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**Company's Information**

**Board of Directors**

Mr. Arif Habib	Chairman
Syed Ajaz Ahmed	Chief Executive
Mr. Muhammad Aslam Motiwala	Director
Mr. Muhammad Asif Sultan	Director
Mr. Nouman Zaheer Siddiqui	Director
Mr. Muhammad Iqbal	Director
Mr. Amanullah Suleiman	Director
Mr. Salman Umer	Director

**Audit Committee**

Mr. Muhammad Aslam Motiwala  
Mr. Nouman Zaheer Siddiqui  
Mr. Amanullah Suleiman

**Company Secretary & CFO**

Mr. Mohammad Asif Mehdi Rizvi

**Investment Adviser**

Arif Habib Investment Management Limited  
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**

- Deutsche Bank AG, Karachi Branch
- Bank AL Habib Limited
- Metropolitan Bank Limited
- MCB Bank Limited
- Faysal Bank Limited
- Standard Chartered Bank
- Allied Bank Limited
- The Bank of Punjab
- Union Bank Limited
- Bank Al Falah

**Auditors**

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

**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.

**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**

PACRA : 5 - Star

## **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 dividend 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 Twelfth Annual General Meeting of Pakistan Premier Fund Limited will be held on Saturday on 09 September 2006 at 11:30 AM at Aquarius Hall, Beach Luxury Hotel, Maulvi Tamizuddin Khan Road, Karachi to transact the following business:

### Ordinary Business:

1. To confirm the minutes of the Eleventh Annual General Meeting held on 10 September 2005.
2. To receive, consider and adopt the Report of Directors and Auditors together with Audited accounts of the Company for the year ended 30 June 2006.
3. To approve a final cash dividend for the year ended 30 June 2006 at Rs. 2.50 per share i.e. 25% as recommended by the Board of Directors for the year ended 30 June 2006.
4. To appoint auditors and to fix their remuneration for the year ending 30 June 2007.
5. To consider any other business of the company with the permission of the chair.

Karachi  
10 August 2006

**By order of the Board**  
Mohammad Asif Mehdi Rizvi  
Company Secretary



**Notes:**

1. The Register of Members will remain closed from 02 September 2006 to 09 September 2006 (both days inclusive). Physical scrips transfers/ CDS transaction IDs received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Karachi at the close of the business day on 01 September 2006 will be treated in time for the purpose of entitlement of cash dividend for the financial year 2005-2006 to the transferees.
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 I of 2000 dated 26 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 (NIC) 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 NIC numbers shall be mentioned on the forms.
3. Attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his/ her original NIC 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 DIRECTORS OF THE INVESTMENT ADVISER

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 30 June 2006.

### Profile

PPFL is a closed end equity fund that can invest a small portion in debt securities. The Fund seeks to achieve long-term capital appreciation primarily through value stocks.

### Company's Financial Performance

The net income for the year ended was Rs. 547 million, a decrease of 20%, as against Rs. 681 million for the corresponding period last year. The total income of the company was Rs. 616 million; major constituents of the income are realized capital gain of Rs. 417 million, unrealized appreciation in the market value of securities of Rs. 78 million and dividend income of Rs. 75 million.

### Income Distribution

A final cash dividend for the year ended 30 June 2006 at Rs. 2.50 per share i.e. 25%. This is in addition to interim dividend already paid at Rs. 1.50 per share i.e. 15%. Therefore the total cash dividend for the year is Rs. 4.00 per share i.e. 40 %.

### Relative Performance

During the year ended 30 June 2006, PPFL has earned a total return of 26%, compared to the KSE-100 index appreciation of 34%, as the Fund exited from some of the index heavyweight shares in the oil and gas sector, banks and cement, when market prices far exceeded the Fund Manager's estimation of fair values. These particular shares however, continued to run-up further.

### Corporate Governance

The Company being listed on all the three Stock Exchanges of Pakistan, the management is committed to observe 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 and movement in equity and reserves. Proper books of account of the Company have been maintained during the year. Except for change in accounting policies referred to in notes 4.1 and 4.13; appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on prudent judgment. International accounting 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 eleven years are summarized in note 22 of 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 Advisor. The detailed pattern of shareholding, as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

Statement showing attendance of Board meetings is as under:

### ATTENDANCE OF BOARD MEETINGS FROM 1 JULY 2005 TO 30 JUNE 2006

S. No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1.	Mr. Arif Habib	Chairman	4	3	1
2.	Syed Ajaz Ahmed	Chief Executive	4	4	-
3.	Mr. Muhammad Aslam Motiwala	Director	4	3	1
4.	Mr. Muhammad Asif Sultan	Director	4	2	2
5.	Mr. Nauman Zaheer Siddiqui	Director	4	4	-
6.	Mr. Muhammad Iqbal	Director	4	4	-
7.	Mr. Salman Umer	Director	2	2	-
8.	Mr. Amanullah Suleiman	Director	2	1	-
9.	Mr. Samad A. Habib	Director	2	2	-
10.	Mr. Salim Chamdia	Director	2	2	-

During the period Mr. Samad A. Habib and Mr. Salim Chamdia have voluntarily resigned from the Board and Mr. Salman Umer and Mr. Amanullah Suleiman respectively were appointed in their places to fill the casual vacancies.

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	-	737	-	-
Directors & their spouse				
Mr. Arif Habib	-	258,558	-	-
Mrs. Zaitun Arif	-	-	-	-
Mr. Muhammad Aslam Motiwala	-	2,080,458	-	3,870,000
Mr. Muhammad Asif Sultan	-	1,757	-	-
Mr. Nauman Zaheer Siddiqui	-	527	-	-
Mr. Muhammad Iqbal	-	10,312	-	-
Mr. Salman Umer	-	-	-	-
Mr. Amanullah Suleiman	-	-	-	-
Mr. Samad A. Habib	-	1230	-	-
Mr. Salim Chamdia	-	125	-	-
Mr. Muhammad Asif Mehdi Rizvi Company Secretary	-	-	-	-

**Transactions with Connected Persons**

Transactions between the companies and its connected persons are carried out on an arms length basis and the relevant terms of the transactions are determined in accordance with the 'Comparable Uncontrolled Price Method'. The company has fully complied with the best practices on transfer pricing as contained in the Listing Regulation No. 38 of Karachi Stock Exchange.

**Outlook**

Macro-economic stability and structural changes promoted by the government in recent years has put Pakistan's economy on the path to growth. The equity market is expected to weather anticipated higher interest rates and price pressures. As such, we expect corporate earnings growth to demonstrate resilience. We therefore remain optimistic on the outlook for the equity market.

**Auditors**

The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants are to retire and being eligible, have offered themselves for re-appointment.

**Commitment**

The Investment Adviser 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 bankers 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 adviser for the growth and managing the Company meticulously.

Karachi  
24 July 2006

For and on behalf of the Board

**Syed Ajaz Ahmed**  
Chief Executive

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2006

### Investment Strategy

Within the PPFL's equity portfolio the allocation is distributed between both value and growth stocks. PPFL being a closed end fund has an actively higher allocation towards the value segment as compared to open end funds.

### Market and Fund Performance

During the year ended 30 June 2006, PPFL earned a total return of 26%, compared to the KSE-100 index appreciation of 34%.

The quarter, January to March 2006, especially saw strong growth in several sectors: banks, upstream oil, cement, autos and consumer goods. Bank valuations saw historic highs. The recent 29% market downturn since April 17th's market high of 12,274 to 8,767 unnerved most investors. The market underwent a sharp correction, with temporary downward pressure exerted by leveraged speculators who had to unwind positions, finally. There was also the negative impact of domestic pre-budget fears of higher stock market taxes, coupled with the spill-over effects of the trimming in foreign institutional equity exposure in Asian markets. Institutional investors globally, became nervous about risky assets, after the huge surge in global commodities' prices and global equity markets, and the continuing increase in US interest rates, they felt it was time to carry some of those gains home. Domestic market PE levels are attractive once again 9 times on 2007 earnings, down from 14 times in February 2006.

### Asset Allocation

The Fund remained focused on its long-term investment policy of value investing despite the speculative interest and corresponding rally in shares in the banking and oil sector. PPFL adhered strictly to selecting and holding for the long-term, those companies that deliver longer-term earnings growth superior to the sector and market and are relatively under-priced as compared to their fair value. The Fund did not compromise on its investment policy of retaining certain holdings that have the potential to out-perform in the long-term, for the sake of delivering near-term out-performance, that would be at the cost of reducing the quality of the portfolio and increasing downside risk. When certain portfolio holdings were over-priced, according to the Fund-Manager's assessment of their fair values, exposure was reduced. Major sector-wise weightages as a share of net assets were as follows: oil and gas exploration 20%, fertilizer 17%, cement 11%, textiles 9%, autos 8%, and paper and board 8%. Further, the company has invested 2% of the net assets in Term Finance Certificates (TFCs).

As of 30 June 2006, net assets were Rs 2,576 million, a 17% growth over 30 June 2005 net assets of Rs. 2,207 million, with 97 % of its Net Assets invested in shares and 3% in cash, other assets, and net of receivables/payables.

### Future outlook

#### *Price volatility to continue*

We expect price volatility to continue as the market reacts to both good and bad news on the earnings and economic front and any developments in the political scenario. As the flow of continued growth in corporate earnings builds momentum during the earnings season, and the market re-gains confidence, retail and institutional interest is expected to increase. The growing number of market participants is also expected to contribute to the increasing price volatility. The Fund will ride out the volatility and search for opportunities that the volatility provides.

*Earnings growth to continue*

On the fundamental front, we feel that corporate earnings growth could be 12-15%, a number which could be higher as the rest of the year unfolds. Our reasoning is that the Central Bank feels the strength of aggregate demand is encouraging, despite the rise in energy costs. However, the potential macro-economic risks are renewed inflationary pressures, with an expansionary fiscal stance and the widening current account deficit. On the revenue side, the 18.6% growth target for tax revenues is challenging.

*Market has potential in terms of price and time*

The search for pockets of growth will be more difficult over the next twelve months, with the possibility of higher interest rates, raw materials and resource prices. However, the key infra-structure plays like oil exploration & production companies and cement, that directly leverage off a growing economy and defensive sectors like banks and fertilizer could deliver better than expected earnings growth. We therefore believe the present market pull-back offers opportunities for investors as the market has potential both in terms of price appreciation and time.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2006

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37, Chapter XIII and Chapter XI of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges respectively 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 the Board includes seven non-executive directors however, none of the directors on the Board represent minority shareholders.
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. During the year two casual vacancies occurred in the Board due to resignation of Mr. Samad A. Habib and Mr. Salim Chamdia which were filled by appointing Mr. Salman Umer and Mr. Amanullah Suleiman by the Board within required days.
5. The Company being an investment company has adopted the 'Statement of Ethics and Business Practices' of its Investment Adviser, as all the expenditure in respect of the secretariat, including substantially all the administrative, accounting expenses are borne by the Investment Adviser. 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 26 December 2002, approved by the Board, the Investment Adviser of the Company, Arif Habib Investment Management Limited (AHIML), has the powers to appoint Chief Executive (CE) and other executive directors of the Company. Accordingly, AHIML had appointed CE and the executive director on the terms and conditions applicable under prevailing laws and employment policy of the Investment Adviser. The appointments of Chief Executive (CE) and executive director have 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 apprise them of their duties and responsibilities.
10. In accordance with the terms of Investment Advisory Contract dated 26 December 2002, approved by the Board, the Investment Adviser of the Company, Arif Habib Investment Management Limited (AHIML) is responsible for appointment of all the officers and other staff and to fix their remuneration and terms of employment. Accordingly, AHIML 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, CEO 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 three 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 are approved by the Board.
18. There exists an effective internal audit function within the Company.
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 and 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. We confirm that all other material principles contained in the Code have been complied with.

Karachi  
24 July 2006

**Syed Ajaz Ahmed**  
Chief Executive



## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 (“the Company”) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, 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’s personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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.

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 30 June 2006.

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

Karachi  
Dated : 24 July 2006

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Statement of Assets and Liabilities of **Pakistan Premier Fund Limited** (“**the Company**”) as at 30 June 2006 and the related income statement, distribution statement, cash flow statement and statement of movement in equity and reserves together with the notes forming part thereof (here-in-after referred to as the “financial statements”), 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 (Arif Habib Investment Management Limited) to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the requirements of the Companies Ordinance 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and approved accounting standards as applicable in Pakistan. 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 misstatements. 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 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 and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;
- b) in our opinion, the statement of assets and liabilities, the income statement, distribution statement, cash flow statement and statement of movement in equity and reserves, together with notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes specified in notes 4.1 and 4.13 with which we concur;
- 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, the income statement, distribution statement, cash flow statement and statement of movement in equity and reserves, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and approved accounting standards as applicable in Pakistan, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2006 and of the transactions of the Company for the year ended 30 June 2006.
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 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 30 June 2005 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated 26 July 2005.

**Date: 24 July 2006**

**Karachi**

**KPMG Taseer Hadi & Co.**

**Chartered Accountants**

**STATEMENT OF ASSETS AND LIABILITIES  
AS AT 30 JUNE 2006**

	Note	2006	2005 (Restated)
(Rupees in '000)			
<b>Assets</b>			
Bank balances	5	141,184	354,161
Receivable against reverse repurchase transactions of government securities		-	99,827
Receivable against sale of marketable securities		-	11,163
Investment in marketable securities - 'held for trading'	6	2,511,061	1,777,111
Dividend and profit receivable	7	11,273	5,660
Deposits and prepayments	8	261	77
Taxation		2,655	2,641
<b>Total assets</b>		<b>2,666,434</b>	<b>2,250,640</b>
<b>Liabilities</b>			
Remuneration payable to the Investment Adviser	9	52,591	35,325
Payable against purchase of marketable securities		29,986	3,339
Accrued expenses and other liabilities	10	4,151	3,581
Unclaimed dividend		3,199	1,262
<b>Total Liabilities</b>		<b>89,927</b>	<b>43,507</b>
<b>Net assets</b>		<b>2,576,507</b>	<b>2,207,133</b>
<b>Shareholders' equity</b>			
<b>Authorised capital</b>			
150,000,000 (2005: 150,000,000) ordinary shares of Rs. 10 each		<b>1,500,000</b>	1,500,000
<b>Issued, subscribed and paid-up capital</b>			
93,750,000 (2005: 93,750,000) ordinary shares of Rs. 10 each issued as fully paid-up in cash		<b>937,500</b>	937,500
53,906,250 (2005: 24,375,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		<b>539,063</b>	243,750
<u>147,656,250</u>		<b>1,476,563</b>	1,181,250
<b>Capital Reserves</b>			
Share premium		-	67,500
<b>Revenue Reserve</b>			
Unappropriated profit		<b>1,099,944</b>	958,383
		<b>2,576,507</b>	<b>2,207,133</b>

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

**Chief Executive**

**Director**

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006	2005 (Restated)
(Rupees in '000)			
<b>Income</b>			
Capital gain on sale of marketable securities		417,445	435,189
Income from carry over transactions		-	16,068
Unrealised appreciation in market value of securities classified as 'held for trading'	6.3	78,409	212,396
Dividend income		74,863	66,314
Income on reverse repurchase transactions of government securities		4,131	2,586
Profit on Term Finance Certificates		4,924	54
Profit on bank deposits		36,396	1,026
		<b>616,168</b>	<b>733,633</b>
<b>Operating expenses</b>			
Administrative expenses	11	228	508
Listing, regulatory and Central Depository Company fee	12	4,530	6,515
Remuneration of the Investment Adviser	9	52,591	35,325
Securities transaction cost		8,999	7,153
Legal and professional charges		60	202
Custody fee		2,145	1,522
Auditors' remuneration	13	650	268
Bank charges		404	676
		<b>69,607</b>	<b>52,169</b>
<b>Net income for the year</b>		<b>546,561</b>	<b>681,464</b>
<b>(Rupees)</b>			
<b>Earnings per share - basic and diluted</b>	14	<b>3.70</b>	<b>5.10</b>

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

**Chief Executive**

**Director**

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005 (Restated)
	(Rupees in '000)	
Unappropriated profit brought forward as previously reported	<b>730,570</b>	378,169
Change in accounting policy with respect to the treatment of bonus shares declared after the balance sheet date - (for the year ended 30 June 2005 and 2004 respectively)	<b>227,813</b>	168,750
Unappropriated profit brought forward as restated	<b>958,383</b>	546,919
Final distribution of bonus shares 2005: 25% (2004: 25%)	<b>(227,813)</b>	(168,750)
Interim dividend at the rate of 15 % (2005 : 15%) [announced on 26 July 2005 (2005: 10 July 2004) and distributed on 28 September 2005 (2005: 07 September 2004)]	<b>(177,187)</b>	(101,250)
Net income for the year	<b>546,561</b>	681,464
Unappropriated profit carried forward	<b><u>1,099,944</u></b>	<u>958,383</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 30 JUNE 2006

	2006	2005
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year	546,561	681,464
<b>Adjustments</b>		
Unrealised appreciation in market value of securities classified as 'held for trading'	(78,409)	(212,396)
Remuneration of the Investment Adviser	52,591	35,325
Dividend income	(74,863)	(66,314)
	445,880	438,079
<b>Decrease / (increase) in assets</b>		
Receivable against reverse repurchase transactions of Government securities	99,827	(99,827)
Receivable against sale of marketable securities	11,163	(11,163)
Receivable against Carry Over Transactions	-	511,734
Investment in marketable securities-'held for trading'	(655,541)	(833,056)
Profit receivable	(2,727)	(496)
Deposits and prepayments	(184)	23
	(547,462)	(432,785)
<b>Increase / (decrease) in liabilities</b>		
Payable against purchase of marketable securities	26,647	(68,770)
Accrued expenses and other liabilities	570	1,803
	27,217	(66,967)
<b>Cash used in operations</b>	(74,365)	(61,673)
Remuneration paid to the Investment Adviser	(35,325)	(21,495)
Income tax paid	(14)	(298)
Dividend received	71,977	66,324
<b>Net cash (outflow) on operating activities</b>	(37,727)	(17,142)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(175,250)	(100,701)
Proceeds from issue of right shares	-	405,000
<b>Net cash (outflow) / inflow from financing activities</b>	(175,250)	304,299
Net (decrease) / increase in cash and cash equivalents during the year	(212,977)	287,157
Cash and cash equivalents at the beginning of the year	354,161	67,004
Cash and cash equivalents at the end of the year	141,184	354,161

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

**Chief Executive**

**Director**

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - 'PER SHARE'  
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 (Rupees)	2005
Net asset value per share as at 01 July	<b>18.68</b>	18.10
Dilution due to issue of bonus shares 2005 : 25% (2004: 25%)	<b>(3.73)</b>	(3.62)
Dilution due to issue of right shares Nil (2005 : 50%)	-	(0.71)
	<b>14.95</b>	13.77
Capital gain on sale of marketable securities	<b>2.83</b>	3.68
Income from Carry Over Transactions	-	0.14
Unrealised appreciation in market value of securities classified as 'held for trading'	<b>0.53</b>	1.80
Income on reverse repurchase transactions of government securities	<b>0.03</b>	0.02
Other net income for the year	<b>0.31</b>	0.13
Net income for the year	<b>3.70</b>	5.77
Interim dividend @ 15% (2005: 15%)	<b>(1.20)</b>	(0.86)
Net asset value per share as at 30 June	<b>17.45</b>	18.68

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

**Chief Executive**

**Director**



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Premier Fund Limited (the Company) is a public limited company incorporated on 11 December 1994 under the Companies Ordinance, 1984. The company is registered under rule 38 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) as an Investment Company. The company commenced its business on 11 July 1995 and is listed on all the three Stock Exchanges in Pakistan.

The company entered into an agreement with Arif Habib Investment Management Limited to act as its Investment Adviser with effect from 26 December 2002. Arif Habib Investment Management Limited is duly licensed under the NBFC Rules to act as an Investment Adviser.

The company primarily invests in shares of listed companies, Term Finance Certificates and short-term reverse repurchase transactions.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the NBFC Rules, Companies Ordinance, 1984, the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of NBFC Rules, Companies Ordinance, 1984 or directives issued by SECP differ with the requirements of these standards, the requirements of NBFC Rules, Companies Ordinance, 1984 and the said directives take precedence.

### 3. BASIS OF PREPARATION

These financial statements are presented in rupees and rounded to the nearest thousand rupees. These financial statements have been prepared under the historical cost convention except that certain financial assets are included at fair value in accordance with the recognition criteria specified in the relevant IAS applicable to these assets and the requirements of NBFC Rules.

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of approved accounting standards as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.



## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Investment in marketable securities

All investments are initially recognised at cost, being the fair value of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+3' purchases and sales are recognised at the trade date. Trade date is the date on which the company commits to purchase or sell the asset.

The Investment Adviser determines the appropriate classification of the company's investments in accordance with the requirements of IAS-39: 'Financial Instruments: Recognition and Measurement', at the time of purchase and re-evaluates this classification on a regular basis. As at the year end, securities held by the company have been classified as 'held for trading'.

#### *Held for trading*

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'held for trading'. These investments are marked to market, and are carried on the Statement of Assets and Liabilities at fair value. Net gains and losses arising on changes in fair values of these investments are taken to Income Statement.

Upto last year, investments classified as "held for trading" were measured at cost including transaction costs associated with the investments. International Accounting Standards - 39 (IAS 39) "Financial Instruments: Recognition and Measurement" has been revised and made effective to the financial statements period beginning on or after 1 January 2005. According to the revision, held for trading investments are initially measured at fair value, hence transaction costs are not to be included in the carrying amount of investments but charged as expense. The management has, during the year, changed the accounting policy for initial measurement of held for trading investments to bring it in line with IAS -39, therefore, corresponding information for the prior periods needs to be restated. Due to high volume of purchase and sale transactions in the held for trading portfolio, it is impracticable to segregate the transaction cost that formed part of capital gain on sale of investment and unrealised appreciation in market value of securities, therefore, it does not allow retrospective application of the new accounting policy and it is impracticable to recreate the information. Therefore, the new accounting policy has been applied from the current year without restating prior period figures. There is no effect on unappropriated profit upto last year because at each balance sheet date the investments were measured and carried at fair value.

### 4.2 Securities under resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities, including the securities purchased under Continuous Funding System, 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 recognised as receivable in respect of reverse repurchase transactions / against continuous funding system. The difference between purchase and resale price is treated as income from reverse repurchase transactions / Continuous Funding System and accrued over the life of the agreement.

### 4.3 Derivatives

Derivative instruments held by the Company generally comprise of futures contracts, options and forward contracts in the capital market. These are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of derivative contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the capital market. Derivatives with positive market values (unrealised gains) are included in assets and derivatives with negative market values (unrealised losses) are included in liabilities in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

Derivative financial instruments entered into by the Company do not meet the hedging criteria as defined by 'International Accounting Standard - 39, Recognition and Measurement of Financial Instruments (IAS -39)', consequently hedge accounting is not used by the Company.

### 4.4 Earning per share

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

### 4.5 Revenue recognition

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 revaluation of securities classified as 'held for trading' are included in the Income Statement in the period in which they arise.

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

Income on reverse repurchase transactions, term finance certificates and bank deposits are recognised at rate of return implicit in the instrument on a time proportionate basis.

Gains / (losses) arising on the revaluation of the derivatives to the fair value are taken to the Income Statement as discussed in note 4.3 to these financial statements.

### 4.6 Expenses

All expenses including investment adviser fee and trustee fee are recognised in the income statement on an accrual basis.

### 4.7 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

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 of that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst its 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 these will be available for set off against future taxable profits. However, 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. Accordingly, no tax liability or deferred tax has been recognized in these financial statements.

#### **4.8 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount 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 to realise the assets and settle the liabilities simultaneously.

#### **4.9 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances.

#### **4.10 Impairment**

The carrying value of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceed its recoverable amount. Impairment losses are recognized in the income statements.

#### **4.11 Provisions**

A provision is 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.12 Financial assets and financial liabilities**

Financial assets carried on the Statement of Assets and Liabilities include bank balances - in deposit accounts, receivable against reverse repurchase transactions, receivable against sale of marketable securities, investment in marketable securities classified as 'held for trading', dividend and profit receivable and deposits.

Financial liabilities carried on the Statement of Assets and Liabilities include remuneration payable to the Investment Adviser, payable against purchase of marketable securities, accrued expenses and other liabilities and dividend payable.

At the time of initial recognition, except for Held For Trading investments all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for those classified as 'held for trading' and transaction costs that may be incurred on disposal. All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income statement.

#### **4.13 Transactions with connected persons**

Transactions between the Company and its "connected persons", as defined in the NBFC Rules, are carried out on an arm's length basis. The relevant rates are determined in accordance with the "Comparable Uncontrolled Price Method".

Transactions with connected persons have been disclosed in note 16 to these financial statements.

**4.14 Change in accounting policy relating to distribution of cash dividend / bonus shares**

The Company during the year changed its accounting policy whereby distribution of cash and bonus certificates is now recognised in the year in which it is declared. Previously, the financial statements were adjusted for distribution approved subsequent to the year-end. The change has been made to comply with directive of the Institute of Chartered Accountants of Pakistan, through circular No. 6 of 2006. The comparative statements for the period ended 30 June 2005 have been restated to conform to the changed policy under the International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors (IAS-8)". Had there been no change in accounting policy, appropriation for the year ended 30 June 2006 and year ended 30 June 2005 would have been higher by Rs. 369.141 million and Rs. 227.813 million respectively, while the undistributed income as of 30 June 2006 and year ended 30 June 2005 would have been lower by Rs. 369.141 million and by Rs.227.813 million respectively.

**5. BANK BALANCES**

	<b>2006</b>	<b>2005</b>
	<b>(Rupees in '000)</b>	
In current accounts	<b>3,204</b>	1,267
In deposit accounts	<b>137,980</b>	352,894
	<b><u>141,184</u></b>	<u>354,161</u>

**6. INVESTMENT IN MARKETABLE SECURITIES - 'held for trading'**

Shares of listed companies	6.1	<b>2,447,771</b>	1,772,111
Term Finance Certificates	6.2	<b>54,990</b>	5,000
Pre IPO Investment in Shares of Cinepax Limited		<b>8,300</b>	-
		<b><u>2,511,061</u></b>	<u>1,777,111</u>

6.1 INVESTMENT IN MARKETABLE SECURITIES - HELD FOR TRADING.

Name of the investee company	Number of shares / Certificates-----					Balance as at 30 June 2006			Percentage in relation to		
	As at 1 July 2005	Purchases during the period	Bonus / Right issue	Sales during the period	As at 30 June 2006	Cost	Market value	Appreciation / (Diminution)	Net assets of the company (with market value of investments)	Paid-up capital of investee company (with face value of investments)	Total market value of each investment
-----Rupees in '000-----											
<b>SHARES / CERTIFICATES OF LISTED COMPANIES / MODARABAS - Fully paid</b>											
<b>MODARABAS</b>											
B.R.R International Modaraba	50,000	-	-	50,000	-	-	-	-	-	-	-
Standard Chartered Modaraba	12,500	-	-	13,125	-	-	-	-	-	-	-
First Habib Modaraba (Rs. 5 each )	83,000	-	-	83,000	-	-	-	-	-	-	-
First Habib Bank Modaraba	88,500	-	-	25,000	63,500	648	591	(57)	0.02	0.16	0.02
<b>INVESTMENT BANKS / COMPANIES / SECURITIES</b>											
AMZ Ventures Limited -Class "A"	458,000	-	-	-	458,000	4,580	2,611	(1,969)	0.10	1.53	0.10
<b>TEXTILE SPINNING</b>											
Gadoon Textile Mills Limited	51,500	-	-	-	51,500	1,421	3,752	2,331	0.15	0.22	0.15
<b>TEXTILE WEAVING</b>											
Kohinoor Weaving Mills Limited	355,800	-	-	-	355,800	15,267	9,429	(5,838)	0.37	1.08	0.38
<b>TEXTILE COMPOSITE</b>											
Artistic Denim Mills Limited	24,400	-	-	-	24,400	7,229	5,490	(1,739)	0.21	0.17	0.22
Azgard Nine Limited	217,250	338,575	-	555,825	-	-	-	-	-	-	-
Colony Textile Mills Limited	150,000	-	-	1,000,000	1,500,000	3,385	3,900	515	0.15	0.60	0.16
Chenab Limited	-	1,000,000	-	1,000,000	18,000	18,000	14,550	(3,450)	0.56	0.87	0.58
Nishat (Chuniani) Limited	1,228,350	633,800	122,835	1,984,985	1,709,900	219,526	179,197	(40,329)	6.96	1.18	7.16
Nishat Mills Limited	738,100	1,751,400	-	779,600	87,900	1,203	2,277	1,074	0.09	0.36	0.09
Reliance Weaving Mills Limited	87,900	-	-	-	121,440	5,343	8,501	3,158	0.33	0.60	0.34
Sapphire Textile Mills Limited	121,440	-	-	-	234,750	11,626	8,897	(2,729)	0.35	1.30	0.36
Suraj Cotton Mills Limited	234,750	-	-	-	-	266,312	222,812	(43,500)	-	-	0.36
<b>CEMENT</b>											
Attock Cement Pakistan Limited	-	764,000	-	-	764,000	67,614	69,524	1,910	2.70	1.06	2.78
D.G.Khan Cement Limited	-	300,000	-	-	1,175,906	59,266	76,434	17,168	2.97	1.41	3.05
Cherat Cement Company Limited	-	940,725	235,181	300,000	1,273,100	139,522	131,829	(7,693)	5.12	0.48	5.27
Lucy Cement Limited	891,350	1,313,100	-	931,350	-	266,402	277,787	11,385	-	-	5.27
<b>TOBACCO</b>											
Pakistan Tobacco Company Limited	-	389,500	-	-	389,500	25,976	26,622	646	1.03	0.15	1.06
<b>ENGINEERING</b>											
International Industries Limited	452,812	-	-	-	452,812	8,580	53,568	44,988	2.08	1.06	2.14
<b>CABLE AND ELECTRICAL GOODS</b>											
Pak. Electron Limited	23,920	-	3,588	-	27,508	1,265	2,914	1,649	0.11	0.05	0.12
Siemens Pakistan Engineering Company Limited	19,900	-	-	-	19,900	11,961	23,482	11,521	0.91	0.26	0.94
<b>TRANSPORT</b>											
Pakistan International Container Terminal Limited	-	799,100	-	-	799,100	55,738	61,651	5,913	2.39	1.05	2.46
<b>CHEMICALS</b>											
BOC Pakistan Limited	31,000	-	-	-	31,000	5,009	3,813	(1,196)	0.15	0.12	0.15
<b>PAPER AND BOARD</b>											
Century Papers & Board Mills Limited	272,150	-	272,150	-	544,300	27,202	26,371	(831)	1.02	0.85	1.05
Packages Limited	546,705	169,700	-	-	716,405	78,825	149,979	71,154	5.82	1.03	5.99
Security Papers Limited	40,878	-	-	-	40,878	5,325	4,824	(501)	0.19	0.19	0.19
						<b>111,352</b>	<b>181,174</b>	<b>69,822</b>			

Name of the investee company	As at July 2005	Purchases during the period	Bonus / Right Issue	Sales during the period	As at 30 June 2006	Balance as at 30 June 2006			Percentage in relation to		Total market value with market value of each investment
						Cost	Market Value	Appreciation / (Diminution)	Net assets of the company (with market value of investments)	Paid-up capital of investee company (with face value of investments)	
<b>FOOD AND PERSONAL CARE - PRODUCTS</b>											
Sunlifo Citi-Russ Limited*	315,000	-	-	-	315,000	-	-	-	-	-	-
Nestle Pakistan Limited	6,600	6,000	-	-	12,600	6,918	13,892	6,974	0.54	0.03	0.56
Unilever Pakistan Limited (Rs. 50 each)	6,440	-	-	-	6,440	7,309	12,236	4,927	0.47	0.05	0.49
						<b>14,227</b>	<b>26,128</b>	<b>11,901</b>			
<b>RUPEES IN '000</b>											
<b>VANASPATI AND ALLIED INDUSTRIES</b>	315,000	-	-	-	315,000	-	-	-	-	-	-
Sarhad Ghee Mills Limited**											
<b>AUTOMOBILE ASSEMBLER</b>											
Honda Atlas Cars (Pakistan) Limited	-	172,200	120,540	-	292,740	26,950	20,638	(6,312)	0.80	0.41	0.82
Indus Motor Company Limited	-	348,100	-	-	348,100	73,938	66,487	(7,451)	2.58	0.44	2.66
Pak Suzuki Motor Company Limited	-	398,200	-	-	398,200	92,569	124,637	32,068	4.84	0.74	4.98
						<b>193,457</b>	<b>211,762</b>	<b>18,305</b>			
<b>COMMERCIAL BANKS</b>											
Allied Bank Limited	1,491,300	472,900	727,003	-	472,900	40,060	41,615	1,555	1.62	0.11	1.66
The Bank of Punjab	1,391,164	3,088,100	-	-	1,835,103	152,940	152,094	(846)	5.90	0.64	6.08
National Bank of Pakistan	3,327,500	-	499,125	-	-	-	-	-	-	-	-
Faysal Bank Limited											
						<b>193,000</b>	<b>193,709</b>	<b>709</b>			
<b>REFINERY</b>											
Attock Refinery Limited	189,360	-	56,808	-	162,568	18,499	14,095	(4,404)	0.55	0.36	0.56
National Refinery Limited	512,150	-	-	-	482,300	6,503	7,970	(1,467)	0.31	0.04	0.32
						<b>25,002</b>	<b>22,065</b>	<b>(2,937)</b>			
<b>OIL AND GAS MARKETING COMPANIES</b>											
Pakistan State Oil Company Limited	3,300	570,900	-	200,000	374,200	119,635	115,628	(4,007)	4.49	0.22	4.62
Shell Pakistan Limited	26,350	-	6,587	-	32,937	9,874	15,856	5,982	0.62	0.08	0.63
Sui Southern Gas Company Limited	423,500	-	-	-	423,500	9,729	12,239	2,510	0.48	0.06	0.49
						<b>139,238</b>	<b>143,723</b>	<b>4,485</b>			
<b>OIL AND GAS EXPLORATION COMPANIES</b>											
Pakistan Petroleum Limited	-	1,358,400	-	800,000	558,400	126,440	118,297	(8,143)	4.59	0.08	4.73
Oil and Gas Development Company Limited	1,485,260	1,033,900	-	733,600	1,785,560	201,876	244,175	42,299	9.48	0.04	9.76
Pakistan Oil Fields Limited	769,890	759,700	-	1,069,890	459,700	171,133	153,907	(17,226)	5.97	0.23	6.15
						<b>499,449</b>	<b>516,379</b>	<b>16,930</b>			
<b>TECHNOLOGY AND COMMUNICATION</b>											
Pakistan Telecommunication Company Limited - "A"	543,000	3,800,600	-	3,543,600	800,000	29,967	32,480	2,513	1.26	2.12	1.30
						<b>29,967</b>	<b>32,480</b>	<b>2,513</b>			
<b>FERTILIZER</b>											
Fauji Fertilizer Bin Qasim Limited	-	3,129,200	-	-	3,129,200	130,706	91,529	(39,177)	3.55	0.33	3.66
Engro Chemicals Pakistan Limited	915,750	276,400	119,215	-	1,311,365	190,713	222,145	31,432	8.62	0.86	8.88
Fauji Fertilizer Company Limited	973,844	142,200	230,448	-	928,092	76,796	112,299	35,503	4.36	0.19	4.49
						<b>398,215</b>	<b>425,973</b>	<b>27,758</b>			
<b>PHARMACEUTICALS</b>											
Searle Pakistan Limited	162,000	-	16,200	-	178,200	6,831	5,346	(1,485)	0.21	0.81	0.21
						<b>6,831</b>	<b>5,346</b>	<b>(1,485)</b>			
						<b>2,273,897</b>	<b>2,447,771</b>	<b>173,874</b>			

\* These securities are delisted and are valued at Re. 1 in the book of accounts.



**6.2 Term finance certificates**

Name of the investee company	Profit Mark-up Rate (%)	----- Number of certificates -----					Market value as at 30 June 2006	% of Net Assets
		As at 01 July 2005	Purchases during the year	Sales during the year	Redemptions during the year	As at 30 June 2006		
(Rupees in '000)								
Azgard Nine Limited	11.74	-	10,000	-	-	10,000	49,990	1.94
Al-Zamin Leasing Modaraba	9.50	1,000	-	-	-	1,000	5,000	0.19
<b>Total Term Finance Certificates</b>						<b>11,000</b>	<b>54,990</b>	

**6.3 Net unrealised appreciation in fair value of securities classified as 'held for trading'**

	2006	2005
	(Rupees in '000)	
Fair value of marketable securities classified as 'held for trading'	<b>2,511,061</b>	1,777,111
Less: Cost of marketable securities classified as 'held for trading'	<b>(2,337,187)</b>	(1,464,580)
	<b>173,874</b>	312,531
Add: Realised on disposal during the year	<b>217,066</b>	45,699
Less: Net unrealised appreciation in fair value of investment classified as 'held for trading' at the beginning of the year	<b>(312,531)</b>	(145,834)
Net unrealised appreciation in market value during the year	<b>78,409</b>	212,396

**7. DIVIDEND AND PROFIT RECEIVABLE**

Dividend receivable	<b>7,507</b>	4,621
Profit receivable on Term Finance Certificates	<b>1,681</b>	39
Profit receivable on bank deposits	<b>2,085</b>	1,000
	<b>11,273</b>	5,660

**8. DEPOSITS AND PREPAYMENTS**

Deposit with Central Depository Company of Pakistan Limited	<b>150</b>	50
Prepayment	<b>111</b>	27
	<b>261</b>	77

**9. REMUNERATION PAYABLE TO THE INVESTMENT ADVISER**

Under the provisions of NBFC Rules, the Investment Adviser of the Company is entitled to a remuneration, to be paid annually after the financial statements of the Company have been audited, 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.

	2006	2005
	(Rupees in '000)	
<b>10. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Custodian fee and settlement charges	208	207
Auditors' remuneration	389	209
Payable to the Securities and Exchange Commission of Pakistan - Annual fee <span style="float: right;">10.1</span>	2,630	1,766
Listing fee payable	-	506
Others	924	893
	<u>4,151</u>	<u>3,581</u>
<b>10.1</b> Under the provisions of NBFC Rules, a closed end fund is required to pay as annual fee to SECP, an amount equal to one-tenth of one percent of the average annual net assets of the Company.		
<b>11. ADMINISTRATIVE EXPENSES</b>		
Settlement charges	185	276
MUFAP fee	29	32
Other expenses	14	200
	<u>228</u>	<u>508</u>
<b>12. LISTING, REGULATORY AND CENTRAL DEPOSITORY COMPANY FEE</b>		
Central Depository Company of Pakistan Limited Fee	361	569
Listing and regulatory expenses	1,539	2,405
Annual fee of SECP	2,630	3,541
	<u>4,530</u>	<u>6,515</u>
<b>13. AUDITORS' REMUNERATION</b>		
Audit and review fee	200	125
Other certifications and services	355	125
Tax services	60	-
Out of pocket expenses	35	18
	<u>650</u>	<u>268</u>
<b>14. EARNINGS PER SHARE</b>		
Net income	<u>546,561</u>	<u>681,464</u>
	(Number of shares in '000)	
Weighted average number of ordinary shares outstanding during the year	<u>147,656</u>	<u>133,718</u>
	(Rupees)	
Earnings per share	<u>3.70</u>	<u>5.10</u>



**15. TRANSACTIONS WITH CONNECTED PERSONS**

Connected person includes Arif Habib Investment Management Limited being the Investment Adviser and Arif Habib Securities Limited and Arif Habib Limited being companies under common management and Motiwala Securities (Private) Ltd. being a company under common directorship.

Remuneration payable to the management company is determined in accordance with the provisions of Non Banking Finance Companies (Establishment and Regulation) Rules, 2003.

The transaction with connected person are in 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:

**Transactions and balances with connected persons**

	2006	2005
	(Rupees in '000)	
<b>- Arif Habib Investments Management Limited</b>		
Balance at the beginning of the year	35,325	21,495
Remuneration for the year	52,591	35,325
Amounts paid during the year	(35,325)	(21,495)
Balance at the end of the year	<u>52,591</u>	<u>35,325</u>
Dividend paid	<u>17,719</u>	<u>10,125</u>
<b>- Arif Habib Securities Limited</b>		
Balance at the beginning of the year	-	-
Brokerage for the year	163	1,136
Amounts paid during the year	(163)	(1,136)
Balance at the end of the year	<u>-</u>	<u>-</u>
Dividend paid	<u>16,951</u>	<u>284</u>
<b>- Motiwala Securities (Pvt.) Limited</b>		
Balance at the beginning of the year	-	-
Brokerage for the year	783	1,095
Amounts paid during the year	(783)	(1,095)
Balance at the end of the year	<u>-</u>	<u>-</u>
Dividend paid	<u>-</u>	<u>1,550</u>
<b>- Arif Habib Limited</b>		
Balance at the beginning of the year	-	-
Brokerage for the year	537	-
Amounts paid during the year	(498)	-
Balance at the end of the year	<u>39</u>	<u>-</u>
Dividend paid	<u>-</u>	<u>-</u>
<b>- Aba Ali Habib</b>		
Balance at the beginning of the year	-	-
Brokerage for the year	24	90
Amounts paid during the year	(24)	(90)
Balance at the end of the year	<u>-</u>	<u>-</u>
Dividend paid	<u>5,198</u>	<u>63</u>

- 15.1 The amounts disclosed represent the amount of brokerage paid to connected parties 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.
- 15.2 All the above transactions with connected parties have been carried out at arm's length prices determined in accordance with the "Comparable Uncontrolled Price Method".

## 16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

- 16.1 The Company's Market Rate of Return (MROR) sensitivity related to financial assets and financial liabilities as at 30 June 2006 can be determined from the following:

	30 June 2006					Total
	Exposed to MROR risk					
	Effective rate of mark-up/ return (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR Risk	
----- Rupees in '000 -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	0.75 - 11.00	137,980	-	-	3,204	141,184
Investment in marketable securities - 'held for trading'	9.5 - 11.74	54,980	10	-	2,456,071	2,511,061
Dividend and profit receivable		-	-	-	11,273	11,273
Deposits		-	-	-	150	150
		<b>192,960</b>	<b>10</b>	<b>-</b>	<b>2,470,698</b>	<b>2,663,668</b>
<b>Financial Liabilities</b>						
Remuneration payable to the Investment Adviser		-	-	-	52,591	52,591
Payable against purchase of marketable securities		-	-	-	29,986	29,986
Accrued expenses and other liabilities		-	-	-	4,151	4,151
Unclaimed dividend		-	-	-	3,199	3,199
		-	-	-	89,927	89,927
<b>On-balance sheet gap</b>		<b>192,960</b>	<b>10</b>	<b>-</b>	<b>2,380,771</b>	<b>2,573,741</b>
On-balance sheet gap 2005		453,988	-	5,000	1,747,749	2,206,737

**17. MATURITIES OF ASSETS AND LIABILITIES**

	30 June 2006			
	Total	Upto three months	More than three months and upto one year	More than one year
	------(Rupees in '000)-----			
<b>Assets</b>				
Bank balances	141,184	141,184	-	-
Investment in marketable securities - 'held for trading'	2,511,061	2,511,061	-	-
Dividend and profit receivable	11,273	11,273	-	-
Deposits and prepayments	261	11	100	150
Taxation	2,655	-	-	2,655
	<b>2,666,434</b>	<b>2,663,529</b>	<b>100</b>	<b>2,805</b>
<b>Liabilities</b>				
Remuneration payable to the Investment Adviser	52,591	52,591	-	-
Payable against purchase of marketable securities	29,986	29,986	-	-
Accrued expenses and other liabilities	4,151	4,151	-	-
Unclaimed dividend	3,199	3,199	-	-
	<b>89,927</b>	<b>89,927</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>2,576,507</b>	<b>2,573,602</b>	<b>100</b>	<b>2,805</b>
Net Assets ' 2005	<b>2,207,133</b>	<b>2,199,428</b>	<b>14</b>	<b>7,691</b>

**18. RISK MANAGEMENT**

The Company primarily invests in shares of listed companies and Term Finance Certificates and enters into reverse repurchase transactions of Government securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

**18.1 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There is a possibility of default by participants and of failure of the financial markets / stock exchanges, the depositories, the settlements or the clearing system etc.

The Investment Adviser 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 SECP.

**18.2 Credit risk***Credit risk management*

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of reverse re-purchase transactions or other arrangements to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed

through assignment of credit limits, obtaining adequate collaterals and by following strict credit evaluation criteria laid down by the Investment Adviser. The Company does not expect to incur material credit losses on its financial assets.

*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. Financial assets subject to credit risk amount to Rs. 2,663.668 million (2005: Rs. 2,247.972 million). The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

### **18.3 Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its obligations and commitments. The Investment Adviser 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.

### **18.4 Market rate of return (MROR) risk**

MROR risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company manages its investment portfolio in order to reduce the risk of loss in market value of investment as a result of changes in market interest rates. In case the Investment Adviser expects economic uncertainty the portfolio will be restructured so as to comprise of short-term debt securities, money market instruments and short maturity repurchase transactions.

## **19. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of investments categorised as 'held for trading' is based on the closing market prices ruling at the day-end. The Investment Adviser is of the view that the fair market value of most of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short-term in nature.

## **20. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **20.1 Held for trading investments**

The investment adviser has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

### **20.2 Other assets**

Judgement is also involved in assessing the reliability of assets balances.

**21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Company has approved final cash dividend of Rs. 2.5 per share for the year ended 30 June 2006, amounting to Rs. 369.141 million in total in their meeting held on 24 July 2006. These financial statements do not reflect this proposed dividend, as explained in note 4.13.

**22. PERFORMANCE TABLE**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996 *
	<b>(Rupees in '000)</b>										
Net assets	2,576,507	2,207,133	1,221,919	650,931	358,511	313,918	309,336	242,595	209,134	314,262	361,031
Profit / (Loss) after tax	546,561	681,464	445,988	336,606	20,407	18,582	66,741	33,461	(105,129)	(46,768)	(38,969)
	<b>(Rupees)</b>										
Net assets value per share	17.45	18.68	18.10	16.27	8.96	7.85	7.73	6.07	5.23	7.85	9.02
Earnings per share	3.70	5.10	3.96	3.55	0.21	0.19	0.70	0.36	(1.11)	(0.49)	(0.41)
Final Dividend distribution (%)	25.00	-	-	-	5.00	3.50	-	-	-	-	-
Dividend (stock dividend) distribution (%)	-	25.00	25.00	12.50	-	-	-	-	-	-	-
Interim Dividend distribution (%)	15.00	15.00	12.50	-	-	-	-	-	-	-	-

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

**23. DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorised for issue on 24 July 2006 by the Board of Directors of the Company.

Chief Executive

Director

**PATTERN OF SHAREHOLDING  
AS OF 30 JUNE 2006**

NO. OF SHAREHOLDERS	← HAVING SHARES →		SHARES HELD	PERCENTAGE
	FROM	TO		
259	1	100	13,062	.0088
987	101	500	284,626	.1927
659	501	1,000	551,290	.3733
1699	1,001	5,000	4,558,902	3.0875
654	5,001	10,000	4,971,630	3.3670
301	10,001	15,000	3,825,422	2.5907
204	15,001	20,000	3,634,765	2.4616
146	20,001	25,000	3,387,967	2.2944
70	25,001	30,000	1,976,563	1.3386
56	30,001	35,000	1,826,031	1.2366
57	35,001	40,000	2,151,434	1.4570
23	40,001	45,000	988,538	.6694
52	45,001	50,000	2,558,821	1.7329
25	50,001	55,000	1,317,811	.8924
27	55,001	60,000	1,575,758	1.0671
21	60,001	65,000	1,317,208	.8920
15	65,001	70,000	1,025,708	.6946
9	70,001	75,000	660,756	.4474
14	75,001	80,000	1,095,273	.7417
6	80,001	85,000	498,624	.3376
12	85,001	90,000	1,053,859	.7137
3	90,001	95,000	280,500	.1899
33	95,001	100,000	3,285,780	2.2252
16	100,001	105,000	1,645,472	1.1143
6	105,001	110,000	652,468	.4418
4	110,001	115,000	454,250	.3076
3	115,001	120,000	357,709	.2422
13	120,001	125,000	1,614,149	1.0931
6	125,001	130,000	762,702	.5165
4	130,001	135,000	534,045	.3616
3	135,001	140,000	411,500	.2786
5	145,001	150,000	737,454	.4994
3	150,001	155,000	456,639	.3092
5	155,001	160,000	780,761	.5287
3	160,001	165,000	487,000	.3298
1	165,001	170,000	167,000	.1131
3	170,001	175,000	516,094	.3495
2	175,001	180,000	358,007	.2424
1	190,001	195,000	191,562	.1297
4	195,001	200,000	800,000	.5417
4	200,001	205,000	807,945	.5471
2	210,001	215,000	424,835	.2877
1	215,001	220,000	218,750	.1481
1	220,001	225,000	225,000	.1523
2	225,001	230,000	455,812	.3086
1	240,001	245,000	243,358	.1648
5	245,001	250,000	1,250,000	.8465
1	250,001	255,000	252,250	.1708
1	255,001	260,000	256,250	.1735
1	265,001	270,000	270,000	.1828
1	270,001	275,000	275,000	.1862
1	275,001	280,000	275,291	.1864
7	295,001	300,000	2,096,156	1.4196
3	300,001	305,000	906,108	.6136
3	310,001	315,000	939,000	.6359
1	320,001	325,000	324,000	.2194
1	325,001	330,000	325,500	.2204
1	340,001	345,000	342,000	.2316
1	345,001	350,000	347,750	.2355
1	350,001	355,000	351,562	.2380
1	360,001	365,000	360,047	.2438
1	375,001	380,000	378,593	.2564
1	380,001	385,000	384,971	.2607
1	390,001	395,000	394,500	.2671
1	395,001	400,000	398,405	.2698
1	405,001	410,000	408,500	.2766
2	410,001	415,000	825,125	.5588
2	430,001	435,000	863,000	.5844
1	435,001	440,000	437,500	.2962
2	445,001	450,000	900,000	.6095
1	450,001	455,000	451,171	.3055
1	455,001	460,000	460,000	.3115
2	470,001	475,000	945,000	.6400
2	495,001	500,000	1,000,000	.6772
2	520,001	525,000	1,044,500	.7073
1	545,001	550,000	545,187	.3692
1	550,001	555,000	552,500	.3741
1	560,001	565,000	563,750	.3817
1	580,001	585,000	584,375	.3957
1	595,001	600,000	600,000	.4063
1	610,001	615,000	615,000	.4165
1	630,001	635,000	635,000	.4300
1	650,001	655,000	650,877	.4408
2	695,001	700,000	1,400,000	.9481
1	725,001	730,000	725,125	.4910
1	750,001	755,000	755,000	.5113
1	775,001	780,000	778,218	.5270
1	805,001	810,000	806,500	.5462
1	875,001	880,000	878,906	.5952
1	995,001	1,000,000	1,000,000	.6772
1	1,120,001	1,125,000	1,125,000	.7619
1	1,145,001	1,150,000	1,150,000	.7788
1	1,185,001	1,190,000	1,189,375	.8055
1	1,215,001	1,220,000	1,218,163	.8249
1	1,245,001	1,250,000	1,250,000	.8465
2	1,290,001	1,295,000	2,585,042	1.7507
1	1,835,001	1,840,000	1,838,000	1.2447
1	2,340,001	2,345,000	2,342,000	1.5861
1	2,495,001	2,500,000	2,500,000	1.6931
1	2,520,001	2,525,000	2,523,375	1.7089
1	2,635,001	2,640,000	2,637,500	1.7862
1	4,305,001	4,310,000	4,306,986	2.9169
1	9,400,001	9,405,000	9,402,293	6.3676
1	14,125,001	14,130,000	14,125,643	9.5665
1	14,765,001	14,770,000	14,767,416	10.0012

5506

147,656,250

100.0000

**CATEGORIES OF SHAREHOLDERS  
AS AT 30 JUNE 2006**

<b>Particulars</b>	<b>Shareholders</b>	<b>Shareholding</b>	<b>Percentage</b>
Individuals	5,288	95,243,055	64.50
Insurance Company	8	253,862	0.17
Joint Stock Companies	125	26,820,375	18.16
Financial Institutions	20	23,547,058	15.95
Modarabas	8	173,878	0.12
Foreign Companies	5	700,175	0.47
Leasing Companies	7	215,889	0.15
Non Resident	45	701,958	0.48
	<b>5,506</b>	<b>147,656,250</b>	<b>100</b>

**DETAILS OF PATTERN OF SHAREHOLDING  
AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE  
AS AT 30 JUNE 2006**

Particulars	Shares Held
Individuals	83,480,299
Non- residents	1,402,133
Associated Companies	
- Arif Habib Investment Management Limited	14,767,416
- Arif Habib Securities Limited	14,125,643
National Investment Trust	1,218,163
Investment Corporation of Pakistan	650,877
Chief Executive	
- Syed Ajaz Ahmed	3,688
Directors & their spouses	
- Mr. Arif Habib	1,292,790
- Mr. Asif Sultan	8,788
- Mr. Aslam Motiwala	10,402,293
- Mr. Amanullah Suleiman	500
- Mr. Nouman Zaheer Siddiqui	2,635
- Mr. Salman Umer	500
- Mr. Muhammad Iqbal	51,562
Executives	-
Public Sector Companies and Corporation	12,694,732
Banks	3,170,854
Development Financial Institutions	275,175
Non-Banking Finance Institutions - (Leasing Companies & Investment Banks)	1,157,087
Insurance Companies	253,862
Modarabas	173,878
Mutual Funds	2,523,375
Shareholders holding ten percent or more other than Associated Company and directors	-
	<b>147,656,250</b>



**STATEMENT OF INCOME AND EXPENDITURE  
IN RELATION TO THE INVESTMENT COMPANY  
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	(Rupees in '000)	
<b>Revenue</b>		
Investment adviser's remuneration from Pakistan Premier Fund Limited	<u>52,591</u>	<u>35,325</u>
<b>Operating expenses</b>		
Personnel Coast	15,297	9,789
Technical and professional services	15,982	10,877
Staff training	152	23
Marketing and advertisement	2,045	2,342
Rent, rates and taxes	859	663
Communication cost	596	720
Directors' fee	12	7
Printing, stationary and other supplies	1,180	893
Insurance	157	147
Repair and maintenance	584	484
Fees and subscription	94	81
Legal and Professional fee	517	328
Travelling, conveyance and others	373	167
Financial charges	2,859	2,885
Depreciation	853	961
	<u>41,560</u>	<u>30,367</u>
<b>Profit for the year</b>	<u><u>11,031</u></u>	<u><u>4,958</u></u>

Note : Above mentioned expenses are allocated proportionately on investment adviser's fee of the fund during the year. Expenses directly related to the Fund is specifically to the Fund.

**FORM OF PROXY**  
**Twelfth Annual General Meeting**

**On 09 September 2006**

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 in the Twelfth Annual General Meeting of  
the Company to be held on 09 September 2006 and / or any adjournment thereof.

As witness my / our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

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

Signature on five  
Rupees Revenue  
Stamp

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 Queens Road, Karachi - 74000, Pakistan, not less than 48 hours before the time of holding the meeting.
2. No person shall act as 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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# Pakistan Premier Fund Ltd

2/1, R.Y. 16, Old Queens Road, Karachi-74000, Pakistan.

AFFIX  
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