

# PAKISTAN CAPITAL MARKET FUND



**BRANCHES:****Lahore:**

Contact Person: Mr. Tanweer Ahmad Haral  
16, Block-A, Hali Road, Gulberg II, Lahore.  
Tel: (+92-42) 35714958, 35714959  
Fax: (+92-42) 35714957  
E-mail: lhr.mkt@arifhabib.com.pk

**Rawalpindi:**

Contact Person: Mr. Zahiruddin Khan  
60-A, Canning Road, Rawalpindi-46000.  
Tel: (+92-51) 111-468-378 (111-INVEST), 5564093  
E-mail: rwp.mkt@arifhabib.com.pk

**Islamabad:**

Contact Person: Mr. Nadeem Ishtiaq  
15 Beverly Centre, 2nd Floor,  
Blue Area, Jinnah Avenue, Islamabad.  
Tel: (+92-51) 2875939-2814189  
Fax: (+92-51) 2814199  
E-mail: isl.mkt@arifhabib.com.pk

**Multan:**

Contact Person: Syed Nawazish Ali Zaidi  
143-144, Mall Plaza, Multan Cantt., Multan.  
Tel: (+92-61) 111-468-378 (111-INVEST), 4546235, 6014125  
Fax: (+92-61) 4546235  
E-mail: mul.mkt@arifhabib.com.pk

**Peshawar:**

Contact Person: Mr. Iltifatullah Khan  
1st Floor, State Life Building, 34 The Mall, Peshawar.  
Tel: (+92-91) 111-468-378 (111-INVEST), 5287696  
Fax: (+92-91) 5287697  
E-mail: psw.mkt@arifhabib.com.pk



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## FUND'S INFORMATION

### Management Company

Arif Habib Investments Limited  
Arif Habib Centre, 23 M. T. Khan Road,  
Karachi -74000.

### Board of Directors of the Management Company

Mr. Muhammad Shafi Malik	Chairman
Mr. Nasim Beg	Chief Executive
Syed Ajaz Ahmed	Director
Mr. Sirajuddin Cassim	Director
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Kashif	Director
Mr. S. Gulrez Yazdani	Director
Mr. Samad A.Habib	Director

### Company Secretary & CFO of the Management Company

Mr. Zeeshan

### Audit Committee

Mr. Muhammad Shafi Malik	Chairman
Syed Ajaz Ahmed	Member
Mr. Muhammad Akmal Jameel	Member
Mr. Samad A.Habib	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, S.M.C.H.S  
Main Shahrah-e-faisal, Karachi.

### Bankers

Allied Bank Limited  
Bank AL-Habib Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab

### Auditors

M/s. A. F. Ferguson & Co. - Chartered Accountants  
State Life Building No. 1-C,  
I. I. Chundrigar Road, Karachi-74000

### Legal Adviser

M/s. Bawaney & Partners  
404, Beaumont Plaza, 6-CL-10,  
Beaumont Road, Civil Lines, Karachi-75530

### Registrar

M/s. Gangjees Registrar Services (Pvt.) Limited.  
Room No. 516, Clifton Centre,  
Kehkashan, Clifton, Karachi.

### Rating

PACRA: 4-Star (Normal)  
PACRA: AM2 (Positive Outlook) - Management Quality Rating assigned to Management Company



## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED 31 MARCH 2011**

The Board of Directors of Arif Habib Investments Limited, the Management Company of the Pakistan Capital Market Fund (PCM), is pleased to present its report together with condensed Interim Financial Statements for the nine months ended 31 March 2011.

### **Fund Objective**

The objective of the Fund is to provide investors a mix of income and capital growth over medium to long term from equity and debt investments.

### **Fund Profile**

Pakistan Capital Market Fund (PCM) is an open end balanced fund that invests in a range of asset classes such as equity and debt in Pakistani market.

The asset allocation to equities and debt is made on the basis of relative attractiveness of each asset class. The investment process is driven by fundamental research. For equities investment, fundamental outlook of sectors/companies and DCF (discounted cash flow) valuations are the primary factors in sectors' allocation and stock selection. For debt investment, interest rate outlook is the key determining factor and allocation to this segment is increased when the yields are higher compared to the total returns on equities. Investment is made in corporate bonds (investment grade) and government bonds. Cash is kept in deposits with highly rated banks.

PCM is a long only fund and cannot undertake leveraged investments.

### **Funds Performance during nine months ended 31 March 2011**

The net assets of the Fund as at 31 March 2011 stood at Rs 426.92 million as compared to Rs. 444.55 million at 30 June 2010 registering a slight decrease of 3.97%.

The Net Asset Value (NAV) per unit at the end of the period was Rs 8.11 per unit compared to opening Ex NAV of Rs 7.07 per unit, registering an increase of Rs 1.04 per unit.

### **Future Outlook and Fund Performance**

Future outlook and fund performance is fully explained in fund manager report attached to this report.

## Acknowledgment

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the Trustees of the Fund - Central Depository Company of Pakistan Limited and the management of the Karachi, Lahore and Islamabad Stock Exchanges for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company and for the meticulous management of the Fund.

For and on behalf of the Board

Karachi  
23 April 2011

**Nasim Beg**  
Chief Executive



## REPORT OF THE FUND MANAGER FOR THE QUARTER ENDED 31 MARCH 2011

### Objective

The objective of the Fund is to provide investors a mix of income and capital growth over medium to long term from equity and debt investments.

### Fund Profile

Pakistan Capital Market Fund (A Balanced Fund) (referred to as PCM) is an open end balanced fund that invests in a range of asset classes such as equity and debt in Pakistani market.

The asset allocation to equities and debt is made on the basis of relative attractiveness of each asset class. The investment process is driven by fundamental research. For equities investment, fundamental outlook of sectors/companies and DCF (discounted cash flow) valuations are the primary factors in sectors' allocation and stock selection. For debt investment, interest rate outlook is the key determining factor and allocation to this segment is increased when the yields are comparatively higher compare to the total returns on equities. Investment is made in corporate bonds (investment grade) and government bonds. Cash is kept in deposits with highly rated banks.

PCM is a long only fund and cannot undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

### Fund Performance

PCM NAV increased 3.71% in the quarter ended March 2011 against a rise of 0.47% in its benchmark (50% KSE-100, 50% 1 year T-Bill). The outperformance was largely a result of a rise in value of the Fund's equity holding, against a drop in the broader KSE-100 Index during this time. Amongst the top equity holdings of the Fund, Engro, ICI and POL outperformed significantly, increasing more than 10% during the quarter, while Kapco and Fatima Fertilizer (since the Fund's purchase) stock prices also outperformed. PPL and PSMC stock prices fell marginally. On the other hand, PSO, Packages, ABL remained major underperformers during this period.

Overall PCM return for 9 months FY11 was 14.71%, compared to 21.47% return for KSE-100 Index.

	<i>PCM</i>	
	<b>Fund</b>	<b>BM</b>
<b>Jan-11</b>	1.79	2.12
<b>Feb-11</b>	-3.64	-5.10
<b>Mar-11</b>	5.74	3.10
<b>QoQ</b>	3.71	0.47
<b>FY</b>	14.71	16.47

## Asset Allocation and investment activities

### Equity portfolio

PCM remained on average 59% invested in equities during the quarter, with beginning and ending exposures at 54.81% and 59.49%, respectively. Executions during the quarter are as follows:

**Fatima Fertilizer:** The Fund added exposure in Fatima Fertilizer, keeping in view the commencement of its commercial production and expected ADR issue. At quarter end, PCM had 2.51% exposure in the stock.

**Searle:** The Fund gradually reduced its holding in Searle as the stock price reached its fair value in the rising equity market.

At the end of the quarter, Oil & Gas and Chemicals sectors had major exposures of 18.44% and 17.90%, respectively.

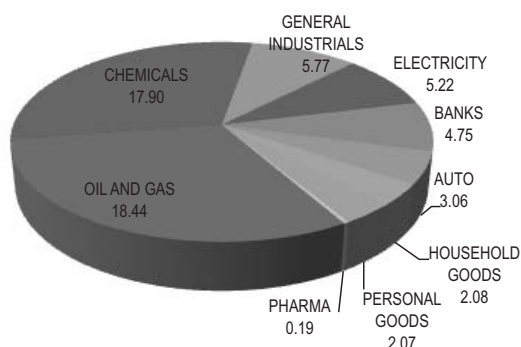
### Fixed income portfolio

PCM's fixed income exposure comprises short-dated government paper, corporate bonds and preference shares. This portfolio remained largely unchanged, with the exception of the liquid T-Bill portfolio which was utilized to increase equity exposure. At quarter end, the T-Bill constitutes 17.27% of net assets.

The TFC portfolio constitutes UBL TFC (8.21%), World Call (1.17%) and Maple Leaf (2.43%), earning coupon ranging between 1.0-2.75% above KIBOR. PCM's preference share exposure also remained unchanged at 3.90% of net assets. These shares have dividend linked to 6 month KIBOR + 2%.

#### Top 10 Equity holdings on 31st March, 2011

Engro Corp	7.98
ICI Pakistan	7.41
Pakistan State Oil	7.35
Pakistan Oilfields	5.98
Packages Limited	5.77
Kot Addu Power Company	5.22
Pakistan Petroleum	5.11
Allied Bank	4.75
Pak Suzuki Motor Company	3.06
Fatima Fertilizer	2.51





## Equity market review

The KSE 100 index finished the third quarter of current fiscal year (first quarter of 2011) in negative, falling by 1.77% to 11809. The market started 2011 on a positive note with the index gaining 6% by January 18 and touched the level of 12,768 due to higher inflows from foreign investors in index heavy weight stocks. However, the market reversed its course in February, when worsening situation in Egypt and Tunisia led to sharp fall in global equities. The index made its low on February 25 near 11200, before bouncing back in the first week of March after the announcement of MTS implementation. Key driver in the index performance remained its heavy weight stock OGDC (24% weight), which has started to retreat and fallen by 27% after peaking at Rs. 185 (intraday high) on January 10. Minus OGDC, majority of other leading stocks finished the quarter with fresh gains. Top performing sectors during the quarter were Fertilizer, Oil & Gas (with the exception of OGDC), Banks and Cement. Foreign investors remained net buyers in Pakistan with net inflow of US\$ 52mn during the quarter, with March seeing an outflow of US\$ 16mn mainly due to selling in OGDC.

Total outstanding leveraged investment in MTS was only Rs 228 million by quarter end (started March 14), an indication of cautious initial response of participants (financeses and financiers). During the quarter, average daily turnover increased to 129mn shares compared to 124 million in the second quarter of FY11, however, trading volumes after hitting highs over 200 million daily in January witnessed a declining trend and had fallen below 100 million daily by March end.

## Market outlook

We expect the equity market to move in a narrow band ahead of the budget announcement in early June. Given the continuing high fiscal deficit (approximately 6% of GDP) new taxes, withdrawal of tax exemptions and implementation of RGST are on the cards for the next fiscal year. At the same time, inflation remains a key threat in the backdrop of rising commodity prices in particular oil. Therefore, interest rates are expected to remain at elevated levels with policy rate remaining at 14% for the next few months. On relative valuation downside appears to be less for equities as stock prices of major companies are trading in the range of 7x-9x on 2011 earnings. On the basis of consensus forecast, amongst listed sectors, chemicals/fertilizer, oil and gas exploration, cement (select stocks), major banks and FMCGs are expected to show improvement in earnings growth in 2011.

### 3QFY11 Economic Review

During the third quarter of the fiscal year, pick up in textile exports and higher remittances helped in reducing the pressure from rising international oil prices and keeping the current account deficit in check. The rate of increase in inflation has reduced during the quarter to 13.16% in March compared to 15.45% YoY growth in December, therefore allowing the central bank to keep the discount rate unchanged at 14% during the last two monetary policy reviews. Following the last round of talks with IMF in March, the government has finally taken additional taxation measures to reduce the rising fiscal gap for the current fiscal year.

#### Fiscal Side

Given the rising fiscal deficit (2.8% of GDP during 1HFY11 against the full year target of 5.5%), GoP introduced new taxation measures in March which would collect Rs 53 billion through removal of subsidies and/or further taxes on income, imports, agriculture, and domestic sales of zero-rated export-oriented items, while Rs 67 billion is expected to be saved from the government expenditure side. Of Rs53 billion, Rs20 billion will be collected through 15% flood surcharge on income-tax, Rs25 billion revenue will be accumulated through withdrawal of sales tax exemptions on fertilizers, pesticides and tractors, Rs6 billion revenue through increase in special excise duty on imports from 1% - 2.5% and Rs2 billion proceeds from increase in tax on sugar.

Total tax collection from July - February, 2011 summed up to Rs 876 billion against a target of Rs 1,600 billion for the full FY. With the above mentioned measures, it is now expected that tax revenue target for the current fiscal year is likely to be met. However, given the additional expenditures on last year floods, the fiscal deficit is expected to be higher than the government target of 5.5% for the year ending June 2011.

#### Inflation

Inflation figures for 3QFY11 came down considerably from 15.45% YoY in December 2010 to 13.16% YoY in March 2011. This was due to the following reasons: first, high base-effect of last year starting January 2010, and second, containment of government borrowing from the SBP within agreed limits. Nonetheless, inflation is expected to edge higher over the next few months given the outlook of an increase in international commodity prices especially oil prices, higher domestic commodity prices with the introduction of 'mini-budget' to enhance the tax base, and expectations of an increase in government borrowing to fund fiscal deficit.

## Real Sector

Large Scale Manufacturing (LSM) figures for July - January 2011 showed an increase of 2.34% over the corresponding period of last year. The growth in manufacturing is restricted to few sectors, with majority of the industries showing decline. Textiles, Pakistan's largest industry having one fourth of the total weight could only increase by 0.6%. Major contribution has come from sugar sector (4.15% weight) showing a growth of 8.1% till January and which is likely to improve further as recent reports suggest that total output of sugar for this year has exceeded 4 million tones compared to only 3.1 million tones in the previous year. Other growth sectors have been automobile production (+16.8%), Pharmaceuticals (+5.8%), chemicals (+3.5%) and leather products (14.2%). All other manufacturing sectors were in decline including Food and beverages (-2%), petroleum products (-6.2%), metal industries (-8.1%), non metallic minerals (-11.8%), fertilizers (-7.2%) and cement (-10.6%).

## External Side

External sector continued to post encouraging figures in 3QFY11. Current Account Deficit (CAD) from July - February 2011 equaled US\$98 million against US\$3027 million deficit in the same period of preceding year, thus showing a decrease of almost 97%. This is explained by an improvement in balance on Goods & Services & Income account where deficit decreased from US\$11.2 billion in July-February 2010, to US\$9.9 billion in the same period of current FY. Remittances also played a key role in uplifting the CAD as US\$8.02 billion were received from July- March 2011 against US\$6.54 billion in the corresponding period of last year, thus showing a growth of 22.39%. The SBP expects current account deficit for FY 11 in the range of 1 - 1.5%. Exports from July - March 2011 were US\$18.1 billion against a US\$14.3 billion exports in the same period last year, posting a robust growth of 26.6% YoY. Textile export was yet once again the major determinant of this growth as US\$9.92 billion was contributed by textiles. Imports for the same period equaled US\$29.1 billion against US\$ 25.1 billion in the first 9 months of last FY. This translates into a growth 15.97%. Petroleum group imports stood at US\$8.15 billion from July - March 2011 showing a growth of 11%. Forex reserves YtD (19 March 2011) closed at US\$17.5 billion against US\$16.75 billion at the end of FY10.

Moreover, Asian Development Bank approved a US\$650 million loan which will be used to build the damaged infrastructure due to the floods which hit the country early FY11.

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT 31 MARCH 2011**

	Note	(Un-Audited) 31 March 2011	(Audited) 30 June 2010
(Rupees in '000)			
<b>ASSETS</b>			
Bank balances		31,004	36,930
Investments	4	390,147	403,321
Dividend and profit receivable		5,769	5,453
Advances, deposits and prepayments		3,307	3,267
Receivable against sale of investments		1,300	-
Conversion costs		-	575
<b>Total assets</b>		<b>431,527</b>	<b>449,546</b>
 <b>LIABILITIES</b>			
Payable to the Management Company		715	727
Payable to Central Depository Company of Pakistan Limited - Trustee		72	73
Annual fee payable to Securities and Exchange Commission of Pakistan		280	463
Payable on redemption of units		-	141
Accrued expenses and other liabilities		744	789
Dividend payable		2,798	2,805
<b>Total liabilities</b>		<b>4,609</b>	<b>4,998</b>
<b>NET ASSETS</b>		<b>426,918</b>	<b>444,548</b>
<b>Unit holders' funds (As per statement attached)</b>		<b>426,918</b>	<b>444,548</b>
 <b>CONTINGENCIES AND COMMITMENTS</b>			
	6	(Number of units)	
<b>Number of units in issue</b>		<b>52,659,429</b>	<b>44,576,814</b>
(Rupees)			
<b>NET ASSET VALUE PER UNIT</b>	3.3	<b>8.11</b>	<b>9.97</b>

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

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

**Chief Executive**

**Director**

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended		Quarter ended	
		31 March		31 March	
		2011	2010	2011	2010
----- (Rupees in '000) -----					
<b>INCOME</b>					
Capital gain on sale of investments - net		13,829	54,986	192	6,864
Income from Preference Shares		1,895	-	642	-
Income from Term Finance Certificates		4,999	11,962	1,524	2,814
Dividend income		10,017	22,107	4,387	5,251
Income from government securities		12,871	1,880	2,867	566
Profit on bank accounts		1,234	4,997	424	1,692
Income from other money market transactions		(24)	43	(24)	-
		<u>44,821</u>	<u>95,975</u>	<u>10,012</u>	<u>17,187</u>
Unrealised appreciation in fair value of investments at fair value through profit or loss - net	4.7	30,372	25,327	9,613	5,626
Impairment loss on equity investments classified as 'available-for-sale'		(2,943)	(970)	(445)	(553)
Reversal of provision / (provision) against non-performing debt securities		2,471	(2,450)	-	(950)
Reversal of mark-up income from non-performing debt securities		-	(774)	-	-
<b>Total income</b>		<u>74,721</u>	<u>117,108</u>	<u>19,180</u>	<u>21,310</u>
<b>OPERATING EXPENSES</b>					
Remuneration of the Management Company		6,596	8,085	2,138	2,364
Remuneration of Central Depository Company of Pakistan Limited - Trustee		660	808	214	236
Annual fee - Securities and Exchange Commission of Pakistan		280	384	91	112
Securities transaction cost		584	1,079	(31)	264
Settlement and bank charges		203	39	163	10
Fees and subscriptions		193	518	64	88
Legal and professional charges		45	45	15	15
Auditors' remuneration		371	327	124	110
Amortisation of conversion costs		575	1,102	-	362
Printing and related costs		285	211	86	89
<b>Total operating expenses</b>		<u>9,792</u>	<u>12,598</u>	<u>2,864</u>	<u>3,650</u>
<b>Net income from operating activities</b>		<u>64,929</u>	<u>104,510</u>	<u>16,316</u>	<u>17,660</u>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(31,660)	18,532	9,792	1,853
<b>Net income for the period before taxation</b>		<u>33,269</u>	<u>123,042</u>	<u>26,108</u>	<u>19,513</u>
Taxation	5	-	-	-	-
<b>Net income for the period after taxation</b>		<u>33,269</u>	<u>123,042</u>	<u>26,108</u>	<u>19,513</u>
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>					
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation		-	(12,429)	-	(1,522)
Net unrealised (diminution) / appreciation in fair value of investments classified as 'available-for-sale'	4.8	(4,822)	4,888	(717)	(4,964)
<b>Total comprehensive income for the period</b>		<u>28,447</u>	<u>115,501</u>	<u>25,391</u>	<u>13,027</u>
Earnings per unit	3.4				

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

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
----- (Rupees in '000) -----				
<b>Accumulated loss brought forward</b>				
- Realised loss	(9,271)	(91,950)	(144,507)	(60,887)
- Unrealised (loss) / gain	(4,598)	(48,564)	11,561	12,995
Accumulated loss brought forward	(13,869)	(140,514)	(132,946)	(47,892)
Net income for the period	33,269	123,042	26,108	19,513
Net element of income and capital (losses) / gains included in the prices of units issued less those in units redeemed	(2,369)	(12,429)	(5,403)	(1,522)
Final distribution for the year ended June 30, 2010: Rs 2.9 per unit (2009: Nil)				
- Cash Distribution	-	-	-	-
- Bonus units	(129,272)	-	-	-
Net (loss) / income for the period less distribution	(98,372)	110,613	20,705	17,991
	<u>(112,241)</u>	<u>(29,901)</u>	<u>(112,241)</u>	<u>(29,901)</u>
<b>Accumulated loss carried forward</b>				
- Realised loss	(133,415)	(42,896)	(133,415)	(42,896)
- Unrealised gain	21,174	12,995	21,174	12,995
	<u>(112,241)</u>	<u>(29,901)</u>	<u>(112,241)</u>	<u>(29,901)</u>

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

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

**Chief Executive**

**Director**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended		Quarter ended	
		31 March		31 March	
		2011	2010	2011	2010
----- (Rupees in '000) -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period before taxation		33,269	123,042	26,108	19,513
<b>Adjustments for non-cash items :</b>					
Amortisation of conversion costs		575	1,102	-	362
Unrealised (appreciation) in fair value of investments 'at fair value through profit or loss' - net		(30,372)	(25,327)	(9,613)	(5,626)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		31,660	(18,532)	(9,792)	(1,853)
Dividend income		(10,017)	(22,107)	(4,387)	(5,251)
Impairment loss on equity investments classified as 'available-for-sale'		2,943	970	445	553
(Reversal of provision) / provision against non-performing debt securities		(2,471)	2,450	-	950
Reversal of mark-up income from non-performing debt securities		-	774	-	-
		25,587	62,372	2,761	8,648
<b>(Increase) / decrease in assets</b>					
Receivable against Sale of Units		-	-	110	-
Investments		38,252	56,159	49,532	(84,862)
Interest receivable		2,770	1,087	397	1,276
Advances, deposits and prepayments		(40)	(165)	38	39
Receivable against sale of investments		(1,300)	14,467	(1,300)	2,491
		39,682	71,548	48,777	(81,056)
<b>(Decrease) / Increase in liabilities</b>					
Payable against purchase of investments		-	766	-	4,080
Payable to Arif Habib Investments Limited - Management Company		(12)	(93)	(35)	588
Payable to Central Depository Company of Pakistan Limited - Trustee		(1)	(12)	(3)	(3)
Annual fee payable to Securities and Exchange Commission of Pakistan		(183)	(199)	91	112
Payable on redemption of units		(141)	(865)	(782)	(24)
Accrued expenses and other liabilities		(45)	(55)	2	2
		(382)	(458)	(727)	4,755
Dividend Received		6,931	21,255	1,301	2,480
<b>Net cash inflow / (outflow) from operating activities</b>		<b>71,818</b>	<b>154,717</b>	<b>52,112</b>	<b>(65,173)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Net payments against redemption of units		(77,737)	(184,234)	(35,885)	(22,024)
Dividend paid		(7)	(108)	-	(104)
<b>Net cash outflow on financing activities</b>		<b>(77,744)</b>	<b>(184,342)</b>	<b>(35,885)</b>	<b>(22,128)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>		<b>(5,926)</b>	<b>(29,625)</b>	<b>16,227</b>	<b>(87,301)</b>
Cash and cash equivalents at the beginning of the period		36,930	52,329	14,777	110,005
<b>Cash and cash equivalents as at the end of the period</b>		<b>31,004</b>	<b>22,704</b>	<b>31,004</b>	<b>22,704</b>

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT  
IN UNIT HOLDERS' FUNDS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended		Quarter ended	
		31 March		31 March	
		2011	2010	2011	2010
		----- (Rupees in '000) -----			
<b>Net assets at the beginning of the period</b>		<b>444,548</b>	548,937	<b>447,204</b>	483,369
Issue of 430,657 units ( 2010: 2,121,886 units) and 66,535 units (2010: 99,061 units) for the nine months and quarter respectively		3,193	18,570	528	981
Redemption of 10,632,732 units ( 2010: 21,162,946 units) and 4,567,799 units (2010: 2,336,136 units) for the nine months and quarter respectively		(80,930)	(202,879)	(36,413)	(23,020)
		(77,737)	(184,309)	(35,885)	(22,039)
Issue of 18,284,691 bonus units (2009: Nil units) for the nine months and quarter respectively		129,272	-	-	-
Element of losses / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net					
- amount representing loss / (income) and capital losses / (gains) - transferred to income statement		31,660	(18,532)	(9,792)	(1,853)
- amount representing unrealised capital (gains) losses and capital (gains) / losses that from part of the unit holders' fund - transferred to distribution statement		2,369	12,429	5,403	1,522
		34,029	(6,103)	(4,389)	(331)
Net unrealised (diminution) / appreciation during the period in fair value of securities classified as 'available-for-sale'	4.7	(4,822)	4,888	(717)	(4,964)
Capital gain / (loss) on sale of investments - net		13,829	54,986	192	6,864
Net unrealised appreciation / (diminution) in value of investments 'at fair value through profit or loss' - net		30,372	25,327	9,613	5,626
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund		(2,369)	(12,429)	(5,403)	(1,522)
Other net (loss) / income for the period		(10,932)	42,729	16,303	7,023
		30,900	110,613	20,705	17,991
Final distribution for the year ended June 30, 2010: Rs 2.9 per unit (2009: Nil)					
- Cash distribution		-	-	-	-
- Bonus distribution		(129,272)	-	-	-
		(129,272)	-	-	-
<b>Net assets as at the end of the period</b>		<b>426,918</b>	474,026	<b>426,918</b>	474,026

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

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

**Chief Executive**

**Director**





**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Pakistan Capital Market Fund (PCMF) was established under a trust deed executed between Arif Habib Investments Limited (AHIL) as an Management Company and Central Depository Company of Pakistan (CDC) as Trustee on 27 October 2003. The Investment Adviser of PCMF has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Formation of PCMF as a closed-end scheme was authorized by SECP on 5 November 2003.

During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund is listed on all three stock exchanges in Pakistan.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP.

The units of the Fund are offered for public subscription on a continuous basis. Units are transferable and can also be redeemed by surrendering to the Fund.

The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities and secured debt securities, money market transactions and reverse repurchase transactions.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' (Positive outlook) and '4 Star Normal' to the Management Company and the Fund respectively.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2 STATEMENT OF COMPLIANCE**

These un-audited condensed interim 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 provisions of the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended 30 June 2010.

**3.1 Standards, interpretations and amendments to published approved accounting standards effective from 01 July 2010**

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after 01 January 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

**3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective**

The following revised standard has been published and is mandatory for accounting periods beginning on or after 01 January 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from 01 July 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

**3.3 Net Asset Value per unit**

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

**3.4 Earnings per unit**

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

	Note	(Un-Audited) 31 March 2011	(Audited) 30 June 2010
(Rupees in '000)			
<b>4 Investments</b>			
<b>At fair value through profit or loss</b>			
Listed equity securities	4.1	218,209	191,078
Listed preference shares	4.2	16,667	25,000
Term Finance Certificates and Sukuk bonds-listed	4.3	45,807	47,513
Government Securities	4.4	73,711	93,381
		<u>354,394</u>	<u>356,972</u>
<b>Available for sale</b>			
Listed equity securities	4.5	35,753	46,349
		<u>390,147</u>	<u>403,321</u>

4.1 Listed equity securities- 'at fair value through profit or loss'

Name of the Investee company	Number of shares				Balance as at 31 March 2011			Market Value		Paid up value of shares held as a percentage of total paid up capital of the investee company	
	As at 01 July 2010	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at 31 March 2011	Cost	Market Value	As a percentage of total investments	As a percentage of net assets		
<b>Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise</b>											
<b>Oil and Gas</b>											
Pakistan Oilfields Limited	118,569	-	-	40,000	78,569	16,850	25,542	8,692	6.55	5.98	0.03
Pakistan Petroleum Limited	154,000	24,000	17,200	92,000	103,200	16,730	21,818	5,089	5.59	5.11	0.01
Pakistan State Oil Company Limited	-	113,000	-	-	113,000	31,851	31,359	(492)	8.04	7.35	0.07
						<b>65,430</b>	<b>78,719</b>	<b>13,289</b>			
<b>Chemicals</b>											
Engro Corporation Limited	196,240	138,000	27,600	196,240	165,600	26,268	34,077	7,810	8.73	7.98	0.05
Fauji Fertilizer Bin Qasim Limited	223,451	-	-	223,451	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	231,224	800,000	-	231,224	800,000	9,835	10,704	870	2.74	2.51	0.12
ICI Pakistan Limited	-	191,500	-	-	191,500	25,088	31,632	6,545	8.11	7.41	0.14
						<b>61,190</b>	<b>76,413</b>	<b>15,224</b>			
<b>General Industrials</b>											
Packages Limited	74,624	-	-	-	74,624	8,792	8,799	8	2.26	2.06	0.09
						<b>8,792</b>	<b>8,799</b>	<b>8</b>			
<b>Automobile and Parts</b>											
Pak Suzuki Motor Company Limited	85,000	-	-	56,258	28,742	2,624	1,997	(627)	0.51	0.47	0.03
						<b>2,624</b>	<b>1,997</b>	<b>(627)</b>			
<b>Household Goods</b>											
Pak Elektron Limited	627,570	-	-	-	627,570	12,594	8,880	(3,714)	2.28	2.08	0.53
						<b>12,594</b>	<b>8,880</b>	<b>(3,714)</b>			
<b>Pharma and Bio Tech</b>											
Searle Pakistan Limited	-	176,495	-	163,800	12,695	780	812	33	0.21	0.19	0.58
						<b>780</b>	<b>812</b>	<b>33</b>			
<b>Electricity</b>											
The Hub Power Company Limited	316,500	-	-	316,500	-	-	-	-	-	-	-
Kot Addu Power Company Limited	541,470	-	-	-	541,470	25,991	22,298	(3,693)	5.72	5.22	0.06
						<b>25,991</b>	<b>22,298</b>	<b>(3,693)</b>			
<b>Banks</b>											
Allied Bank Limited	310,384	-	-	-	310,384	18,332	20,291	1,959	5.20	4.75	0.04
						<b>18,332</b>	<b>20,291</b>	<b>1,959</b>			
<b>Total as at 31 March 2011</b>						<b>195,732</b>	<b>218,209</b>	<b>22,479</b>			
<b>Total as at 30 June 2010</b>						<b>193,883</b>	<b>191,078</b>	<b>(2,805)</b>			

-(Rupees in '000)-

4.2 Listed preference shares- 'at fair value through profit or loss'

Name of the investee company	Number of shares				Balance as at 31 March 2011				Paid up value of shares held as a percentage of total paid up capital of the investee company		
	As at 01 July 2010	Purchases during the period	Bonus / Right issue during the period	Sales / redeemed during the period	As at 31 March 2011	Cost	Market value	Appreciation / (diminution)		As a percentage of total investments	Market Value
<b>PERSONAL GOODS</b>											
Masood Textile Mills Limited	2,500,000	-	-	833,333	1,666,667	16,667	16,667	-	4.27	3.90	2.78
<b>Total as at 31 March 2011</b>						<u>16,667</u>	<u>16,667</u>	-			
<b>Total as at 30 June 2010</b>						<u>25,000</u>	<u>25,000</u>	-			

(Rupees in '000)

4.3 Term Finance Certificates and Sukuk bonds

Certificates (TFCs) having a face value of Rs 5,000 each, unless stated otherwise

Name of the investee company	Issue date	Number of certificates				Balance as at 31 March 2011				Par value as a percentage of issued debt capital of investee company	
		As at 01 July 2010	Purchases during the period	Sales / Matured during the period	As at 31 March 2011	Cost	Market value	Appreciation / (diminution)	As a percentage of total investments		Market Value
<b>Worldcall Telecom Limited I</b>	28-Nov-06	3,000	-	-	3,000	5,046	4,764	(282)	1.22	1.12	4.29
<b>United Bank Limited III</b>	8-Sep-06	7,020	-	-	7,020	34,693	34,514	(179)	8.85	8.08	1.76
<b>Maple Leaf Cement Factory Limited</b>	3-Dec-07	2,000	-	-	2,000	6,993	6,265	(728)	1.61	1.47	0.13
<b>Maple Leaf Cement Factory Limited</b>	31-Mar-10	-	75	-	75	375	264	(111)	0.07	0.06	0.00
<b>Total as at 31 March 2011</b>						<u>47,107</u>	<u>45,807</u>	<u>(1,300)</u>			
<b>Total as at 30 June 2010</b>						<u>49,273</u>	<u>47,513</u>	<u>(1,760)</u>			

(Rupees in '000)

4.3.1 During the period, Maple Leaf Cement Factory Limited has been classified as performing debt security in accordance with circular no. 1 of 2009 and circular no. 3 of 2010 issued by the Securities and Exchange Commission of Pakistan and accordingly provision amounting to Rs 2.471 million has been reversed during the period.

4.4 Investment in government securities - 'at fair value through profit or loss'

Issue Date	Tenor	As at 01 July 2010	Purchases during the period	Sales / Matured during the period	As at 31 March 2011	Balance as at 31 March 2011			Market value as a % of total investm ents	Investment Market value as a percentage of net assets
						Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----										
<b>Treasury Bills</b>										
20-May-10	3 months	50,000	-	50,000	-	-	-	-	-	-
3-Jun-10	3 months	20,000	-	20,000	-	-	-	-	-	-
17-Jun-10	3 months	25,000	-	25,000	-	-	-	-	-	-
15-Jul-10	3 months	-	15,000	15,000	-	-	-	-	-	-
13-Aug-10	3 months	-	50,000	50,000	-	-	-	-	-	-
29-Jul-10	3 months	-	10,000	10,000	-	-	-	-	-	-
27-Aug-09	12 months	-	50,000	50,000	-	-	-	-	-	-
26-Aug-10	3 months	-	80,000	80,000	-	-	-	-	-	-
9-Sep-10	3 months	-	75,000	75,000	-	-	-	-	-	-
4-Nov-10	3 months	-	25,000	25,000	-	-	-	-	-	-
16-Nov-10	3 months	-	75,000	75,000	-	-	-	-	-	-
2-Dec-10	3 months	-	75,000	75,000	-	-	-	-	-	-
24-Feb-11	3 months	-	75,000	-	75,000	73,714	73,711	(3)	18.89	17.27
<b>Total as at 31 March 2011</b>						<b>73,714</b>	<b>73,711</b>	<b>(3)</b>		
<b>Total as at 30 June 2010</b>						<b>93,414</b>	<b>93,381</b>	<b>(33)</b>		

4.5 Listed equity securities - 'available-for-sale'

Name of the Investee company	Number of shares				Balance as at 31 March 2011				---Market Value---		Par value as a percentage of issued capital of investee company	
	As at 01 July 2010	Purchases during the period	Bonus / Right issue during the period	Sales during the period	As at 31 March 2011	Cost less impairment	Market Value	(Diminution) / Appreciation	As a percentage of total investments	As a percentage of net assets		
<b>Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise</b>												
<b>General Industrials</b>												
Packages Limited	134,307	-	-	-	134,307	18,351	15,836	(2,515)	4.06	3.71	0.16	
						<b>18,351</b>	<b>15,836</b>	<b>(2,515)</b>				
<b>Automobile and parts</b>												
Pak Suzuki Motors Company Limited	159,305	-	-	-	159,305	8,688	11,067	2,379	2.84	2.59	0.19	
						<b>8,688</b>	<b>11,067</b>	<b>2,379</b>				
<b>Food Producers</b>												
Nestle Pakistan Limited	5,935	-	-	5,935	-	-	-	-	-	-	-	
<b>Personal Goods</b>												
Kohinoor Mills Limited	361,484	-	-	-	361,484	1,142	549	(593)	0.14	0.13	0.71	
Suraj Cotton Mills Limited	211,446	-	-	-	211,446	2,685	8,301	5,617	2.13	1.94	1.17	
						<b>3,826</b>	<b>8,850</b>	<b>5,024</b>				
<b>Total as at 31 March 2011</b>						<b>30,865</b>	<b>35,753</b>	<b>4,888</b>				
<b>Total as at 30 June 2010</b>						<b>34,311</b>	<b>46,349</b>	<b>12,038</b>				

- 4.6 Investments include quoted equity securities with market value of Rs 30,482,483 (30 June 2010: Rs 28,584,340) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan.

	(Un-Audited) 31 March 2011	(Audited) 30 June 2010
	(Rupees in '000)	
<b>4.7 Net unrealised appreciation / (diminution) in value of investments 'at fair value through profit or loss'</b>		
Market value of investments	354,394	356,972
Less: Cost of investments	<u>(333,220)</u>	<u>(361,570)</u>
	21,174	(4,598)
Net unrealised diminution in the fair value of investments at the beginning of the period	<u>4,598</u>	<u>48,564</u>
Realised on disposal during the period	<u>7,071</u>	<u>(47,564)</u>
	11,669	1,000
	32,843	(3,598)
(Reversal of provision) / provision against non-performing debt securities	<u>(2,471)</u>	<u>2,471</u>
	<u>30,372</u>	<u>(1,127)</u>
<b>4.8 Net unrealised diminution in fair value of investments classified as 'available-for-sale'</b>		
Market value of investments	35,753	46,349
Less: Cost less impairment	<u>(30,865)</u>	<u>(34,311)</u>
	4,888	12,038
Impairment loss on financial assets classified as 'available for sale'- transferred to income statement	<u>2,943</u>	<u>615</u>
	7,831	12,653
Less: Net unrealised appreciation in fair value of investments at the beginning of period	<u>(12,653)</u>	<u>(26,098)</u>
	<u>(4,822)</u>	<u>(13,445)</u>

- 4.9 As at 31 March 2011, the management has carried out a scrip wise analysis of impairment in respect of equity securities classified as available-for-sale. Accordingly, the management has charged an impairment loss amounting to Rs 2,943,206 for the nine months ended 31 March 2011.

	(Un-Audited) Note 31 March 2011	(Audited) 30 June 2010
	(Rupees in '000)	
<b>4.10 Movement in provision against debt securities</b>		
<b>Opening balance</b>	2,471	-
Charge for the year	-	2,471
Less: Reversal of provision	4.3.1 (2,471)	-
Write Off	-	-
<b>Closing balance</b>	<u>-</u>	<u>2,471</u>

## 5 TAXATION

No provision for taxation has been made as the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Management Company on behalf of the Fund intends to distribute at least 90 percent of such accounting income relating to the year ending 30 June 2011 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 6 CONTINGENCIES AND COMMITMENTS

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the WWF. The honorable court has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response a petition has been filed with the SHC by some of Mutual Funds through their Trustees along with few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated July 15, 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income of Mutual Fund(s), the product being sold, is exempted under the law *ibid.*"

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry filed its response contesting the said petition. SHC has concluded its hearing and judgement has been reserved.

Based on the advice of the legal council handling the case, the Management Company is of the view that notwithstanding the show cause notices issued to a number of mutual funds, WWF is not applicable to the Funds due to the clarification issued by the Ministry which creates vested right, hence provision has not been made in respect of WWF, which, if liable, would amount to Re 0.07 per unit.

There were no other contingencies and commitments outstanding as at 31 March 2011.



**7 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board of Directors of the Management Company has approved the category of the Fund as "Balanced Scheme".

In accordance with clause (v) of the investment criteria laid down for 'Balanced Scheme', the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). Further, clause (v) of the said categorization criteria requires that the ratings of any banks and DFIs with which funds are placed should not be lower than AA- (Double A Minus). However, as at 31 March 2011, the Fund is non compliant with the above-mentioned requirement in respect of the following investments:

Name of non-compliant investment *	Name of Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
------(Rupees '000)-----						
Investment in debt securities*	Maple Leaf Cement Factory Limited - Term Finance Certificate	6,266	-	6,266	1.40	1.38
Investment in debt securities**	Maple Leaf Cement Factory Limited - Term Finance Certificate	264	-	264	0.06	0.06

\* At the time of purchase, the said Sukuk was in compliance of the said circular (i.e. investment grade) and was subsequently downgraded to Non-investment grade.

\*\* This was issued against outstanding markup receivable from Maple Leaf cement Factory Limited.

**8 TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include Arif Habib Investments Limited (AHI) being the Management Company, Arif Habib Corporation (formerly: Arif Habib Securities Limited) being the holding company of AHI, Arif Habib Limited and Thatta Cement Limited being companies under common control, Summit Bank Limited (formerly: Arif Habib Bank Limited) and Pak Arab Fertilizers Limited being the companies under common directorship, Central Depository Company Limited being the Trustee of the Fund, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

Remunerations to the management company and trustee are determined in accordance with the provisions of the NBFC Regulations and Trust Deed of the Fund.

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

## 8.1 Transactions during the period

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
----- (Rupees in '000) -----				
<b>Arif Habib Investments Limited - Management Company</b>				
Remuneration for the period	<u>6,596</u>	<u>8,085</u>	<u>2,138</u>	<u>2,364</u>
Issue of units: Nil (2010: Nil units)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Redemption of Nil units (2010: 1,318,754 units)	<u>-</u>	<u>11,961</u>	<u>-</u>	<u>-</u>
Bonus units issued: Nil (2010: Nil units)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Arif Habib Investments Limited - Employees Provident Fund</b>				
Redemption of Nil units (2010: 101,039 units)	<u>-</u>	<u>972</u>	<u>-</u>	<u>-</u>
Bonus units issued: 65,629 (2010: Nil units)	<u>464</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Arif Habib Limited - Brokerage house</b>				
Brokerage expense for the period	<u>113</u>	<u>203</u>	<u>14</u>	<u>82</u>
<b>Summit Bank (Formerly: Arif Habib Bank Limited)</b>				
Mark-up Income for the period	<u>18</u>	<u>4,712</u>	<u>-</u>	<u>1,603</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration for the period	<u>660</u>	<u>808</u>	<u>214</u>	<u>236</u>
CDS Charges	<u>9</u>	<u>16</u>	<u>2</u>	<u>3</u>
CDS Eligibility charges	<u>51</u>	<u>51</u>	<u>17</u>	<u>17</u>
<b>Directors and executives of the Management Company</b>				
Issue of 17,397 units (2010: 57,696 units) and Nil units (2010: 50,703) for the nine months and quarter respect	<u>128</u>	<u>571</u>	<u>-</u>	<u>503</u>
Redemption of 579,887 units (2010: 61,396 units) and 562,593 units (2010: 50,703) for the nine months and quarter respectively	<u>4,646</u>	<u>604</u>	<u>4,518</u>	<u>503</u>
Bonus units issued: 164,969 (2010: Nil) and Nil bonus units (2010: Nil) for the nine months and quarter respectively	<u>1,166</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Un-Audited) (Audited)  
31 March 30 June  
2011 2010  
----- (Rupees '000) -----

## 8.2 Amounts outstanding as at period / year end

<b>Arif Habib Limited</b>		
Brokerage payable	<u>-</u>	<u>-</u>
<b>Summit Bank (Formerly: Arif Habib Bank Limited)</b>		
Accrued mark-up Receivable	<u>-</u>	<u>131</u>
Bank Balance	<u>21</u>	<u>1,344</u>
<b>Arif Habib Investments Limited - Management Company</b>		
Units held: Nil (30 June 2010: Nil units)	<u>-</u>	<u>-</u>
Payable to Management Company	<u>715</u>	<u>727</u>
<b>Arif Habib Investments Limited - Employees Provident Fund</b>		
Units held: 225,629 (30 June 2010: 160,000 units)	<u>1,830</u>	<u>1,595</u>
<b>Directors and executives of the Management Company</b>		
Units held 4,663 (30 June 2010: 402,183 units)	<u>38</u>	<u>4,010</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	<u>300</u>	<u>300</u>
Trustee Fee Payable	<u>72</u>	<u>73</u>
Prepaid CDS eligibility charges	<u>17</u>	<u>-</u>

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

**9 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue on 23 April 2011 by the Board of Directors of the Management Company.

**10 GENERAL**

- 10.1** Figures have been rounded off to the nearest thousand rupees.

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

**Chief Executive**

**Director**

Asset Manager Rating  
'AM2' Positive Outlook (by PACRA)



**HEAD OFFICE:**

Arif Habib Centre, 23 M.T. Khan Road,  
Karachi-74000, Pakistan.

Tel: (+92-21) 111-468-378 (111-INVEST)

Fax: (+92-21) 32470351, 32470337

E-mail: [marketing@arifhabib.com.pk](mailto:marketing@arifhabib.com.pk)

Website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)