

PAKISTAN INCOME ENHANCEMENT FUND CONTENTS

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PAKISTAN INCOME ENHANCEMENT FUND FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi
Board of Directors of the Management Company	Mian Mohammad Mansha Chairman(subject to the approval of SECP) Mr. Nasim Beg Executive Vice Chairman Mr. Yasir Qadri Chief Executive (subject to the approval of SECP) Syed Salman Ali Shah Director (subject to the approval of SECP) Mr. Haroun Rashid Director (subject to the approval of SECP) Mr. Ahmed Jahangir Director (subject to the approval of SECP) Mr. Samad A. Habib Director Mr. Mirza Mahmood Ahmad Director (subject to the approval of SECP)
Company Secretary & CFO of the Management Company	Mr. Muhammad Saqib Saleem
Audit Committee	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400
Bankers	Summit Bank Limited Bank AL Habib Limited Habib Metropolitan Bank Limited Allied Bank Limited Bank Alfalah Limited Standard Chartered Bank (Pakistan) Limited
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530
Registrar	Gangjees Registrar Services (Pvt.) Limited. Room No. 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.
Rating	AM2 (Positive Outlook) – Management Quality Rating assigned by PACRA

PAKISTAN INCOME ENHANCEMENT FUND REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2011

The board of Directors of Arif Habib Investment Limited, the Management Company of Pakistan Income Enhancement Fund (PIEF), is pleased to present the Annual Report on the affairs of PIEF for the year ending 30th June, 2011.

Economy and Money Market Overview

Despite continued macro-economic challenges throughout the period, the year under review (July '10-June '11) was not as turbulent as it was expected to be due to concerns over payments from foreign donor agencies and devastation caused by floods throughout the country. Record-high levels of remittances and cotton prices saved the day and kept external account position under control.

During the year, exports rose to US\$ 25.4 billion, 29% higher on a YoY basis, reducing the trade deficit to around US\$ 10.3 billion, 11% lower YoY. In addition to contained trade deficit, record-high level of workers' remittances flow has taken the current account balance to a surplus of US\$ 437 million, for the first time after FY04. Despite meager financial account flows, country's balance of payment position improved significantly during the year by around US\$ 2.5 billion - taking the FX reserves to a record level of US\$ 18.2 billion, consequently keeping PKR-USD exchange rate largely stable during the year.

Post-flood, inflationary pressures have risen significantly amidst supply-side issues as well as phasing out of power subsidies, CPI inflation averaged higher at around 14.6% during 1H FY11. Due to relatively lower food inflation as well as no major electricity pass-through during the latter half, CPI inflation averaged at a lower level of 13.3% - taking the average FY11 inflation to 13.9%. Real economy, however, did not have much to show with Real GDP growth stood at a paltry 2.4%, much lower than the target. Loss in agriculture produce because of floods caused a major dent towards country's economic growth during the period under review. Services sector, however, was able to provide some support with a growth of 4.1%, bringing the overall GDP growth to 2.4%.

Fiscal indiscipline has remained a cause of concern for the economic managers as the country is expected to witness yet again a deficit of over 6% of the GDP during FY11. Even during the first 9M of the fiscal year, the country witnessed a fiscal deficit of Rs. 783 billion, 4.3% of the revised GDP. Slower growth in revenue collection coupled with higher current expenditure has been the chief reason behind ballooning fiscal deficit. Unfortunately, development expenditure is expected to be under-spent for yet another year to meet revised fiscal deficit targets. In addition of having a higher fiscal deficit, the financing mix is also alarming as the country had to resort to domestic sources of funding to a large extent in the absence of sizeable foreign flows during the period under review.

Considering the volatility in the macroeconomic variables, the State Bank of Pakistan has also altered its monetary stance at least twice during the year. Citing the deteriorating macroeconomic fundamentals during the 1H FY11 mainly in the backdrop of floods, the SBP raised its policy discount rate cumulatively by 150 bps to 14.0%. However, gradual improvement towards external account through remittances and increased textile exports as well as lower levels of government borrowing from SBP has compelled the central bank to keep its policy DR unchanged for the next 3 policies during 2H FY11. Due to an overall higher interest rate environment, 1 year PKRV averaged at around 13.4% during FY11, much higher than the average 12.2% a year ago.

During FY11, key monetary indicators have also been better as compared to that of last year with money supply (M2) posting a strong growth of 15.9%. Although Net Domestic Asset (NDA) growth has been a key contributor behind M2 growth during this year as well, sizeable YoY growth of 43% in Net Foreign Assets (NFA) has been commendable - also reflecting strong BOP position.

In absence of foreign donor payments coming through, government's need to borrow continues to be a barrier in way of significant drop in interest rates or growth in credit. However, in absence of new credit creation, existing Term Finance Certificates (TFC) market became liquid and bank issued TFCs commanded improvement in prices during the period under review. Moreover, GoP Ijarah Sukuk (GIS) has also emerged as an attractive instrument during the year for conventional markets in general and Shariah compliant markets in particular. In addition of giving strong interest yield, GIS has also provided potential for capital gains due to its demand-supply gap and therefore has seen significant activities during the year in both primary as well as secondary markets.

Future outlook

Citing contained inflationary pressures, strong external account position and lower levels of government borrowing from SBP, the central bank decided to lower its policy discount rate by 50 bps to 13.5% in its Jul'11 monetary policy review.

We believe that the materialization of sizeable foreign inflows will continue to be the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. Going forward, liquidity and interest rate direction will be largely dependent on the magnitude and sources of fiscal funding. In the absence of foreign flows, greater reliance will be on domestic sources - which could rebound inflation and interest rates.

In this fast changing interest rates scenario, the fund will remain committed towards superior quality assets while continue to exploit attractive opportunities in the market.

Funds Performance

The net assets of the fund were around PKR 1.6 billion as on 30th June, 2011. The investment objective of the Fund is to deliver returns from aggressive investment strategy in the debt and fixed income markets. The fund is benchmarked against a composite benchmark based on 90% of 12 M KIBOR + 10% of 3M PKRV. The fund, through active management and aggressive trading positions was able to yield an annualized return of 12.4% during the period under review which was higher than the Fund's benchmark return of 11.5% during the same period.

PAKISTAN INCOME ENHANCEMENT FUND

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY

FOR THE YEAR ENDED JUNE 30, 2011

The overall liquidity situation remained relatively better during the fiscal year under-review as compared to that of last year. The fund continued to deploy assets with an aggressive approach while giving focus on the credit quality of the instruments. Considering the risk-return profile of government papers, the fund increased its exposure significantly towards government papers while maintaining decent allocations towards some good quality TFCs.

In addition, the portfolio return continued its upward movement during the period while at the same time maintaining the exposure to interest rate risk on the lower side. The Fund yields for the period under review remained as follows:

Performance Information (%)	PIEF	Benchmark
Last twelve Months Return (Annualized)	12.4%	11.5%
Since Inception (CAGR)	14.9%	12.7%

During the year your fund earned net income of **Rs 212,698,510**. The Board in the meeting held on 4th July, 2011 has declared final distribution amounting to **Rs. 10,299,173** million (i.e. **Rs. 0.3309** per unit). In addition to Final distribution, the Management Company has approved following interim distribution during the year ended June 30, 2011.

Date of Distribution	Distribution PKR / Unit
'26 July 2010	Re. 0.65 per unit
'26 August 2010	Re. 0.53 per unit
'26 September 2010	Re. 0.82 per unit
'26 October 2010	Re. 0.43 per unit
'26 November 2010	Re. 0.52 per unit
'26 December 2010	Re. 0.47 per unit
'26 January 2011	Re. 0.51 per unit
'26 February 2011	Re. 0.51 per unit
'26 March 2011	Re. 0.51 per unit
'26 April 2011	Re. 0.49 per unit
'26 May 2011	Re. 0.51 per unit

During the period, units worth **Rs. 0.690225** billion (including **Rs. 20.072** million worth of bonus units) were issued and units with a value of **Rs. 1.461265** billion were redeemed. As on 30th June, 2011 the NAV of the Fund was **Rs. 52.19** per unit.

Update on Workers' Welfare Fund

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. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR also took up the matter with FBR for their withdrawal.

Further, a fresh Constitutional Petition filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC.

In view of the afore mentioned developments, the Management Company firmly believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the Management Company also expects that the constitutional petition pending in the Honourable High Court of Sindh on the subject as referred above will be decided in favour of the Mutual Funds. However the auditor of the Fund because of pending adjudication of the Constitutional petition in Honourable Sindh High Court and included a emphasis of matter paragraph in auditor' report highlighting the said issue.

The aggregate unrecognised amount of WWF as at June 30, 2011 amounted to Rs.10.243 million.

PAKISTAN INCOME ENHANCEMENT FUND

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY

FOR THE YEAR ENDED JUNE 30, 2011

Corporate Governance

The Fund is committed to high standards of corporate governance and the Board of Directors of the Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Islamabad Stock Exchange.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly the statement of affairs, the results of operations, cash flows and Change in unit holders' fund.
- b. Proper books of accounts of the Fund have been maintained during the year.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements.
Accounting estimates are based on reasonable prudent judgment.
- d. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company, hence the disclosure has been made in the Directors' Report of the Management Company.
- k. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- l. As per note 1 of financial statements, MCB Asset Management Company Limited merged with and into Arif Habib Investments Limited on June 27, 2011. Statement showing attendance of Board meetings is as under:

Attendance of Board Meetings From 1st July 2010 to 30th June 2011.

S. No.	Name	Designation	Meetings			
			Total	Attended	Eligible to attend	Leave Granted
1.	Mr. Shafi Malik *	Former Chairman	15	15	15	-
2.	Mr. Nasim Beg **	Executive Vice Chairman	15	15	15	-
3.	Mr. Muhammad Akmal Jameel *	Former Director	15	15	15	-
4.	Mr. Muhammad Kashif *	Former Director	15	11	15	4
5.	Syed Ajaz Ahmed *	Former Director	15	13	15	2
6.	Mr. Sirajuddin Cassim *	Former Director	15	4	15	11
7.	Mr. S. Gulrez Yazdsni *	Former Director	15	13	15	2
8.	Mr. Samad A. Habib ***	Director	15	5	5	-
9.	Mian Mohammad Mansha ****	Chairman	15	1	1	-
10.	Mr. Yasir Qadri ****	Chief Executive	15	1	1	-
11.	Syed Salman Ali Shah ****	Director	15	1	1	-
12.	Mr. Haroun Rashid ****	Director	15	1	1	-
13.	Mr. Ahmed Jahangir ****	Director	15	1	1	-
14.	Mr. Mirza Mahmood Ahmad ***	Director	15	1	1	-

* Resigned on 27th June, 2011

** Mr. Nasim Beg resigned as Chief Executive on 27th June, 2011 and appointed as Executive Vice Chairman on the same date.

*** Mr. Samad A. Habib was elected as director on 7th February, 2011 and his appointment approved by SECP on 31st March, 2011.

****Appointed on 27th June, 2011 and their approval of appointment from SECP is awaited.

**PAKISTAN INCOME ENHANCEMENT FUND
REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2011**

m. The trades in the units of the fund were carried out by the Directors, CE, CFO/Company Secretary of the Management Company and their spouses and minor children, are as under:

S. No.	Name	Designation	Investment	Redemption	Bonus
			(Number of Units)		
1.	Mr. Nasim Beg	Executive Vice Chairman	11,944.71	12,019.62	74.91

External Auditors

The fund's external auditors, Messers KPMG Taseer Hadi Khalid & Co., Chartered Accountants, have retired after the conclusion of audit for current year. Due to completion of maximum time allowed under trust deed of the Fund, they are not eligible for reappointment. The audit committee of the Board has recommended appointment of A.F. Ferguson & Co., Chartered Accountants (who have given consent to such appointment) as auditors for the year ending June 30, 2012.

Acknowledgement

The Board of Directors of the Management Company is thankful to the valued investors of the Fund for their reliance and trust in Arif Habib Investments Limited. The Board also likes to thank the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (the Trustee of the Fund) and the management of the Karachi Stock Exchange for their continued cooperation, guidance, substantiation and support. The Board also acknowledges the efforts put in by the team of the Management Company for the growth and meticulous management of the Fund.

For and on behalf of the board

**Yasir Qadri
Chief Executive**

Karachi: 20th September, 2011

PAKISTAN INCOME ENHANCEMENT FUND REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2011

Fund Type and Category

Pakistan Income Enhancement Fund (PIEF) is an open-end Aggressive Fixed Income Scheme

Fund Benchmark

The benchmark for PIEF is 90% of 12 M KIBOR + 10% of 3M PKRV

Investment Objective

The objective of the Fund is to deliver returns from aggressive investment strategy in the debt and fixed income markets.

Investment Strategy

Pakistan Income Enhancement Fund (An Aggressive Fixed Income Fund) (referred to as PIEF) is an open end fund which primarily invests in debt and fixed income instruments and may also take limited exposure in structured products. The maximum duration of the fund shall not exceed 3 years.

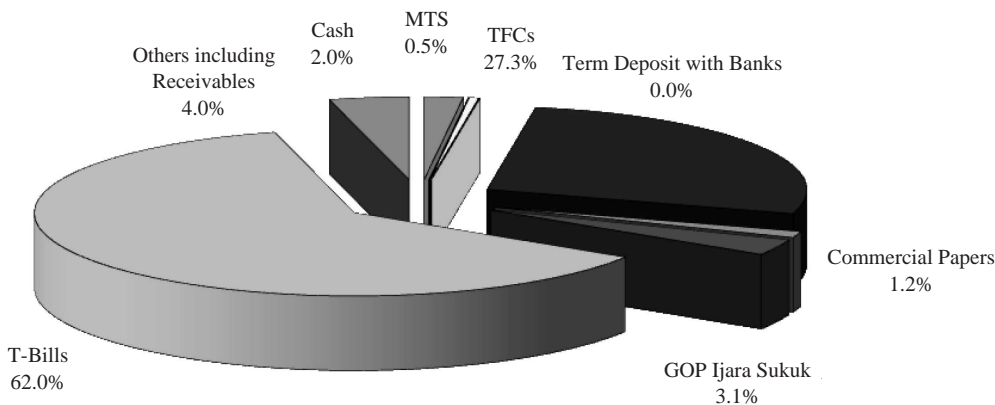
Manager's Review

The fund was able to generate an annualized return of 12.4% during the year under review as against the fund's benchmark return of 11.5% during the same period, an out-performance of 0.9%.

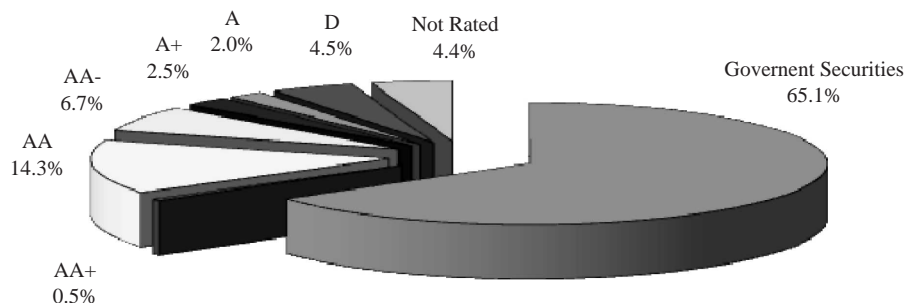
The fund remained focused towards providing higher return to the investors by taking aggressive position in the debt and money markets. During the year, the fund also capitalized strongly on the government papers owing to better risk-return proposition while maintaining a decent exposure in some good quality TFCs as well as TDRs whenever available. The fund's year end allocations were 62% in Treasury Bills, 27% in Term Finance Certificates, 3% in GoP Ijarah Sukuk, 1% in Commercial Papers, 7% in cash and other assets. The fund also capitalized on attractive TDRs opportunities during the year especially near quarter-end periods.

The net assets of the fund stood at PKR 1.6 billion by the end of June 2011, which was down by around 27% during the period under review. The decline in net assets was in line with the industry trend as money market funds continued to grow during the period while income funds kept on depleting in terms of assets under management amid investors' preference for the former.

Asset Allocation as on June 30, 2011 (% of total assets)



Asset Quality as of June 30, 2011 (% of total assets)



Mr. Umair Khan
Fund Manager

Karachi: September 20, 2011

PAKISTAN INCOME ENHANCEMENT FUND TRUSTEE REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2011

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The Pakistan Income Enhancement Fund (the Fund), an open-end Fund was established under a trust deed dated July 14, 2008, executed between Arif Habib Investments Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: October 26, 2011

PAKISTAN INCOME ENHANCEMENT FUND STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented by the Board of Directors of Arif Habib Investments Limited ("the Management Company"), the Management Company of **Pakistan Income Enhancement Fund** ("the Fund") to comply with the Code of Corporate Governance contained in Listing Regulations of Islamabad Stock Exchange 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 Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes three independent non-executive directors out of a total strength of eight directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management 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 Mr. Muhammad Shafi Malik, Mr. Sirajuddin Cassim, Mr. Muhammad Akmal Jameel, Mr. Muhammad Kashif, Mr. S. Gulrez Yazdani and Syed Ajaz Ahmed had resigned and were replaced by Mian Mohammad Mansha, Mr. Haroun Rasheed, Mr. Ahmed Jahangir, Mr. Yasir Qadri, Dr. Salman Shah and Mr. Mirza Mehmood Ahmad, respectively, as directors of the Management Company, on the same day due to merger as fully explained in note 1 to the financial statements.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices', which has been approved by the Board of Directors and signed by all the directors and employees of the Management Company.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Management 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, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive (CE) has been taken by the Board. As on June 30, 2011, there are no other executive directors of the Management Company besides the Executive Vice Chairman and Chief Executive.
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, except for emergency meeting for which written notice of less than seven days was served. The minutes of the meetings were appropriately recorded and circulated and signed by the Chairman of the Board of Directors.
9. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. The Company has planned to conduct an orientation course for its directors, in the near future to appraise them of their duties and responsibilities.
11. The Board has approved appointment, remuneration and terms and conditions of the employment of Chief Financial Officer and Company Secretary and Head of Internal Audit, as determined by the Chief Executive.
12. The Directors' Report of the Fund 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 Directors, CE and executives of the Management Company do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.
15. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee for the Management Company. It comprises of four members, out of which two are non-executive directors.
17. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
18. The Company has an effective internal audit function which was headed by the Head of Internal Audit who resigned on amalgamation. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

**PAKISTAN INCOME ENHANCEMENT FUND
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2011**

19. The statutory auditors of the Fund 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.

On behalf of the board

Yasir Qadri
Chief Executive

Karachi: September 20, 2011

**PAKISTAN INCOME ENHANCEMENT FUND
REVIEW REPORT TO THE UNIT HOLDERS ON THE
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES
OF THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2011**

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 Arif Habib Investments Limited, "the Management Company" of the Fund to comply with the Listing Regulations of Islamabad Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. 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 Fund'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 Management Company's personnel and review of various documents prepared by the Management 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 the controls and the effectiveness of such internal controls.

Further, sub-regulation (xiii-a) of Listing Regulations 35 notified by the Islamabad Stock Exchange (Guarantee) Limited requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2011.

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

**Karachi
Dated: 20th September 2011**

PAKISTAN INCOME ENHANCEMENT FUND INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2011

We have audited the accompanying financial statements of **Pakistan Income Enhancement Fund ("the Fund")**, which comprise of the statement of assets and liabilities as at 30 June 2011, and the income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year ended 30 June 2011 and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011, and of its financial performance, cash flows and transactions for the year ended 30 June 2011 in accordance with the approved accounting standards as applicable in Pakistan.

Emphasis of matter

We draw attention to note 14 to the financial statements relating to provision for Worker's Welfare Fund, (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF in Honourable Sindh High Court. In view of the matter more fully discussed in the above note, provision against WWF amounting to Rs. 10.234 million is not being maintained by the Fund. Our opinion is not qualified in respect of this matter.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi
Dated: September 20, 2011

KPMG Taseer Hadi & Co.
Chartered Accountant
Amyr Pirani

FINANCIAL STATEMENTS

**PAKISTAN INCOME ENHANCEMENT FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2011**

	Note	2011	2010
(Rupees in '000)			
Assets			
Bank balances	4	32,062	107,319
Receivable against sale of units		14,292	27,631
Receivable against redemption of investments		678	-
Investments	5	1,556,161	2,068,284
Balance receivable under Margin Trading System	6	7,707	-
Income and profit receivable	7	20,322	26,776
Deposits, prepayments and other receivables	8	796	1,305
Preliminary expenses and floatation costs	9	432	632
Total assets		1,632,450	2,231,947
Liabilities			
Payable to Management Company	10	2,683	3,607
Payable to Central Depository Company of Pakistan Limited - Trustee	11	183	257
Payable to Securities and Exchange Commission of Pakistan - Annual fee	12	1,402	1,165
Payable on redemption of units		2,297	2,243
Accrued expenses and other liabilities	13	1,473	1,083
Total liabilities		8,038	8,355
Contingencies			
	14		
Net assets		1,624,412	2,223,592
Unit holders' fund (as per statement attached)	16	1,624,412	2,223,592
(Number of Units)			
Number of units in issue		31,124,731	43,274,506
(Rupees)			
Net asset value per unit		52.19	51.38

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

**PAKISTAN INCOME ENHANCEMENT FUND
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	30 June, 2011	30 June, 2010
(Rupees in '000)			
Income			
Income from term finance certificates and sukuk bond		96,918	87,965
Income from government securities		145,407	91,306
Income from margin trading system		1,316	-
Income from commercial papers		922	-
Income from reverse repurchase transactions		-	508
Income from placements, certificates of investment and term deposit receipts		10,352	19,805
Profit on deposit accounts with banks		3,335	7,760
Capital (loss) / gain on sale of investments - net		(1,108)	15,101
Other Income		30	-
Unrealised (diminution) / appreciation in the value of investments	5.6	(12,354)	13,175
Total income before provisioning for non-performing exposure		244,818	235,620
Provision against non-performing exposure	5.7	2,278	(2,278)
Total income		247,096	233,342
Expenses			
Remuneration of the Management Company	10.1	27,949	23,291
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	2,663	2,538
Annual fee - Securities and Exchange Commission of Pakistan	12	1,402	1,165
Securities transaction cost		355	1,033
Settlement and bank charges		1,048	1,158
Fees and subscription		177	209
Legal and professional charges		87	132
Auditors' remuneration	16	391	393
Printing and related costs		125	153
Amortisation of preliminary expenses and floatation costs	9	200	200
Total expenses		34,397	30,272
Net income from operating activities		212,699	203,070
Net element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed		(13,086)	24,294
Net income carried forward for distribution		199,613	227,364

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

**PAKISTAN INCOME ENHANCEMENT FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	30 June, 2011	30 June, 2010
	(Rupees in '000)	
Net income for the year	199,613	227,364
Other comprehensive income for the year	-	-
Total comprehensive income for the year	199,613	227,364

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

**PAKISTAN INCOME ENHANCEMENT FUND
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

Note	30 June, 2011	30 June, 2010
	(Rupees in '000)	
Undistributed income brought forward		
- Unrealised gains / (losses) on remeasurement of investments	15,697	(372)
- Realised gains - net	44,172	14,605
Undistributed income brought forward	<u>59,869</u>	<u>14,233</u>
Final distribution for the year ended 30 June 2010: Rs. 0.51 per unit (date of distribution: 05 July 2010)		
- Issue of 394,579 bonus units	(20,072)	(5,070)
- Cash distribution	(1,998)	(740)
	<u>(22,070)</u>	<u>(5,810)</u>
Comprehensive income for the year	199,613	227,364
Interim distribution for the year ended 30 June 2011:		
- Issue of 2,954,045 bonus units for the year (Issue of 2,918,025 bonus units for the year ended 30 June 2010)	17 (150,583)	(147,795)
- Cash distribution for the year	17 (18,769)	(28,123)
Undistributed income carried forward	<u>68,060</u>	<u>59,869</u>
Undistributed income carried forward:		
- Unrealised gains on remeasurement of investments	306	15,697
- Realised gains - net	67,754	44,172
	<u>68,060</u>	<u>59,869</u>
The annexed notes 1 to 27 form an integral part of these financial statements.		

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

Chief Executive

Director

**PAKISTAN INCOME ENHANCEMENT FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2011**

	30 June, 2011	30 June, 2010
	(Rupees in '000)	
Net assets at the beginning of the year	2,223,592	799,337
Issue of 13,095,009 units (30 June 2010: 124,842,627 units)	670,153	6,341,229
Redemption of 28,592,898 units (30 June 2010: 100,288,528 units)	(1,461,265)	(5,091,181)
	(791,112)	1,250,048
Final distribution for the year ended 30 June 2010: Re. 0.51 per unit (date of distribution: 05 July 2010)		
- Issue of 394,579 bonus units	(20,072)	(5,070)
- Cash distribution	(1,998)	(740)
	(22,070)	(5,810)
Issue of 394,579 bonus units for the year 30 June 2010	20,072	5,070
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- transferred to income statement	13,086	(24,294)
Capital (loss) / gain on sale of investments - net	(1,108)	15,101
Net unrealised (diminution) / appreciation in the value of investments	(12,354)	13,175
Other net income for the year	213,075	199,088
	199,613	227,364
Interim distribution for the year ended 30 June 2011: Rs 4.67 per unit (2010: Rs 5.95 per unit)		
- Issue of 2,954,045 bonus units	(150,583)	(147,795)
- Cash distribution	(18,769)	(28,123)
	(169,352)	(175,918)
Net income for the year less distributions	30,261	51,446
Issue of 2,954,045 units for the year ended 30 June 2011 (2010: Issue of 2,918,025 bonus units for the year)	150,583	147,795
Net assets at the end of the year	1,624,412	2,223,592
	(Rupees)	
Net asset value per unit at the end of the year	52.19	51.38

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

**PAKISTAN INCOME ENHANCEMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	30 June, 2011	30 June, 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	199,613	227,364
Adjustments for		
Unrealised diminution / (appreciation) in the value of investments	12,354	(13,175)
Amortisation of preliminary expenses and floatation costs	200	200
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	13,086	(24,294)
Reversal of provision against non-performing exposure	(2,278)	2,278
	<u>222,975</u>	<u>192,373</u>
(Increase) / decrease in assets		
Receivable against sale of units	13,339	(1,354)
Investments	502,047	(1,558,201)
Receivable under Margin Trading System	(7,707)	-
Placement and certificate of investment	-	135,000
Receivable against redemption of investments	(678)	-
Income and profit receivable	6,454	(10,967)
Deposits, prepayments and other receivables	509	2,502
	<u>513,964</u>	<u>(1,433,020)</u>
(Decrease) / increase in liabilities		
Payable to Management Company	(924)	1,521
Payable to Central Depository Company of Pakistan Limited - Trustee	(74)	129
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	237	760
Payable on redemption of units	54	1,568
Accrued expenses and other liabilities	390	308
	<u>(317)</u>	<u>4,286</u>
Net cash generated from operating activities	<u>736,622</u>	<u>(1,236,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) / receipts against issuance of units	(791,112)	1,250,048
Dividend paid	(20,767)	(28,863)
Net cash generated from financing activities	<u>(811,879)</u>	<u>1,221,185</u>
Net decrease in cash and cash equivalents during the year	<u>(75,257)</u>	<u>(15,176)</u>
Cash and cash equivalents at the beginning of the year	<u>107,319</u>	<u>122,495</u>
Cash and cash equivalents at the end of the year	<u>32,062</u>	<u>107,319</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

PAKISTAN INCOME ENHANCEMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed under the Trust Act 1882, executed between Arif Habib Investments Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 14 July 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 26 June 2008 in accordance with Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 the SECP. During the current year, the registered office of the management company has been shifted to 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

Based on shareholders' resolutions of MCB Asset Management Company Limited and Arif Habib Investments Limited the two companies have merged as of 27th June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). Arif Habib Investments Limited being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30th July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable Sindh High Court (SHC). The honourable Sindh High Court (SHC) has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Fund is an open-ended mutual fund listed on the Islamabad Stock Exchange of Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. Unit holders are divided into plan "A" and plan "B". The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of AM2' (Positive Outlook) to the Management Company and 'AA-' to the Fund.

The Board has approved the categorization of the Fund as "Aggressive Fixed Income Fund".

The policy of the Fund is to invest in the investment grade term finance certificates and sukuk bonds, certificate of investments, term deposit receipts, spread transactions and with SECP approval structured deposits, notes, interest rate / cross currency swap and arbitrage products, options, derivatives, index linked structures etc. both within and outside Pakistan, international mutual funds, credit linked notes, and any other investment permissible under NBFC Regulations.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements of the Fund as at and for the year ended 30 June 2011 have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Rules and Regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

PAKISTAN INCOME ENHANCEMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, 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 judgments about the 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. Revisions 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.

Judgments 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 judgment in the next year are as follows:

- Classification and Valuation of instruments (Note 3.1, 3.6 and 21)
- Workers welfare fund liability (Note 14)
- Taxation (Note 3.9)
- Other assets - Judgment is involved in assessing the realisability of other assets balances

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

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.
- The amendment would result in certain changes in disclosures.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Fund's financial statements.

- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011) These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 1 January 2011, however, they do not affect the Fund's financial statements.

2.6 Changes in accounting policies

There were no changes in accounting policies of the Fund during the year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

PAKISTAN INCOME ENHANCEMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) *Financial instruments at fair value through profit or loss*

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss upon initial recognition if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in Income Statement.

b) *Available-for-sale*

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any other categories.

c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available-for-sale. This includes receivable against sale of investments, receivables against placements, certificates of investments and balance receivable under margin trading system and are carried at amortised cost using the effective yield method, less impairment losses, if any.

d) *Financial liabilities*

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at cost (transaction price) and in case of a financial instrument not at 'fair value through profit or loss' includes transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs on financial instruments at fair value through profit or loss are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit holders' fund until derecognised or impaired, when the accumulated fair value adjustments recognised in Unit holders' fund are included in the Income Statement.

PAKISTAN INCOME ENHANCEMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Fair value measurement principles

Basis of valuation of Term Finance Certificates / Sukuk Bonds

TFCs and Sukuks Bonds (SBs) are revalued at rates notified by MUFAP or using limited discretion as allowed under Circular 01 of 2009 dated 6 January 2009. Thinly traded and non traded SB's and TFCs are revalued by adjusting the yields within the limits as allowed by Circular 01 of 2009. The yields are so adjusted when management assesses that the sector specific risk, issuer specific risk or liquidity risk is not correctly reflected in the revalued amounts of investments.

Basis of valuation of Government Securities

The investment in government securities are valued at their fair values (determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page), based on the remaining tenor of the security. Mark up accrued on treasury bills are included in the carrying value of these investments.

Basis of valuation of Commercial papers

Commercial papers (with residual maturity of upto six months) are valued at their amortized cost in accordance with requirements of circular no. 1 of 2009 dated 06 January 2009 issued by the SECP.

Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of authorized investments 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-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of authorized investments are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

Margin trading system

Securities purchased under Margin Trading System (MTS) are entered into contracted rates for specified periods of time. Amount paid under these arrangement are recognized as receivable in respect of MTS. Profit is recognized on accrual basis using the effective interest rate method. Cash releases are adjusted against the receivable as reduction in the amount of receivable.

Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.2 *Unit holders' fund*

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

PAKISTAN INCOME ENHANCEMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

3.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, and any provision of transaction cost, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load if any, any duties, taxes, and charges on redemption, if applicable.

3.4 Element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) relating to available-for-sale investments held by the Fund is recorded in a separate reserve account and is recognised in the unit holders' fund account.

3.5 Provisions

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.6 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment is determined in accordance with the provisioning criteria for non performing debt securities specified by the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 1 of 2009 dated 06 January 2009, circular no.3 of 2010 dated 20 January 2010 and the provisioning criteria / policy for non performing exposures approved by the Board of Directors of the management company in accordance with the requirements of SECP vide its Circular no. 13 of 2009 dated 4 May 2009. Amount of impairment is the higher of the amount determined under the above provisioning criteria.

The Fund's policy for provision against impaired debt securities essentially is the same as prescribed by the Securities and Exchange Commission of Pakistan (SECP). However in respect of the Pre-IPO investments and the advances, it shall follow the time bands prescribed by the SECP for provision against impaired debt securities and the investment committee may also consider additional provision keeping in view the information available of the borrower relating the financial statements, periodic announcements, etc.

In respect of other financial assets, at each balance sheet date an assessment is carried out to determine whether there is any objective evidence of impairment. The Financial assets are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the income statement currently.

3.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from 28 August 2008 as per Trust Deed of the Fund approved by the Securities and Exchange Commission of Pakistan.

**PAKISTAN INCOME ENHANCEMENT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

3.8 Net asset value per unit

The net asset value 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 issue.

3.9 Taxation

The Fund is exempt from taxation on income under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders. Since the Board of Directors of the management company has declared such a dividend (refer note 17 and 26), accrual of the tax liability has not been made.

3.10 Offsetting of financial instruments

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income on the date on which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets at fair value through profit or loss account are included in the income statement in the period in which they arise.
- Income on Government securities, reverse repurchase arrangements, balance receivable under margin trading system, certificates of investment, certificates of deposits, term deposit receipts, commercial paper, placements and bank deposits are recognised in the income statement at rate of return implicit in the instrument on a time proportionate basis.

3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

3.13 Cash and cash equivalents

Cash and cash equivalent comprise of bank balances including term deposits with banks which have maturities of less than three months from the date of deposit.

3.14 Dividend (including bonus units)

All cash dividend and bonus units declarations are recognised in the period in which these are declared. As per clause 12 of Trust Deed and clause 6 of Part VI of Offering Document, the Management Company on behalf of the Fund on monthly basis (except June) distributes bonus / dividend. The Board of Directors on 22nd September 2008 have passed a resolution providing standing authorization to the Chief Executive Officer to approve and declare interim dividends out of profit earned by the Fund upto the 25th of each month. SECP vide letter no. NBFC - II.DD / AHIL / Misc-734 / 2009 has approved the above arrangement.

4. BANK BALANCES

	Note	30 June 2011	30 June 2010
(Rupees in '000)			
- In current accounts		21	19
- In deposit accounts	4.1	32,041	107,300
		<u>32,062</u>	<u>107,319</u>

PAKISTAN INCOME ENHANCEMENT FUND
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4.1 These balances in saving deposit accounts maintained with various banks carrying profit rates ranging from of 5% to 11.50% per annum (2010: 5% to 11.25% per annum).

5. INVESTMENTS

	Note	30 June 2011	30 June 2010
(Rupees in '000)			
At fair value through profit or loss (held for trading)			
Term Finance Certificates - listed	5.1	237,022	276,275
Term Finance Certificates - unlisted	5.1	170,462	275,409
Sukuk Bonds - listed	5.1	-	37,487
Sukuk Bonds - unlisted		42,053	54,248
Government Securities	5.2	1,012,131	1,424,865
Advance against subscription of Term Finance Certificate	5.3	25,000	-
Ijara Sukuk Certificates	5.4	50,078	-
		1,536,746	2,068,284
Available-for-sale			
Commercial paper	5.5	19,415	-
Total investment		1,556,161	2,068,284

**PAKISTAN INCOME ENHANCEMENT FUND
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5.1 Term Finance Certificates and Sukuk Bonds

Name of the Investee company	Maturity	Profit / mark-up percentage	As at 1 July 2010	Purchases during the year	Sales during the year	Matured during the year	As at 30 June 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value as a percentage of		Outstanding principal value as a percentage of issued debt capital
											net assets	total investments	

Certificates of Rs 5,000 each unless stated otherwise -----(Number of certificates / bonds)----- -----Rupees-----

Term Finance Certificates

Quoted (Refer note 5.8)

Listed

Askari Bank Limited - I	a	February 2013	6M KIBOR+ 1.5%	425	-	-	-	425	2,093	2,126	33	0.13	0.14	0.14
Askari Bank Limited - II	b	October 2013	6M KIBOR+ 1.5%	6,000	-	-	-	6,000	29,223	30,294	1,071	1.86	1.95	2.00
Bank Alfalah Limited - IV	c	December 2017	6M KIBOR+ 2.5%	11,000	-	-	-	11,000	54,973	55,737	764	3.43	3.58	1.10
Bank AL Habib Limited - II	d	February 2015	6M KIBOR+ 1.95%	5,000	-	-	-	5,000	24,679	25,654	975	1.58	1.65	1.67
World Call Telecom Limited		October 2013	6M KIBOR+ 1.6%	3,000	-	3,000	-	-	-	-	-	-	-	-
PACE Pakistan Limited	e	February 2017	6M KIBOR+ 2%	15,000	-	-	-	15,000	63,274	49,393	(13,881)	3.04	3.17	5.00
PakArab Fertilizers Company Limited	f	February 2013	6M KIBOR+ 1.5%	5,530	-	827	-	4,703	19,012	19,735	723	1.21	1.27	0.47
JDW Sugar Mills Limited		June 2014	3M KIBOR+ 1.25%	3,000	-	3,000	-	-	-	-	-	-	-	-
United Bank Limited - IV	g	February 2018	6M KIBOR+ 0.85%	-	5,000	-	-	5,000	24,096	24,649	553	1.52	1.58	0.56
Escorts Investment Bank Limited (15-3-07)	h	March 2012	6M KIBOR+ 2.5%	-	6,000	-	-	6,000	8,793	8,760	(33)	0.54	0.56	6.00
Askari Bank Limited - III	i	November 2019	6M KIBOR+ 2.5%	9,000	-	5,000	-	4,000	19,979	20,674	695	1.27	1.33	0.67
								246,122	237,022	(9,100)				

Unlisted

Engro Chemicals Pakistan Limited - Perpetual-1	j	March 2018	6M KIBOR+ 1.7%	35,100	-	7,900	-	27,200	115,696	127,840	12,144	7.87	8.22	3.40
KASB Securities Limited	k	June 2012	6M KIBOR+ 1.9%	8,000	-	-	-	8,000	22,637	26,379	3,742	1.62	1.70	8.00
Pakistan Mobile Communication Limited		October 2010	6M KIBOR+ 1.3%	15,650	-	-	15,650	-	-	-	-	-	-	-
Pakistan Mobile Communication Limited		October 2013	6M KIBOR+ 1.3%	6,000	-	6,000	-	-	-	-	-	-	-	-
JS Company Limited	l	July 2013	6M KIBOR+ 1.7%	3,250	-	-	-	3,250	14,442	16,243	1,801	1.00	1.04	1.30
								152,775	170,462	17,687				

**PAKISTAN INCOME ENHANCEMENT FUND
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FOR THE YEAR ENDED JUNE 30, 2011**

5.1 Term Finance Certificates and Sukuk Bonds

Name of the Investee company	Maturity	Profit / mark-up percentage	As at 1 July 2010	Purchases during the year	Sales during the year	Matured during the year	As at 30 June 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value as a percentage of		Outstanding principal value as a percentage of issued debt capital
											net assets	total investments	

------(Number of certificates / bonds)----- -----Rupees-----

Sukuk Bonds

Quoted (Refer note 5.8)

listed

House Building Finance Corporation Limited

May 2014 6M KIBOR+ 1% 10,000 - 10,000 - - - - - - - -

Unlisted

Eden Housing Limited m March 2013 6M KIBOR+ 2.5% 10,415 - - - 10,415 34,321 25,096 (9,225) 1.54 1.61 7.13

Pak Elektron Limited n September 2014 3M KIBOR+ 1.75% 8,000 - - - 8,000 15,563 16,957 1,394 1.04 1.09 3.33

49,884 42,053 (7,831)

448,781 449,537 756

27

- (a) These term finance certificates carry floating mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.50% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are unsecured. These TFCs are rated AA-.
- (b) These term finance certificates carry floating mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.50% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are unsecured. These TFCs are rated AA-.
- (c) These term finance certificates carry floating mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 2.50% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are unsecured. These TFCs are rated AA-.
- (d) These term finance certificates carry floating mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.95% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are unsecured. These TFCs are rated AA.

**PAKISTAN INCOME ENHANCEMENT FUND
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- (e) These term finance certificates carry floating mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 2% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are secured against first pari passu charge on all the present and future assets (movable or immovable) by way of equitable mortgage and hypothecation of properties of the issuer with a 25% margins. These TFCs are rated D. The repayment schedule has been revised due to non payment of principal (interest has been paid) due on 15 August 2010. As per revised term, next principal amount due on 15 Feb 2011 which has been paid and maturity date of TFC shall be 15 Feb 2017. The payment due on 15 August 2011 was not received by the Fund and the TFC was classified as non performing by MUFAP on 5th September 2011.
- (f) These term finance certificates carry floating mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.50% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are secured against first ranking pari passu charge along with 25% margins created in favour of trustee by way of hypothecation over all the present and future plant and machinery. These TFCs are rated AA.
- (g) These term finance certificates carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 0.85% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are unsecured. These TFCs are rated AA.
- (h) These term finance certificates carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 2.50% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are secured against first pari passu charge on all the present and future fixed assets with at least 25% security margins These TFCs are rated A.
- (i) These term finance certificates carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 2.50% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are unsecured. These TFCs are rated AA-.
- (j) These term finance certificates carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.70% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are secured against subordinated floating charge created to ensure the investors have a claim on the present and future fixed assets of Engro after the claim of the senior debt provider is settled. Although investors will not have the right to accelerate payment independently by calling an event of default, in case of enforcement of security by senior debt providers the investors will be required to be repaid after all obligations to senior debt providers have been met, which will be treated as a call by ENGRO. These TFCs are rated AA.
- (k) These term finance certificates carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.90% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are secured against first ranking pari passu charge by way of hypothecation over all present and future current assets with 25% margin. These TFCs are rated A+.
- (l) These term finance certificates carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.70% per annum, receivable semi-annually in arrears with no floor or cap. These term finance certificates are secured against first ranking pari passu floating charge on all present and future movable assets, including book debts, receivables and investments, but Excluding pledge of shares and listed securities offered as security along with the requisite margins on existing secured TFC of Rs. 500 million and current and future overdraft/short term borrowing limits upto Rs. 4,000 million at any time outstanding These TFCs are rated AA.
- (m) These Sukuk bonds carry mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 2.5% per annum, receivable semi-annually in arrears with floor of 7% and cap of 20%. These term finance certificates are secured against Ranking charge over project land and related development of specific project of EHL, against EHL right and benefits including receivables under all agreements and any amendments thereto upto Rs. 3,000 million and against all rights and benefits of EHL under any and all project insurance and cut through agreements for reinsurance. These TFCs are rated D.

The security was re structured in October 2010 and thereafter the instalments at revised terms were received on due dates. However, due to delays in the payment to other TFC holders, it was classified as "non performing" by MUFAP on 6 May 2011. At the year end security was valued at the rates quoted by MUFAP. Principal of Rs. 0.976 million due on 30 June 2011 has been received subsequently on 9 July 2011 and as such no provision there against has been made against the said exposure.

- (n) This unlisted sukuk bond carry floating profit rates equal to 3 month ask side Karachi inter bank offer rate plus 1.75% per annum receivable quarterly with floor of 10% and cap of 25%. These sukuk bonds are secured against floating charge on all of the issuer's present and future fixed assets and have been rated as A+.

Coupon payment due on 28 June 2011, (comprising the principal of Rs. 2,857,120 and mark-up of Rs. 659,375) was not received on the due date. As per the requirements of the Circular 1 of 2009 of SECP, the accrual of mark up with effect from 28 June 2011 was suspended. Subsequent to the year end, the issuer paid the amount of interest due upto 28 June 2011 and the TFC payment structure was re-scheduled, under which, the principal repayments will be due from June 2013 onwards, however, profit payments shall be made on quarterly basis.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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5.2 Government securities

Issue Date	Tenor	As at 1 July, 2010	Purchases during the year	Sales / Matured during the year	As at June 30, 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value	
									as a percentage of net assets	as a percentage of total investment

------(Face value in denomination of Rs. 1,000)-----

------(Rupees in 000)-----

Pakistan Investment Bonds

03rd September 2009	3 years	50,000	-	50,000	-	-	-	-	-	-
03rd September 2009	3 years	25,000	-	25,000	-	-	-	-	-	-
03rd September 2009	3 years	50,000	-	50,000	-	-	-	-	-	-
03rd September 2009	3 years	25,000	-	25,000	-	-	-	-	-	-
22nd July 2010	5 years	-	25,000	25,000	-	-	-	-	-	-
22nd August 2007	5 years	39,000	-	39,000	-	-	-	-	-	-
22nd July 2010	10 years	-	25,000	25,000	-	-	-	-	-	-

Treasury Bills

13th Aug 2009	12 months	50,000	-	50,000	-	-	-	-	-	-
27th Aug 2009	12 months	25,000	-	25,000	-	-	-	-	-	-
10th Sep 2009	12 months	25,000	-	25,000	-	-	-	-	-	-
26h Sep 2009	12 months	100,000	-	100,000	-	-	-	-	-	-
26h Sep 2009	12 months	40,000	-	40,000	-	-	-	-	-	-
11th Feb 2010	6 months	50,000	-	50,000	-	-	-	-	-	-
25th Feb 2010	12 months	100,000	-	100,000	-	-	-	-	-	-
25th Feb 2010	12 months	100,000	-	100,000	-	-	-	-	-	-
11th March 2010	12 months	60,000	-	60,000	-	-	-	-	-	-
11th March 2010	12 months	60,000	-	60,000	-	-	-	-	-	-
11th March 2010	12 months	5,000	-	5,000	-	-	-	-	-	-
11th March 2010	6 months	35,000	-	35,000	-	-	-	-	-	-
25th March 2010	12 months	15,000	-	15,000	-	-	-	-	-	-
25th March 2010	12 months	25,000	-	25,000	-	-	-	-	-	-
25th March 2010	12 months	225,000	-	225,000	-	-	-	-	-	-
25th March 2010	12 months	15,000	-	15,000	-	-	-	-	-	-
8th April 2010	6 months	100,000	-	100,000	-	-	-	-	-	-
8th April 2010	6 months	50,000	-	50,000	-	-	-	-	-	-

Balance carried forward

**PAKISTAN INCOME ENHANCEMENT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Issue Date	Tenor	As at 1 July, 2010	Purchases during the year	Sales / Matured during the year	As at June 30, 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value	
									as a percentage of net assets	as a percentage of total investment

----- (Face value in denomination of Rs. 1,000) -----

----- (Rupees in 000) -----

Balance brought forward

						-	-	-		
8th April 2010	3 months	50,000	-	50,000	-	-	-	-	-	-
8th April 2010	3 months	25,000	-	25,000	-	-	-	-	-	-
22th April 2010	3 months	65,000	-	65,000	-	-	-	-	-	-
22th April 2010	3 months	50,000	-	50,000	-	-	-	-	-	-
22th April 2010	3 months	25,000	-	25,000	-	-	-	-	-	-
22th April 2010	3 months	50,000	-	50,000	-	-	-	-	-	-
22th April 2010	6 months	50,000	-	50,000	-	-	-	-	-	-
6th May 2010	3 months	75,000	-	75,000	-	-	-	-	-	-
6th May 2010	12 months	100,000	-	100,000	-	-	-	-	-	-
20th May 2010	3 months	75,000	-	75,000	-	-	-	-	-	-
20th May 2010	3 months	50,000	-	50,000	-	-	-	-	-	-
20th May 2010	3 months	25,000	-	25,000	-	-	-	-	-	-
20th May 2010	12 months	50,000	-	50,000	-	-	-	-	-	-
17th June 2010	3 months	50,000	-	50,000	-	-	-	-	-	-
15th July 2010	3 months	-	175,000	175,000	-	-	-	-	-	-
15th July 2010	3 months	-	50,000	50,000	-	-	-	-	-	-
15th July 2010	3 months	-	25,000	25,000	-	-	-	-	-	-
29th July 2010	3 months	-	100,000	100,000	-	-	-	-	-	-
29th July 2010	12 months	-	125,000	125,000	-	-	-	-	-	-
29th July 2010	3 months	-	15,000	15,000	-	-	-	-	-	-
29th July 2010	3 months	-	55,000	55,000	-	-	-	-	-	-
13th Aug 2010	3 months	-	50,000	50,000	-	-	-	-	-	-
13th Aug 2010	3 months	-	100,000	100,000	-	-	-	-	-	-
13th Aug 2010	3 months	-	25,000	25,000	-	-	-	-	-	-
13th Aug 2010	3 months	-	20,000	20,000	-	-	-	-	-	-
13th Aug 2010	3 months	-	40,000	40,000	-	-	-	-	-	-
13th Aug 2010	3 months	-	5,000	5,000	-	-	-	-	-	-
26th Aug 2010	3 months	-	35,000	35,000	-	-	-	-	-	-
Balance carried forward						-	-	-		

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Issue Date	Tenor	As at 1 July, 2010	Purchases during the year	Sales / Matured during the year	As at June 30, 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value	
									as a percentage of net assets	as a percentage of total investment
------(Face value in denomination of Rs. 1,000)-----						------(Rupees in 000)-----				
Balance carried forward						-	-	-		
9th Sep 2010	3 months	-	80,000	80,000	-	-	-	-	-	-
9th Sep 2010	3 months	-	5,000	5,000	-	-	-	-	-	-
7th Oct 2010	3 months	-	140,000	140,000	-	-	-	-	-	-
7th Oct 2010	3 months	-	10,000	10,000	-	-	-	-	-	-
21th Oct 2010	3 months	-	175,000	175,000	-	-	-	-	-	-
21th Oct 2010	3 months	-	10,000	10,000	-	-	-	-	-	-
21th Oct 2010	3 months	-	15,000	15,000	-	-	-	-	-	-
21th Oct 2010	3 months	-	5,000	5,000	-	-	-	-	-	-
21th Oct 2010	3 months	-	170,000	170,000	-	-	-	-	-	-
4th Nov 2010	3 months	-	130,000	130,000	-	-	-	-	-	-
4th Nov 2010	3 months	-	5,000	5,000	-	-	-	-	-	-
4th Nov 2010	3 months	-	25,000	25,000	-	-	-	-	-	-
4th Nov 2010	3 months	-	10,000	10,000	-	-	-	-	-	-
4th Nov 2010	3 months	-	10,000	10,000	-	-	-	-	-	-
16th Nov 2010	3 months	-	25,000	25,000	-	-	-	-	-	-
16th Nov 2010	3 months	-	10,000	10,000	-	-	-	-	-	-
16th Nov 2010	3 months	-	25,000	25,000	-	-	-	-	-	-
2th Dec 2010	3 months	-	50,000	50,000	-	-	-	-	-	-
2th Dec 2010	3 months	-	25,000	25,000	-	-	-	-	-	-
2th Dec 2010	3 months	-	15,000	15,000	-	-	-	-	-	-
18th Dec 2010	3 months	-	5,000	5,000	-	-	-	-	-	-
18th Dec 2010	6 months	-	13,100	13,100	-	-	-	-	-	-
13th Jan 2011	3 months	-	25,000	25,000	-	-	-	-	-	-
13th Jan 2011	3 months	-	125,000	125,000	-	-	-	-	-	-
13th Jan 2011	3 months	-	20,000	20,000	-	-	-	-	-	-
27th Jan 2011	3 months	-	20,000	20,000	-	-	-	-	-	-
27th Jan 2011	3 months	-	15,000	15,000	-	-	-	-	-	-
27th Jan 2011	3 months	-	10,000	10,000	-	-	-	-	-	-
Balance brought forward						-	-	-		

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Issue Date	Tenor	As at 1 July, 2010	Purchases during the year	Sales / Matured during the year	As at June 30, 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value	
									as a percentage of net assets	as a percentage of total investment
------(Face value in denomination of Rs. 1,000)-----						------(Rupees in 000)-----				
Balance carried forward										
10th Feb 2011	3 months	-	85,000	85,000	-	-	-	-	-	-
24h Feb 2011	3 months	-	10,000	10,000	-	-	-	-	-	-
24h Feb 2011	3 months	-	5,000	5,000	-	-	-	-	-	-
24h Feb 2011	3 months	-	50,000	50,000	-	-	-	-	-	-
24h Feb 2011	3 months	-	5,000	5,000	-	-	-	-	-	-
24h Feb 2011	3 months	-	8,000	8,000	-	-	-	-	-	-
10th March 2011	3 months	-	15,000	15,000	-	-	-	-	-	-
24th March 2011	3 months	-	225,000	225,000	-	-	-	-	-	-
5th May 2011	6 months	-	30,000	30,000	-	-	-	-	-	-
19th May 2011	6 months	-	9,500	9,500	-	-	-	-	-	-
19th May 2011	6 months	-	50,000	50,000	-	-	-	-	-	-
19th May 2011	6 months	-	20,000	20,000	150,000	144,191	144,064	(127)	8.87	9.26
21th April 2011	6 months	-	150,000	-	10,000	9,614	9,604	(10)	0.59	0.62
21th April 2011	6 months	-	10,000	-	20,000	19,908	19,906	(2)	1.23	1.28
21th April 2011	1 months	-	20,000	-	95,000	90,896	90,748	(148)	5.59	5.83
5th May 2011	6 months	-	95,000	-	100,000	99,061	99,024	(37)	6.10	6.36
5th May 2011	3 months	-	100,000	-	25,000	24,767	24,756	(11)	1.52	1.59
5th May 2011	3 months	-	25,000	-	40,000	39,626	39,609	(17)	2.44	2.55
5th May 2011	3 months	-	40,000	-	100,000	98,565	98,515	(50)	6.06	6.33
19th May 2011	3 months	-	100,000	-	42,500	40,445	40,396	(49)	2.49	2.60
19th May 2011	6 months	-	42,500	-	25,000	24,640	24,629	(11)	1.52	1.58
19th May 2011	3 months	-	25,000	-	135,000	132,348	132,324	(24)	8.15	8.50
2th June 2011	6 months	-	135,000	-	30,000	29,861	29,859	(2)	1.84	1.92
9th June 2011	1 months	-	30,000	-	100,000	94,127	94,110	(17)	5.79	6.05
16th June 2011	6 months	-	100,000	-	135,000	131,662	131,650	(12)	8.10	8.46
16th June 2011	3 months	-	135,000	-	35,000	32,948	32,937	(11)	2.03	2.12
16th June 2011	6 months	-	35,000	-		1,012,659	1,012,131	(528)		
						1,012,659	1,012,131	(528)		

Above Government securities carry profit rates ranging between 12.96% to 13.71%.

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5.3 This amount represents advance against subscription of Term Finance Certificates to be issued by Bank Al Habib Limited on or after 15 June 2011 under an agreement with them. The advance carries mark-up at the rate of 15% till the date of issuance of TFCs. The TFCs to be issued shall be unsecured and subordinated to all other indebtedness of the issuer including deposits and are not redeemable before maturity without prior approval of the State Bank of Pakistan. Subsequent to the year end TFCs were issued by the above Bank and carries mark-up at 15% per annum from 1 to 5 years and 15.5% from 6 to 10 years.

5.4 Ijara Sukuk - Unquoted

	As at 1 July, 2010	Purchases during the year	Sales / Matured during the year	As at June 30, 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value	
								as a percentage of net assets	as a percentage of total investment
------(Face value in denomination of Rs. 1,000)-----					------(Rupees in 000)-----				
GOP Ijara Sukuk	-	50,000	-	50,000	50,000	50,078	78	3.08	3.22

33 These sukuk certificates was issued by Government of Pakistan on 15 November 2010 having tenor of 3 years. These certificates carry mark up as mentioned on Reuters page published by Financial Markets Association. At year end, the mark up rate was 13.10% per annum. These certificates are due to mature on 15 November 2013.

5.5 Commercial papers - Unquoted

	As at 1 July, 2010	Purchases during the year	Sales / Matured during the year	As at June 30, 2011	Cost as at 30 June 2011	Carrying / Market value as at 30 June 2011	Appreciation / (Diminution) in the value of investments	Market value	
								as a percentage of net assets	as a percentage of total investment
------(Face value in denomination of Rs. 1,000)-----					------(Rupees in 000)-----				
Face value of Rs. 1,000,000/- each									
Tameer Micro Finance Bank Limited	-	20	-	20	19,415	19,415	-	1.20	1.25

These commercial paper was issued on 11 March 2011 which offers a profit rate of 6 months KIBOR plus 2.5% p.a with a tenor of 6 months. At year end, the mark up rate was 16.25% per annum. These commercial papers (with remaining maturity of 72 days) was due to mature on 10 September 2011.

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5.6 Unrealised diminution in value of above investments

	30 June 2011	30 June 2010
	(Rupees in '000)	
Fair value of investments	1,556,161	2,068,284
Less: Cost of investments	1,555,855	2,052,588
	<u>306</u>	<u>15,696</u>
Net unrealised appreciation in the value of investments at the beginning of the year	<u>(15,696)</u>	<u>372</u>
Realised on disposals during the year	3,036	(2,894)
	<u>(12,660)</u>	<u>(2,522)</u>
Net unrealised (diminution) / appreciation in fair value of investments during the year	<u><u>(12,354)</u></u>	<u><u>13,174</u></u>

5.7 Particular of provision

Opening balance	2,278	-
Charge for the year	-	2,278
Reversal during the year (due to receipts thereof)	(2,278)	-
Closing balance	<u>-</u>	<u>2,278</u>

The term "quoted" indicated in note 5.1 and 5.2 refers trade rates quoted by MUFAP.

6. BALANCE RECEIVABLE UNDER MARGIN TRADING SYSTEM

This represents the amount receivable against margin trading against system carrying the profit rate ranging between 15.99% to 16.49 and will mature at the option of financee subject to maximum of 60 days. Fund's exposure at 30 June 2011 was secured against listed equity shares, which at year end were valued at Rs. 10.301 million.

7. INCOME AND PROFIT RECEIVABLE

Income receivable on Term Finance Certificates and Sukuk Bonds	18,992	20,614
Income receivable on Government Securities	-	5,905
Profit receivable on deposit accounts with banks	339	257
Income receivable on Ijara sukuk Certificates	866	-
Income receivable on balance receivable under Margin Trading System	125	-
	<u>20,322</u>	<u>26,776</u>

8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposit with Central Depository Company of Pakistan Limited	325	325
Deposit with National Clearing Company Pakistan Limited	250	-
Receivable from Pakistan Cash Management Fund	-	957
Receivable from Pakistan International Element Islamic Fund	-	5
Prepayments	221	18
	<u>796</u>	<u>1,305</u>

9. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	632	832
Amortisation during the year	(200)	(200)
	<u>432</u>	<u>632</u>

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10. PAYABLE TO THE MANAGEMENT COMPANY

		30 June 2011	30 June 2010
		(Rupees in '000)	
Management fee	10.1	2,004	2,620
Preliminary expenses and floatation costs	10.2	600	800
Front-end load		79	187
		2,683	3,607

10.1 Under the provisions of NBFC Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1.50% per annum for the current year. Management fee is paid by the Fund on monthly arrears basis.

10.2 This represents expenses incurred by the Management Company in respect of application for registration of the Fund. As per the NBFC Regulations 2008, these expenses are reimbursable by the Fund over a period of not less than five years.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee	11.1	183	257
-------------	------	-----	-----

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration has been paid to the trustee according to the following tariff structure:

Amount of Funds under Management (Average Net Asset Value)	Tariff per annum
Up to 31 December 2010	
Up to Rs. 1,000 million	Rs 0.7 million or 0.2 % p.a of NAV whichever is higher.
On amount exceeding Rs. 1,000 million to Rs. 5,000 million	Rs. 2 million plus 0.1% p.a of NAV exceeding Rs. 1,000 million.
Over 5,000 million	Rs. 6 million plus 0.1% p.a of NAV exceeding Rs. 5,000 million.
From 1 January to 30 June 2011	
Up to Rs. 1,000 million	Rs 0.6 million or 0.17 % p.a of NAV whichever is higher.
On amount exceeding Rs. 1,000 million to Rs. 5,000 million	Rs. 1.7 million plus 0.085% p.a of NAV exceeding Rs.1,000 million.
Over 5,000 million	Rs. 5.1 million plus 0.07% p.a of NAV exceeding Rs. 5,000 million.

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP fee at the rate of 0.075% of the average daily net assets of the fund in accordance with regulation 62 of NBFC Regulations, 2008.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditor's remuneration	265	391
Zakat payable	201	16
Brokerage payable	12	39
Professional services payable	131	-
Payable to Pakistan Stock Market Fund	-	482
Printing payable	114	114
Capital gain tax payable	731	-
Other payable	19	41
	1,473	1,083

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14. CONTINGENCIES

14.1 Contribution to Worker Welfare Fund

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 honourable 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 15 July 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 14 December 2010, the Ministry filed its response contesting the said petition. The legal proceedings in respect of the aforementioned petition are currently in progress.

Based on the advice of the legal counsel 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 no provision of Rs 10.234 million (Rs 0.33 per unit) has been made in respect of WWF.

Recently, the Lahore High Court in a petition filed by an industrial establishment has declared the amendments introduced in the WWF Ordinance through Finance Act, 2006 and 2008 as unconstitutional and has therefore struck them down. The Management Company is evaluating the implications of the above developments.

15. NUMBER OF UNITS IN ISSUE

30 June 2011	30 June 2010
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(Rupees in '000)

The units in issue as at 30 June 2011 in each class are as follows:

Plan	30 June 2011	30 June 2010
A	27,591,170	39,357,348
B	3,533,561	3,917,158
	<u>31,124,731</u>	<u>43,274,506</u>

16. AUDITOR'S REMUNERATION

Audit fee	210	210
Taxation services	-	125
Half yearly review fee	100	80
Other certifications and services	55	50
Out of pocket expenses	26	6
	<u>391</u>	<u>471</u>

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17. INTERIM DISTRIBUTIONS

The Fund has made following distributions during the period:

Dates	Rate	Bonus *		Cash Contribution **	Total
		Units	Amount		
------(Rupees in '000)-----					
26 July 2010	Re. 0.47 per unit	342,915	17,437	1,645	19,082
26 August 2010	Re. 0.51 per unit	388,269	19,662	1,998	21,660
26 September 2010	Re. 0.40 per unit	302,378	15,285	1,567	16,852
26 October 2010	Re. 0.27 per unit	181,263	9,163	1,058	10,221
26 November 2010	Re. 0.27 per unit	165,850	8,437	1,058	9,495
26 December 2010	Re. 0.54 per unit	299,261	15,373	2,274	17,647
26 January 2011	Re. 0.43 per unit	243,182	12,351	1,810	14,161
26 February 2011	Re. 0.30 per unit	177,250	9,036	1,263	10,299
26 March 2011	Re. 0.51 per unit	285,410	14,607	2,147	16,754
26 April 2011	Re. 0.51 per unit	283,882	14,580	2,147	16,727
26 May 2011	Re. 0.51 per unit	284,385	14,652	1,802	16,454
		2,954,045	150,583	18,769	169,352

16. * Bonus units have been distributed to unit holders under plan A.
 ** Cash dividend has been distributed to unit holders under plan B.

As per clause 12 of Trust Deed and clause 6 of Part VI of Offering Document, the Management Company on behalf of the Fund on monthly basis (except June) distributes bonus / dividend. The Board of Directors on 22nd September 2008 have passed a resolution providing standing authorization to the Chief Executive Officer to approve and declare interim dividends out of profit earned by the Fund upto the 25th of each month. SECP vide letter no. NBFC - II.DD / AHIL / Misc-734 / 2009 has approved the above arrangement.

18. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner explained above, no provision for taxation has been made in these financial statements.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors having 10% or more of the units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively. The transactions with connected persons are in the normal course of business and at contracted rates.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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19.1 Transactions during the year with connected persons / related parties

	30 June 2011	30 June 2010
	(Rupees in '000)	
Arif Habib Investments Limited Management Company		
Remuneration for the year	27,949	23,291
Front-end load for the year	4,589	-
Summit Bank Limited (formerly Arif Habib Bank Limited)		
Mark-up for the year	499	1,560
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year	2,663	2,538
CDS charges	18	56
CDS eligibility fee	68	-
Habib Metropolitan Bank Limited (more than 10% holding)		
Mark up for the year	2,352	3,509
Purchase of Term Finance Certificates from Pakistan Strategic Allocation Fund (Managed by Arif Habib Investments Limited)		
United Bank Limited IV (14 February 2008) 20,000 certificates	-	91,897
Investment in Term Finance Certificates of Pak Arab Fertilizers Limited (28 February 2008)		
Purchase of Term Finance Certificates 9,000 Certificates	-	19,469
Sale of Term Finance Certificates 827 Certificates	3,947	-

19.2 Amounts outstanding as at the year end with connected persons / related parties

Arif Habib Investments Limited Management Company		
Remuneration payable	2,004	2,620
Payable in respect of preliminary expenses and floatation costs	600	800
Front-end load payable	79	187
Summit Bank Limited (formerly Arif Habib Bank Limited)		
Balance as at year end	5,300	51,928
Accrued mark-up as at the year end	30	182
Habib Metropolitan Bank Limited (more than 10% holding)		
Balance as at year end	7,840	44,144
Accrued mark-up as at the year end	209	16
Pakistan Stock Market Fund (Managed by Arif Habib Investments Limited)		
(Payable) / receivable as at the year end	-	(482)
Pakistan Cash Management Fund (Managed by Arif Habib Investments Limited)		
Receivable as at the year end	-	957
Pakistan International Element Islamic Fund (Managed by Arif Habib Investments Limited)		
Receivable as at the year end	-	5
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	325	325
Remuneration payable	183	257

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19.3 Units issued to:

	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	(Number of Units)	(Rupees in '000)	(Number of Units)	(Rupees in '000)
Arif Habib Investments Limited Management Company	-	-	13,123,782	664,497
Arif Habib Investments Management Limited-Employee Provident Fund	-	-	66,102	3,339
Summit Bank Limited (formerly Arif Habib Bank Limited)	-	-	2,976,262	150,957
Arif Habib Investments Management Limited-Employee Stock Beneficial Ownership Trust	-	-	-	-
Habib Metropolitan Bank Limited (more than 10% holding)	-	-	4,939,200	251,991
Directors and executives of the Management Company	1,782,044	91,376	1,695,554	86,427
Unit redeemed by:				
Arif Habib Investments Limited Management Company	-	-	13,136,537	665,580
Arif Habib Investments Management Limited-Employee Provident Fund	23,004	1,197	70,684	3,596
Summit Bank Limited (formerly Arif Habib Bank Limited)	1,042,977	53,015	4,181,984	212,266
Arif Habib Investments Management Limited-Employee Stock Beneficial Ownership Trust	9,409	488	-	-
Habib Metropolitan Bank Limited (more than 10% holding)	676,852	35,000	2,044,084	104,054
Directors and executives of the Management Company	1,402,872	72,034	1,674,832	85,359
Bonus units distributed to:				
Arif Habib Investments Limited Management Company	-	-	1,426,941	72,666
Arif Habib Investments Management Limited-Employee Provident Fund	2,213	113	99,364	5,000
Summit Bank Limited (formerly Arif Habib Bank Limited)	29,023	1,474	4,000,000	200,960
Arif Habib Investments Management Limited-Employee Stock Beneficial Ownership Trust	735	37	-	-
Habib Metropolitan Bank Limited (more than 10% holding)	-	-	20,314	1,027
Directors and executives of the Management Company	33,355	1,705	781,370	39,521

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	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	(Number of Units)	(Rupees in '000)	(Number of Units)	(Rupees in '000)
Cash dividend paid:				
Summit Bank Limited (formerly Arif Habib Bank Limited)	-	-	209,598	10,610
Habib Metropolitan Bank Limited (more than 10% holding)	391,254	19,946	291,159	14,746
Units held by:				
Summit Bank Limited (formerly Arif Habib Bank Limited)	-	-	1,013,953	52,097
Habib Metropolitan Bank Limited (more than 10% holding)	3,240,306	169,112	3,917,158	201,264
Directors and executives of the Management Company	636,396	33,213	237,671	12,212

20. FINANCIAL RISK MANAGEMENT

The Board of Directors of Management Company has an overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The policy of the Fund is to invest in the investment grade term finance certificates and sukuk bonds, certificate of investments, term deposit receipts, spread transactions, MTS, Commercial Paper and with SECP approval structured deposits, notes, interest rate / cross currency swap and arbitrage products, options, derivatives, index linked structures etc. both within and outside Pakistan, international mutual funds, credit linked notes, and any other investment permissible under NBFC Regulations.

The fund is exposed to the following types of Risks:

- market risk
- credit risk
- liquidity risk
- operational risk

20.1 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates or the market price of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand for securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by the SECP.

Market risk comprises of two types of risk: interest rate risk and other price risk.

Interest rate risk

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

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The Fund manages fair value interest rate risk by investing in floating rate Term Finance Certificates and Sukuk Bonds, preferably with no cap and floor which insulates the Fund from fair value interest rate risk, as coupon rates correspond with current market interest rate.

As at 30 June 2011, investments in Term Finance Certificates and Sukuk Bonds exposed to interest rate risk are detailed in Note 5.1. Cash and cash equivalents are not subject to cash flow and fair value interest rate risk.

At the reporting date, the interest rate profile of Funds' interest-bearing financial instruments was as follows:

	Carrying Amount	
	30 June 2011	30 June 2010
	(Rupees in '000)	
Fixed rate instruments		
Financial assets	<u>1,031,546</u>	<u>1,424,865</u>
Variable rate instruments		
Financial assets	<u>531,656</u>	<u>750,719</u>

None of the financial liabilities carry any interest rate. In addition, none of the other financial assets bear variable interest rate.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing Term Finance Certificates, Sukuk Bonds, Bank balance in deposit account and GOP Ijara sukuk that exposes the Fund to cash flow interest rate risk. The Fund's investment in variable rate instruments amount to Rs. 531.656 million (2010: Rs. 750.719 million). In case of 100 basis points increase / decrease in KIBOR on 30 June 2011, the net assets of the Fund would have been higher / lower by Rs. 1.45 million (2010: Rs. 1.20 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2011, the Fund holds fixed rate instrument including Treasury bills and Commercial paper which are classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. The Fund's investment fixed rate instrument amounts to Rs 1,056.546 million (2010: Rs. 1,424.865 million). In case of 100 basis points increase in rates on 30 June 2011, the profit for the year and net assets would be lower by Rs 10.556 million. In case of 100 basis points decrease in rates on 30 June 2011, the profit for the year and net assets would be higher by Rs 10.556 million.

The composition of the Fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2011 is not necessarily indicative of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments based on the settlement date as at year end is as follows:

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		30 June 2011				
On-balance sheet financial instruments	Effective rate of mark-up / return (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
------(Rupees in '000)-----						
Financial assets						
Bank balances	5 to 11.5	32,041	-	-	21	32,062
Receivable against redemption of investments		-	-	-	678	678
Investments	12.23 to 16.29	936,044	620,117	-	-	1,556,161
Receivable under Margin Trading System		-	-	-	7,707	7,707
Profit receivable		-	-	-	20,322	20,322
Receivable against sale of units		-	-	-	14,292	14,292
Deposits and other receivables		-	-	-	796	796
		<u>968,085</u>	<u>620,117</u>	<u>-</u>	<u>43,816</u>	<u>1,632,018</u>
Financial liabilities						
Payable to the Management Company		-	-	-	2,683	2,683
Payable to the Trustee		-	-	-	183	183
Payable to SECP		-	-	-	1,402	1,402
Payable on redemption of units		-	-	-	2,297	2,297
Accrued expenses and other liabilities		-	-	-	1,473	1,473
		-	-	-	8,038	8,038
On-balance sheet gap 2011		<u>968,085</u>	<u>620,117</u>	<u>-</u>	<u>35,778</u>	<u>1,623,980</u>

		30 June 2010				
On-balance sheet financial instruments	Effective rate of mark-up / return (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
------(Rupees in '000)-----						
Financial assets						
Bank balances	5 to 13.25	107,319	-	-	-	107,319
Investments	13.24 to 15.15	886,323	1,023,159	158,802	-	2,068,284
Profit receivable		-	-	-	26,776	26,776
Receivable against sale of units		-	-	-	27,631	27,631
Deposits and other receivables		-	-	-	1,305	1,305
		<u>993,642</u>	<u>1,023,159</u>	<u>158,802</u>	<u>55,712</u>	<u>2,231,315</u>
Financial liabilities						
Payable to the Management Company		-	-	-	3,607	3,607
Payable to the Trustee		-	-	-	257	257
Payable to SECP		-	-	-	1,165	1,165
Payable on redemption of units		-	-	-	2,243	2,243
Accrued expenses and other liabilities		-	-	-	1,083	1,083
		-	-	-	8,355	8,355
On-balance sheet gap 2010		<u>993,642</u>	<u>1,023,159</u>	<u>158,802</u>	<u>47,357</u>	<u>2,222,960</u>

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20.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. All transactions are settled / paid for upon delivery. The Fund does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 30 June is the carrying amount of the financial assets as set out below:

	2011		2010	
	Statement of Asset and Liabilities	Maximum Exposure	Statement of Asset and Liabilities	Maximum Exposure
----- (Rupees in '000) -----				
Bank balances (including profit receivable)	32,401	32,401	107,576	107,576
Receivable against sale of units	14,292	14,292	27,631	-
Receivable against redemption of investments	678	678	-	-
Investments (including profit receivable)	1,576,019	512,944	2,094,803	664,033
Balance receivable under Margin Trading System	7,832	7,832	-	-
Deposits	575	575	1,612	1,612
	<u>1,631,797</u>	<u>568,722</u>	<u>2,231,622</u>	<u>773,221</u>

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in government securities of Rs.1,063.075 million (2010: Rs.1,431.77 million) are not exposed to credit risk.

Information about the past due or impaired debt securities is given in Note 5.

Details of the credit ratings of Term finance certificates, Sukuk certificates, balances with banks, deposits and other receivables as at 30 June 2011 are as follows:

Rating	30 June 2011	30 June 2010
	(Percentage)	
A A +	1.48	2.46
AA	48.49	32.29
AA-	20.01	25.68
A+	7.95	30.93
A	2.63	4.09
D	14.36	4.55
Others	5.08	-
	<u>100</u>	<u>100</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk industrial distribution. concentrations of credit risk.

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Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2011		30 June 2010	
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)
Commercial banks	250,252	44.00	258,414	33.42
Chemicals	154,678	27.20	183,626	23.75
Others	163,792	28.80	331,181	42.83
	<u>568,722</u>	<u>100.00</u>	<u>773,221</u>	<u>100.00</u>

20.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund is exposed to daily cash redemptions, if any. The Management Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

For the purpose of making redemptions the Fund has the ability to borrow in the short term, however such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption request in excess of ten percent of the units in issue or exceed ten percent of the Net Assets of the Fund and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

Non derivative liabilities	30 June 2011		
	Carrying value	Upto three months	More than three months
	------(Rupees in '000)-----		
Payable to Management Company	2,683	2,083	600
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-
Payable to SECP - Annual fees	1,402	1,402	-
Accrued expenses and other liabilities	1,473	1,473	-
Payable on redemption of units	2,297	2,297	-
	<u>7,855</u>	<u>7,255</u>	<u>600</u>

Non derivative liabilities	30 June 2010		
	Carrying value	Upto three months	More than three months
	------(Rupees in '000)-----		
Payable to Management Company	3,607	2,807	800
Payable to Central Depository Company of Pakistan Limited - Trustee	257	257	-
Payable to SECP - Annual fees	1,165	1,165	-
Accrued expenses and other liabilities	1,083	1,083	-
Payable on redemption of units	2,243	2,243	-
	<u>8,355</u>	<u>7,555</u>	<u>800</u>

PAKISTAN INCOME ENHANCEMENT FUND

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Units of the Fund are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for the medium to long term.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

20.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

20.5 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not exposed to the externally imposed minimum Fund maintenance requirement. except for at the time of investment which is Rs. 100 million out of which Rs. 50 million is required to be invested in the scheme for at least two years.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value 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.

The Fund's accounting policy on fair value measurements of its investments is discussed in note 3.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

PAKISTAN INCOME ENHANCEMENT FUND
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Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2011			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	------(Rupees in '000)-----			
Term finance certificates and sukuk certificates	-	152,490	297,047	449,537
Government securities	-	1,062,209	-	1,062,209
Advance against subscription of Term Finance Certificate	-	-	25,000	25,000
Commercial paper	-	-	19,415	19,415
	-	1,214,699	341,462	1,556,161

	30 June 2010			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	------(Rupees in '000)-----			
Term finance certificates and sukuk certificates	-	313,762	331,935	645,697
Government securities	-	1,424,865	-	1,424,865
	-	1,738,627	331,935	2,070,562

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	30 June 2011	30 June 2010
	(Rupees in '000)	
Balance as at 1 July 2010	331,935	190,110
Total (loss) / gains recognized in profit or loss	54,605	11,882
Purchase during the period (at cost)	53,208	320,053
Redemption / sale during the period	(98,286)	(190,110)
Balance as at 30 June 2011	341,462	331,935

22. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

List of the top ten brokers by percentage of the commission paid during the year are as follows:

Name of Broker	2011 Percentage
Alfalah Securities Limited	22
Invest Capital and Investment Bank Limited	18
JS Global Capital Limited	11
IGI Finex Securities Limited	10
Icon Securities	9
First Capital Securities	7
BMA Capital Management Limited	6
Global Securities	4
KASB Securities	4
Atlas Capital	4
	<u>95</u>

**PAKISTAN INCOME ENHANCEMENT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Name of Broker	2010 Percentage
Alfalah Securities Limited	22
KASB Securities	15
First Capital Securities	14
Invest Capital and Investment Bank Limited	12
Global Securities	11
JS Global Capital Limited	10
Elixir Securities Pakistan (Private) Limited	6
BMA Capital Management Limited	4
IGI Finex	3
Atlas Capital	2
	99

23. PARTICULARS OF MEMBERS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of investment committee of the Fund up to 27 June 2011 are as follows:

2011			
Name	Designation	Qualification	Experience in years
1 Mr. Basharat Ullah	Chief Investment Officer	MBA	17
2 Mr. Zeeshan	Chief Financial Officer	ACA	7
3 Mr. Muhammed Imran Khan	Head of Research	MBA	7
4 Mr. Zafar Rehman	Head of Debt & Fund Manager	B.COM	18
5 Mr. Tariq Hashmi	Head of Marketing	MBA	18

On 27 June 2011, owing to merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited, the Investment Committee has been reconstituted and recomposed effective from 11 July 2011 as follows:

Name	Designation	Qualification	Experience in years
1 Mr. Yasir Qadri	Chief Executive Officer	MBA	16
2 Mr. Ahsan Mehanti	Director Wealth Management	CPA, ACA, ACMA	14
3 Mr. Kashif Rafi	Fund Manager (Fixed Income)	MBA, CFA (Level 1)	10
4 Mr. Muhammad Asim	Fund Manager (Equity)	MBA & CFA	8
5 Mr. Syed Akbar Ali	Senior Research Analyst	MBA & CFA	6
6 Mr. Mohsin Pervez	Senior Research Analyst	MBA	10
7 Mr. Umair Khan	Research Analyst	CFA- Level II	3

23.1 Umair Khan is the Manager of the Fund. He has cleared CFA Level II. Other funds beings managed by the Fund manager are as follows:

- Pakistan Income Fund.
- Pakistan Cash Management Fund.

Before the merger, Zafar Rehman was the Manager of the Fund. He has obtained a Bachelor degree in Commerce. Other Funds being managed by the fund manager were as follows:

- Metro-Bank Pakistan Sovereign Fund
- Pakistan Income Fund

During the period from 27 June 2011 to 11 July 2011, the earlier investment committee continued to operate.

PAKISTAN INCOME ENHANCEMENT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

24. PATTERN OF UNIT HOLDING

Category	As at 30 June 2011		
	Number of Unit Holders	Amount	Percentage
	------(Rupees in '000)-----		
Individuals	1,010	1,113,279	68.54%
Directors	-	-	-
Insurance companies	1	51,367	3.16%
Banks / financial institutions	2	184,417	11.35%
NBFCs	1	2,805	0.17%
Retirement Funds	25	116,405	7.17%
Others	18	156,139	9.61%
	1,057	1,624,412	100%

Category	As at 30 June 2010		
	Number of Unit Holders	Amount	Percentage
	------(Rupees in '000)-----		
Individuals	1,018	1,324,100	59.55%
Associated companies	2	253,361	11.39%
Directors	1	210	0.01%
Insurance companies	2	66,849	3.01%
Banks / financial institutions	3	43,304	1.95%
NBFCs	-	-	-
Retirement Funds	30	176,047	7.92%
Others	22	359,721	16.18%
	1,078	2,223,592	100%

25. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year; 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th & 88th Board meetings were held on 05 July 2010, 03 August 2010, 04 August 2010, 22 October 2010, 25 October 2010, 12 November 2010, 20 December 2010, 30 December 2010, 17 February 2011, 19 February 2011, 16 April 2011, 21 April 2011, 23 April 2011, 15 June 2011 & 27 June 2011 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of Meetings			Meeting not attended
	Attendance required	Attended	Leave Granted	
1 Mr. Shafi Malik *	15	15	-	-
2 Mr. Nasim Beg	15	15	-	-
3 Mr. Muhammad Akmal Jameel *	15	15	-	-
4 Mr. Muhammad Kashif *	15	11	4	74th, 77th, 87th and 88th meeting
5 Mr. Syed Ajaz Ahmed *	15	13	2	74th and 88th meeting
6 Mr. Sirajuddin Cassim *	15	4	11	74th to 83rd and 88th meeting
7 Mr. S. Gulrez Yazdani *	15	13	2	75th, and 76th meeting
8 Mr. Samad A Habib **	5	5	-	-
9 Mr. Mian Mohammad Mansha ***	1	1	-	-
10 Mr. Yasir Qadri ***	1	1	-	-
11 Mr. Syed Salman Ali Shah ***	1	1	-	-
12 Mr. Haroun Rashid ***	1	1	-	-
13 Mr. Ahmed Jahangir ***	1	1	-	-
14 Mr. Mirza Mahmood Ahmad ***	1	1	-	-

**PAKISTAN INCOME ENHANCEMENT FUND
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FOR THE YEAR ENDED JUNE 30, 2011**

* The above directors retired in the 88th meeting held on 27 June 2011.

** Mr. Samad A Habib was appointed as director during the year in the extraordinary general meeting held on 7 February 2011 and approved by SECP on 31 March 2011.

*** The above directors have been appointed in place of the retiring directors in the 88th meeting held on 27 June 2011.

26. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Dividend distribution

The Board of Directors of the Management Company have approved a dividend of Rs. 0.3309 (2010: Re 0.51) for unit held for the year ended 30 June 2011, amounting to Rs. 10.299 million (2010: Rs. 22.070 million) in total in their meeting held on 04 July 2011. The financial statements for the year ended 30 June 2011 include the effect of the appropriation for the year ended 30 June 2010.

27. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 20, 2011 by the Board of Directors of the Management Company.

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

Chief Executive

Director

**PAKISTAN INCOME ENHANCEMENT FUND
PATTERN OF HOLDING AS PER REQUIREMENT OF
CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2011**

Category	No. of Unit Holders	Units
Associated Company, Undertakings, and Related Parties		
Arif Habib Investments Limited		
Summit Bank Limited	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance, Insurance Companies, Modarbas and Mutual Funds.	4	4,571,535
Trust	25	2,230,417
Corporate	4	2,224,522
Individuals	1,010	21,331,035
Others	14	767,222
	1,057	31,124,731

**PAKISTAN INCOME ENHANCEMENT FUND
PATTERN OF UNIT HOLDING (SIZE)
AS AT JUNE 30, 2011**

No. of Unit Holders	Units Holdings	Total Units Held
672	1 - 10000	2,182,433
326	10001 - 100000	10,681,381
56	100001 - 1000000	11,737,708
3	1000001 - onwards	6,523,209
<u>1,057</u>		<u>31,124,731</u>

PAKISTAN INCOME ENHANCEMENT FUND PERFORMANCE TABLE

	June 30, 2011	June 30, 2010	June 30, 2009
Net Assets	1,624,000	2,223,592	799,337
Net Income	199,613	227,364	84,732
Net Asset Value per Unit	52.19	51.38	50.91
Dividend distribution (stock-)interim	4.67	5.95	6.37
Dividend distribution (stock-)final	0.33	0.51	0.37
Distribution date-final	July 4, 2011	July 5, 2010	July 6, 2009
Offer price	52.90	52.08	51.61
Repurchase price	52.19	51.38	50.91
Highest offer price	52.94	52.09	52.55
Lowest offer price	51.08	51.11	49.65
Highest repurchase price per unit	52.23	51.39	51.84
Lowest repurchase price per unit	50.39	50.42	48.98

	(Percentage)	(Percentage)	(Percentage)
Total return of the Fund			
Capital growth	2.59	1.48	2.56
Income Distribution	9.83	12.78	16.03
Average return of the fund	12.42	14.26	18.59
Waeighted average portfolio duration	515 days	165 days	118 days

* Interim Distribution

Date	2011 Rate per Unit
26th July 2010	0.42
26th August 2010	0.51
26th September 2010	0.40
26th October 2010	0.27
26th November 2010	0.27
26th December 2010	0.54
26th January 2011	0.43
26th February 2011	0.30
26th March 2011	0.51
26th April 2011	0.51
26th May 2011	0.51

Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.