	-	-	14,617	14,617
Deposits	-	-	-	2,650	2,650
	326,239	-	3,270	2,098,007	2,427,516

Financial Liabilities

Payable to the Investment Advisor	-	-	-	4,025	4,025
Payable against purchase of investments	-	-	-	3,167	3,167
Unclaimed dividend	-	-	-	6,989	6,989
Accrued expenses and other liabilities	-	-	-	1,526	1,526
				15,707	15,707

On-balance sheet gap

	326,239	-	3,270	2,082,300	2,411,809
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19.1.3 Price Risk

The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Assets and Liabilities at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk management guidelines adopted by the Investment Advisor. The Company's constitutive document / NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee Company and sector exposure limit to 25% of net assets.

In case of 5% increase / decrease in KSE 100 index on 30th June 2009, net loss for the year would decrease / increase by Rs. 55.31 million (2008: Rs. 83.879 million) and net assets of the Company would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30th June 2009 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE 100 index.

19.2 Credit risk

Credit risk represents the risk of a loss if a counter party fails to perform as contracted. The company's credit risk is primarily attributable to its investment in term finance certificates, credit exposure arising as a result of dividends receivable on equity securities and balances with banks. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The analysis below summarises the credit quality of the company's investment in Term Finance Certificates as at 30th June 2009 and 30th June 2008:

Term Finance Certificates by rating category	30 th June 2009	30 th June 2008
A	100.00%	100.00%

The maximum exposure to credit risk before any credit enhancement as at 30th June 2009 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

19.3 Liquidity risk

Liquidity risk is the risk that the company may encounter difficulty in raising funds to meet its obligations and commitments. The Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the company's assets in highly liquid financial assets.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	----- As at 30 th June 2009 -----			
	Total	Upto three months	More than three months and upto one year	More than one year
	-----Rupees '000-----			
Liabilities				
Payable to Investment Adviser	2,321	2,321	-	-
Accrued expenses and other liabilities	1,462	1,462	-	-
Unclaimed dividend	8,589	8,589	-	-
	<u>12,372</u>	<u>12,372</u>	<u>-</u>	<u>-</u>

	As at 30 th June 2008			
	Total	Upto three months	More than three months and upto one year	More than one year
-----Rupees '000-----				
Liabilities				
Payable to Investment Advisor	4,025	4,025	-	-
Payable against purchase of investments	3,167	3,167	-	-
Accrued expenses and other liabilities	1,526	1,526	-	-
Unclaimed dividend	6,989	6,989	-	-
	<u>15,707</u>	<u>15,707</u>	<u>-</u>	<u>-</u>

19.4 Financial instruments by category

	As at 30 th June 2009			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
-----Rupees in '000-----				
Assets				
Balances with banks	83,681	-	-	83,681
Receivable against sale of investments	2,025	-	-	2,025
Investments	-	1,307,567	-	1,307,567
Dividend and profit receivable	7,830	-	-	7,830
Deposits	2,650	-	-	2,650
	<u>96,186</u>	<u>1,307,567</u>	<u>-</u>	<u>1,403,753</u>

	As at 30 th June 2009		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
-----Rupees in '000-----			
Liabilities			
Payable to Investment Advisor	-	2,321	2,321
Unclaimed dividend	-	8,589	8,589
Accrued expenses and other liabilities	-	1,462	1,462
	<u>-</u>	<u>12,372</u>	<u>12,372</u>

	As at 30 th June 2008			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
-----Rupees in '000-----				
Assets				
Balances with banks	33,407	-	-	33,407
Investments	-	2,076,842	-	2,076,842
Dividend and profit receivable	14,617	-	-	14,617
Deposits	2,650	-	-	2,650
	<u>50,674</u>	<u>2,076,842</u>	<u>-</u>	<u>2,127,516</u>

	As at 30 th June 2008		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
-----Rupees in '000-----			
Liabilities			
Payable to Investment Advisor	-	4,025	4,025
Payable against purchase of investments	-	3,167	3,167
Unclaimed dividend	-	6,989	6,989
Accrued expenses and other liabilities	-	1,526	1,526
	<u>-</u>	<u>15,707</u>	<u>15,707</u>

20 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company is not subject to externally imposed capital requirements.

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. Significant reclassifications include:

- Fee payable to Securities and Exchange Commission of Pakistan has been shown on the face of the Statement of Assets and Liabilities. Previously, it was shown as part of 'Accrued expenses and other liabilities'.
- Annual fee to Securities and Exchange Commission of Pakistan has been shown separately on the face of the Income Statement. Previously, it was shown as part of 'Fee and subscription'.

22 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 30th July 2009 by the Board of Directors of the Company.

23 GENERAL

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

23.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

Chief Executive

Director

PATTERN OF SHARE HOLDING
AS OF 30TH JUNE 2009

NO. OF SHAREHOLDERS	--- HAVING SHARES---		SHARES HELD	PERCENTAGE
	FROM	TO		
337	1	100	16405	.0096
994	101	500	298480	1.757
591	501	1000	495493	.2918
1886	1001	5000	4814022	2.8350
771	5001	10000	5757951	3.3909
424	10001	15000	5233589	3.0821
212	15001	20000	3799550	2.2376
185	20001	25000	4207261	2.4777
125	25001	30000	3472908	2.0452
63	30001	35000	2060748	1.2135
59	35001	40000	2243239	1.3210
44	40001	45000	1881451	1.1080
55	45001	50000	2678142	1.5771
37	50001	55000	1949328	1.1479
35	55001	60000	2034562	1.1981
25	60001	65000	1566617	.9225
22	65001	70000	1498031	.8822
11	70001	75000	801639	.4720
17	75001	80000	1302813	.7672
13	80001	85000	1073362	.6321
6	85001	90000	525291	.3093
9	90001	95000	831412	.4896
31	95001	100000	3075858	1.8114
12	100001	105000	1226485	.7222
7	105001	110000	759091	.4470
19	110001	115000	2173750	1.2801
7	115001	120000	823319	.4848
4	120001	125000	496431	.2923
3	125001	130000	382209	.2250
7	130001	135000	937550	.5521
4	135001	140000	551854	.3249
5	140001	145000	718575	.4231
5	145001	150000	734822	.4327
3	150001	155000	450826	.2654
2	155001	160000	319656	.1882
5	160001	165000	817653	.4815
4	165001	170000	673015	.3963
3	170001	175000	517603	.3048
3	175001	180000	530381	.3123
5	180001	185000	919204	.5413
2	185001	190000	374737	.2206
5	195001	200000	996443	.5868
3	200001	205000	602630	.3548
1	205001	210000	208075	.1225
1	210001	215000	213343	.1256
2	215001	220000	434140	.2556
3	220001	225000	667296	.3929
2	230001	235000	469100	.2762
5	225001	230000	1148081	.6761
2	250001	255000	503124	.2962
3	255001	260000	774758	.4562
1	260001	265000	264500	.1557
1	265001	270000	268500	.1581
1	275001	280000	279861	.1648
2	285001	290000	573375	.3376
1	290001	295000	294687	.1735
2	295001	300000	599000	.3527
2	300001	305000	605150	.3563
1	310001	315000	315000	.1855
1	320001	325000	323625	.1905
1	340001	345000	342843	.2019
1	360001	365000	365000	.2149
1	370001	375000	374325	.2204
2	380001	385000	764573	.4502
1	400001	405000	404296	.2380
2	415001	420000	834875	.4916
1	450001	455000	454275	.2675
1	465001	470000	470000	.2767
1	495001	500000	500000	.2944
1	500001	505000	501250	.2951
1	515001	520000	517500	.3047
1	520001	525000	522433	.3076
1	535001	540000	537602	.3166
1	580001	585000	583000	.3433
1	600001	605000	600143	.3534
1	615001	620000	619386	.3647
1	635001	640000	635375	.3741
1	665001	670000	669875	.3944
1	680001	685000	683500	.4025
1	685001	690000	690000	.4063
1	710001	715000	710824	.4186
1	720001	725000	722456	.4254
1	745001	750000	747500	.4402
1	795001	800000	800000	.4711
1	800001	805000	805000	.4740
1	825001	830000	826362	.4866
1	870001	875000	870412	.5125
1	900001	905000	902750	.5316
1	905001	910000	910000	.5359
1	995001	1000000	1000000	.5889
1	1000001	1005000	1000075	.5889
1	1010001	1015000	1012909	.5965
1	1140001	1145000	1145000	.6743
1	1245001	1250000	1250000	.7361
1	1485001	1490000	1486708	.8755
1	2335001	2340000	2338500	1.3771
1	1870001	1875000	1873325	1.1032
1	3690001	3695000	3691650	2.1740
1	4445001	4450000	4447656	2.6192
1	4640001	4645000	4644000	2.7349
1	4745001	4750000	4749525	2.7970
1	4760001	4765000	4765000	2.8061
1	10240001	10245000	10243825	6.0327
1	16240001	16245000	16244489	9.5665
1	16980001	16985000	16980469	10.0000

6138

169804687

100.0000

**CATEGORIES OF SHARE HOLDING
AS AT 30TH JUNE 2009**

Particulars	Shareholders	Shareholding	Percentage
Individuals	5,873	90,657,122	53.3891
Insurance Company	8	425,580	0.2506
Joint Stock Companies	147	62,512,447	36.8143
Financial Institutions	21	9,629,717	5.6711
Modarabas	10	562,228	0.3311
Foreign Companies	10	3,881,001	2.2856
Leasing Companies	6	595,112	0.3505
Non Resident	63	1,541,480	0.9078
	6,138	169,804,687	100

**DETAIL OF PATTERN OF SHARE HOLDING
AS PER REQUIREMENTS OF CORPORATE GOVERNANCE
AS AT 30TH JUNE 2009**

Particulars	Shares Held
Individuals	90,589,355
Non- resident	5,422,481
Associated Companies	
- Arif Habib Investments Limited (formerly: Arif Habib Investment Management Limited)	17,993,378
- Arif Habib Securities Limited	20,994,014
- Arif Habib Bank Limited.	2,338,500
- Arif Habib Limited.	10,243,825
National Investment Trust	722,456
Chief Executive	
- Syed Ajaz Ahmed	4,241
Directors & their spouses	
- Mr. Salim Chamdia	718
- Mr. Amanullah Suleman	575
- Mr. Muhammad Khubaib	500
- Mr. Salman Umer	575
- Mr. Muhammad Iqbal	59,296
- Mr. Khursheed Anwer	500
- Mr. Shamsuddin Khan	1,362
Executives	-
Public Sector Companies and Corporation	10,230,274
Banks	2,703,092
Development Financial Institutions	910,000
Non-Banking Finance Institution - <small>(Leasing Companies & Investment Banks)</small>	1,443,257
Insurance Companies	425,580
Modarabas	562,228
Mutual Funds	5,158,480
Shareholders holding ten percent or more other than Associated Company and directors	-
	169,804,687

PERFORMANCE TABLE

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Net assets (Rs' 000)	1,392,636	2,414,916	2,910,082	2,576,507	2,207,133	1,221,919	650,931	358,511	313,918	309,336
(Loss) / Profit after tax (Rs' 000)	(767,573)	(126,025)	702,716	546,561	681,464	445,988	336,606	20,407	18,582	66,741
	(Rupees)									
Net assets value per share (Rs)	8.20	14.22	19.71	17.45	18.68	18.10	16.27	8.96	7.85	7.73
(Loss) / Earnings per share (Rs)	(4.52)	(0.74)	4.14	3.22	4.43	3.44	3.09	0.18	0.17	0.61
Dividend (stock dividend) distribution (%)	-	15.00	15.00	-	25.00	25.00	12.50	-	-	-
Final dividend distribution (Per share) - gross	-	-	2.50	2.50	-	-	-	0.50	0.35	-
Interim dividend distribution (Per share) - gross	-	-	-	1.50	1.50	1.25	-	-	-	-
Distribution Dates Final	-	12 th Sep 08	11 th Sep 07	21 st Sep 06	03 rd Sep 04	01 st Dec 03				
Distribution Dates Interim	-	-	-	28 th Sep 05						

* First year of operations from 11th July 1995 to 30th June 1996

	2009	2008	2007
Total Return (%)	(33.77)	(3.83)	31.90
Distribution	-	10.14	31.79
Capital Growth	(33.77)	(13.97)	0.11

Average annualized return of the Fund (CAGR) (%)

	One Year	Two Year	Three Year
	(33.77)	(3.83)	31.90
	(20.19)	12.63	28.94
	(5.64)	16.94	23.35

Disclaimer

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

**STATEMENT OF INCOME AND EXPENDITURE
IN RELATION TO THE INVESTMENT COMPANY
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008 (Restated)
Revenue	(Rupees in 000)	
Investment Advisory fees	28,797	52,754
Processing and other related income	-	-
Return on bank deposits	55	561
Markup on Term Finance Certificates	117	364
Dividend Income	26,990	39,234
Realised Gain on sale of available for sale investment	(17)	119,649
Other Income	983	66
Total Income	56,925	212,628
Operating expenses		
Staff salary	16,645	20,695
Technical and professional services	9,028	16,134
Staff training	217	481
Marketing and advertisement	718	5,447
Rent, rates and taxes	1,334	1,382
Communication cost	697	666
Director's fees	216	132
Printing, stationery and other supplies	406	443
Insurance	341	308
Repairs and maintenance	700	851
Fees and Subscription	341	351
Legal and professional fees	333	471
Travelling, convince and others	254	821
Financial charges	1,377	1,516
Depreciation	1,248	1,352
Impairment loss	158,862	-
Total expenditure	192,717	51,050
Net loss / Income for the year	<u>(135,792)</u>	<u>161,548</u>

Note : Above mention expenses are based on revenue generated through fund during the year. Expenses directly related to the funds are allocated to specific fund.

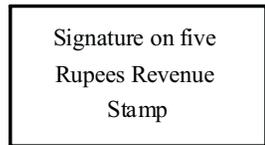
FORM PROXY
Fifteenth Annual General Meeting
On 19th September 2009

The Secretary
Pakistan Premier Fund Limited
2/1, R. Y. 16 Old Queens Road,
Karachi - 74000, Pakistan

I / We _____
of _____
being member(s) of Pakistan Premier Fund Limited holding _____
ordinary shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of Pakistan Premier Fund Limited as my / our / proxy in my
/our absence to attend and vote for me / us and on my / our behalf the fifteenth Annual General Meeting of the
Company to be held on 19th September 2009 and / or any adjournment thereof.

As witness my / our hand seal this _____ day of _____ 2009.

Shareholder
Folio No.
CDC Participant I.D.No.
&
Sub Account No.



The Signature
should agree with
the specimen
registered with the
Company

Important :

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company at 2/1, R. Y. 16 Old Queen Road, Karachi - 74000, Pakistan, not less than 48 hours before the time of holding the meeting.
2. No person shall act a proxy unless he himself is a member of the Company except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC shareholders and their proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

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AFFIX
CORRECT
POSTAGE

PAKISTAN PREMIER FUND LIMITED
R.Y. 16, Old Queens Road, Karachi - 74000, Pakistan

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