

**AH Dow Jones
SAFE Pakistan
Titans 15
Index Fund**

AHDJPF

QUARTERLY REPORT SEPTEMBER 30, 2010 (Unaudited)

BRANCHES:

Lahore:

Contact Person: Mr. Tanweer Ahmad Haral
16, Block-A, Hali Road, Gulberg II, Lahore.
Tel: (+92-42) 35714958, (+92-21) 35714959
Fax: (+92-42) 35714957
E-mail: lhr.mkt@arifhabib.com.pk

Rawalpindi:

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

Islamabad:

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

Multan:

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

Peshawar:

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



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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited Arif Habib Centre, 23 M. T. Road, Karachi-74000.														
Board of Directors of the Management Company	<table><tr><td>Mr. Muhammad Shafi Malik</td><td>Chairman</td></tr><tr><td>Mr. Nasim Beg</td><td>Chief Executive</td></tr><tr><td>Mr. Muhammad Akmal Jameel</td><td>Director</td></tr><tr><td>Mr. Sirajuddin Cassim</td><td>Director</td></tr><tr><td>Mr. Muhammad Kashif Habib</td><td>Director</td></tr><tr><td>Mr. S. Gulrez Yazdani</td><td>Director</td></tr><tr><td>Syed Ajaz Ahmed</td><td>Director</td></tr></table>	Mr. Muhammad Shafi Malik	Chairman	Mr. Nasim Beg	Chief Executive	Mr. Muhammad Akmal Jameel	Director	Mr. Sirajuddin Cassim	Director	Mr. Muhammad Kashif Habib	Director	Mr. S. Gulrez Yazdani	Director	Syed Ajaz Ahmed	Director
Mr. Muhammad Shafi Malik	Chairman														
Mr. Nasim Beg	Chief Executive														
Mr. Muhammad Akmal Jameel	Director														
Mr. Sirajuddin Cassim	Director														
Mr. Muhammad Kashif Habib	Director														
Mr. S. Gulrez Yazdani	Director														
Syed Ajaz Ahmed	Director														
Company Secretary & CFO of the Management Company	Mr. Zeeshan														
Audit Committee	<table><tr><td>Mr. Muhammad Shafi Malik</td><td>Chairman</td></tr><tr><td>Mr. Muhammad Akmal Jameel</td><td>Member</td></tr><tr><td>Mr. Muhammad Kashif Habib</td><td>Member</td></tr><tr><td>Syed Ajaz Ahmed</td><td>Member</td></tr></table>	Mr. Muhammad Shafi Malik	Chairman	Mr. Muhammad Akmal Jameel	Member	Mr. Muhammad Kashif Habib	Member	Syed Ajaz Ahmed	Member						
Mr. Muhammad Shafi Malik	Chairman														
Mr. Muhammad Akmal Jameel	Member														
Mr. Muhammad Kashif Habib	Member														
Syed Ajaz Ahmed	Member														
Trustee	MCB Financial Services Limited (MCBFSL) 3 rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi.														
Bankers	Habib Metropolitan Bank Limited Deutsche Bank A.G.														
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi														
Legal Adviser	Bawaney & Partners 404, 4 th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530														
Registrar	Gangjees Registrar Services (Pvt.) Limited. Room No. 516, 5 th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.														
Rating	PACRA: AM2 (Positive Outlook)-Management Quality rating assigned to Management Company														



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD FROM 16 AUGUST 2010 TO 30 SEPTEMBER 2010

The Board of Directors of Arif Habib Investments Limited, the Management Company of AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF) is pleased to present its Report together with the Condensed Interim Financial Information for the period from 16 August 2010 to 30 September 2010.

Fund Objective

The objective of the Fund is to provide investors with a total return that before expenses, closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the return of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

Fund Profile

AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF) is an Open End Index Tracker Fund which aims to provide investors with a total return that closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 IndexSM.

The AHDJPF will employ a passive management approach to replicate the performance of the constituents of Dow Jones SAFE Pakistan Titans 15 IndexSM. The Fund will invest all or substantially all, of its assets in securities that make up the target index. Excess cash, if any, may be kept in daily-return bank deposits or short term money market instruments. The Fund is not allowed to take leveraged investment positions.

This fund also provides a low cost exposure to a portfolio primarily holding blue-chip liquid stocks selected on the basis of free float market capitalization and liquidity.

Fund Performance for the period from 16 August 2010 to 30 September 2010

During the period the Fund has received Rs 100 million as core investment.

Future Outlook

Future outlook has been fully explained in the Fund Manager Report attached to the Financial Information.

Acknowledgement

The Board of directors of the management company is thankful to core investors for their reliance and trust in Arif Habib Investments Limited. The Board also likes to thank the Securities and Exchange Commission of Pakistan, MCB Financial Services Limited (formerly: Muslim Commercial Financial Services (Pvt.) Limited (the Trustee of the Fund) for their continued cooperation and support. The Board also acknowledges the efforts put in by the team of the Management Company.

For and on behalf of the Board

25 October 2010
Karachi

Nasim Beg
Chief Executive



REPORT OF THE FUND MANAGER FOR THE PERIOD FROM 16 AUGUST 2010 TO 30 SEPTEMBER 2010

Fund Objective

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This fund also provides a low cost exposure to a portfolio primarily holding blue-chip liquid stocks selected on the basis of free float market capitalization and liquidity.

Asset Allocation

During the period the Fund has received Rs 100 million as core investment. As of 30 September 2010, this entire amount is in bank deposits yielding 9%. These assets will be deployed in the constituents of the Dow Jones SAFE Pakistan Titans 15 IndexSM on completion of the IPO.

Stock market review and outlook

The KSE-100 gained 3% to 10,013 during the 1st quarter of FY11 (July-September 2010). Trading activity fell sharply lower to 62 million average daily turnover (compared to last fiscal year average of 132 million) following the introduction of capital gains tax from July, delays in the introduction of margin trading system and declining local investors' confidence due to slowing economy/higher interest rates. The market witnessed sharp correction of 9.5% in August as massive floods hit the country causing huge devastation. However, the market brushed aside all these negative developments and bounced back by September amid continuing strong foreign investors' inflows and no significant direct impact of floods on major corporate entities listed on the stock exchanges. The rebound in KSE also coincided with sharp gains in other emerging markets particularly India, Sri Lank and Bangladesh.

Pakistan equity market has shown quite resilience in the recent past to the negative developments on the macroeconomic front with slowing GDP growth and rising domestic interest rates. We have a cautious stance on equities for the near term due to lack of any positive triggers on the economic and political front. Amidst low domestic investors' interest, foreign investors will play a dominant role in setting the market direction and events in emerging market equities will likely have profound impact on the local market. At present local equities are trading at an average PE of 8.3 sharply lower than emerging markets averages ranging between 14.3x - 27.9x. However, given the high domestic equity risk premium coupled with higher interest rates, Pakistani equities might not record any significant upside in the near term.

1Q FY11 Economic Review

Major event during 1QFY11 was the worst ever flood that affected around 10% of the population. The flood related damages and remedial steps were the major concern for policy makers. Preliminary assessment by World Bank and Asian Development Bank indicates a loss of US\$ 9.5 billion (approx. 6% of GDP), out of which crops and live stock damages are estimated at US\$ 5 billion approx. The immediate economic effect of the flood has already been reflected in inflation numbers where sharp increase in food prices (particularly perishable items) has jacked up the September, 2010 CPI at 17 months high of 15.7%.

External side remains weak and is highly dependent on IMF and donors' support. Current account deficit has increased by 49% in first 2 months of 1QFY11 on the back of swollen goods and services deficit. Only positive was August, 2010 remittances number which was up 19% on a monthly basis. The concern of rising inflation along with mounting twin deficits were the major reasons behind the SBP's two consecutive rate hikes in the preceding quarter. Discount rate has now reached 13.5% after the September policy action.

Real Sector

The GDP growth targets along with fiscal and external targets have been revised downwards. The government expects GDP to grow between 2.5 - 3.5% from prior-flood estimate of 4.5%. The production number of July has been released where LSM grew by 3.05% as compared to -1.07% growth in the corresponding month of last year. A key area to watch will be the growth numbers in upcoming months which will show the actual production loss due to the floods.

Monetary Sector

Money supply numbers, during the quarter (From Jul 1 to Sep 30), grew by 0.6% versus negative growth of -0.03% in the corresponding quarter of last year. Net Foreign Assets (NFA) were at Rs 35.4 billion while net Domestic Assets (NDA) were at Rs -0.5 billion. Government borrowing after touching Rs 220 billion as on 24 September 2010 has come down to Rs 200 billion, still a high number and a major cause of concern for the central bank. Credit to private sector and public sector enterprises (PSEs) collectively showed a net retirement of Rs 68 billion. Retirement of loan by PSEs reflects the partial payment release by Ministry of Finance under the circular debt issue. Furthermore, net retirement of credit by private sector in this quarter is a normal phenomenon. Next quarter is crucial where seasonal borrowing of private sector for working capital requirement is at its peak. It will determine the real investment climate and the 'crowding out' effect of government borrowing.

Prices

The CPI inflation posted a considerable increase for September, 2010 to reach 17 months highest number of 15.71% against 10.12% in the corresponding period of last year. On the other hand, core inflation numbers at 9.4% are on an 18 months low. It explains the abnormal movement of energy and food prices. In September food inflation was 21.24% YoY with perishable food items posting a staggering 53.8% increase over September, FY10. This increase in prices is due to the supply shortage of food items after the floods. Overall, SBP has revised CPI estimate to 13.5-14.5% for FY 11 from its initial estimate of 12.5%.

Fiscal Sector

Fiscal deficit of 6.3% for FY10 (numbers released in September) has surpassed the earlier estimates of 4.5%. Given the higher deficit of last year, the initial estimate of 4% for FY11 appears to be unrealistic given the flood shock to the economy, which is likely to lead to both lower-than-targeted tax collection numbers (due to economic slowdown) and rising expenditures for the rehabilitation of flood affectees. Additional external funding and higher donors support could mitigate pressure on fiscal side.

External Sector

External sector has observed deterioration with the beginning of FY11. This is explained by an increase in the Current Account Deficit (CAD), which stands at US\$ 944 million from July - August, FY11 against US\$ 635 million in the same period last year. According to the latest figures available, Foreign Direct Investment (FDI) fell by 50.2% from July-August, FY11 to US\$ 171.4 million against US\$ 344 million in the same period of the preceding year. On the other hand, forex reserves are on an all-time high and stood at US\$16.9 billion as of 30 September 2010 amid inflows from IMF, World Bank and higher remittances. The 1QFY11's remittances were up by 13.5% (US\$ 2.65 billion) against US\$ 2.33 billion in the same quarter of last year.

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT 30 SEPTEMBER 2010**

	<i>Note</i>	30 September 2010 (Rupees in '000)
Assets		
Bank balances	5	101,164
Profit receivable		206
Deposits		2,600
Preliminary expenses and floatation costs		1,000
Total assets		104,970
Liabilities		
Payable to Management Company	6	3,640
Markup payable to core investors		1,330
Total liabilities		4,970
Net assets		100,000
Represented by:		
-Core investors		100,000
		100,000

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM 16 AUGUST 2010 TO 30 SEPTEMBER 2010**

**For the period from
16 August 2010 to
30 September 2010
(Rupees in '000)**

CASH FLOW FROM OPERATING ACTIVITIES

Net income for the period

-

(Increase) in assets

Profit receivable

(206)

Deposits

(2,600)

Formation cost

(1,000)

(3,806)

Increase in liabilities

Payable to Management Company

3,640

Markup payable to core investors

1,330

4,970

Net cash inflow from operating activities

1,164

CASH FLOW FROM FINANCING ACTIVITIES

Cash received from core investors

100,000

Net cash inflow from financing activities

100,000

Net increase in cash and cash equivalents during the period

101,164

Cash and cash equivalents at beginning of the period

-

Cash and cash equivalents at the end of the period

101,164

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED FROM 16 AUGUST 2010 TO 30 SEPTEMBER 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

AH Dow Jones SAFE Pakistan Titans 15 Index Fund (the Fund) was established under a Trust Deed executed on 30 March 2010 between Arif Habib Investments Limited as Management Company and MCB Financial Services Limited (formerly: Muslim Commercial Financial Services (Private) Limited) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 March 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Formation of the Fund as open end fund was authorized by SECP on 22 April 2010. The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by SECP. The registered office of the management company is situated at Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan.

The Fund is an index tracker scheme and aims to provide investors with a total return that before , expenses closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the return of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

The Fund will invest in local equity stocks in respective weightages of Dow Jones SAFE Pakistan Titans 15 Index to achieve the investment objective. The fund manager would monitor the performance of the Fund and the benchmark index on a continuous basis. Upon Rebalancing of the Index the Management Company may also rebalance the portfolio within 21 Dealing Days with the objective to minimize the tracking error.

The Fund shall strive to remain fully invested in accordance with the stated index; however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index during the year based on monthly average investment calculated on daily basis. The uninvested amount shall be kept in:

- (a) Cash and/ or near cash instruments where near cash instruments include cash in bank account (excluding TDRs) and;
- (b) Treasury Bills not exceeding 90 Days maturity.

The duration of the Fund is perpetual. It shall offer and redeem Units on a continuous basis. The initial offering / launch period was from 12 October 2010 to 14 October 2010 (both days inclusive). The Fund has not commenced operations as of the date of the financial information, hence there is no item to report in Income Statement, Distribution Statement and Movement in Unit Holders' Fund. Accordingly, such statements have not been prepared in this condensed interim financial information.

The initial offer price of the units shall be Rs 50 per unit.

Upto 30 September 2010 the Fund has received Rs.100 million as core investment.

Titles to the assets of the Fund are held in the name of MCB Financial Services Limited (formerly Muslim Commercial Financial Services (Private) Limited) as a trustee of the Fund.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the said directives shall prevail.

The disclosures made in this condensed interim financial information has, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.4 Critical accounting estimates and judgments

The preparation of this condensed interim financial information 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 reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of assets and liabilities which 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information are set out below:

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 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.

Financial instruments at fair value through profit or loss are measured at fair value, and changes there in are recognised in Income Statement. All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivative in a net payable position (negative fair value), are reported as financial liabilities held for trading.

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 category.

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 and are carried at amortised cost using 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 amortised 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. 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 fair value (transaction price) plus, in case of a financial instruments not at 'fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instrument 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' Funds until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Funds are included in the Income Statement. Unquoted securities are carried at investment price or break-up value which ever is lower, except for government and debt securities which are stated at fair value.

Fair value measurement principles

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

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Impairment

Financial assets not carried at fair value through profit or loss are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

If in subsequent period the amount of impairment loss decreases, the reduction in impairment loss on financial assets other than the securities classified as available-for-sale are recognised in the income statement. However, the decrease in impairment loss on securities classified as available-for-sale is recognised in unit holders' fund.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires 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.

Offsetting of financial instruments

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

3.2 Unit holders' Fund

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

3.3 Issue and redemption of units

Units issued will be recorded at the offer price determined by the Management Company for the application received by the distributors during business hours on that date. The offer price shall represent the net assets value per unit as of the close of business day plus the allowable front end load, provision for transaction cost and any provision for duties and charges, if applicable. The front-end load is payable to the investment facilitator, distributors and the Management Company.

Units redeemed will be recorded at the redemption price applicable to units for which the distributors receive redemption requests during the business hours of that day. The redemption price shall represent the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.4 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased

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

The Fund will record 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) held by the Fund in unit holders' fund shall be recorded in a separate reserve account and any amount remaining in this reserve account at the end of accounting period (whether gain or loss) will be included in the amount available for distribution to the unit holders.

3.5 Provisions

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

3.6 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund. These costs shall be amortised over the period of five years commencing from 15 October 2010.

3.7 Net asset value per unit

The net asset value per unit shall be calculated by dividing the net assets of the Fund by the number of units in issue.

3.8 Taxation

Current

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

Deferred

The Fund will provide for deferred taxation using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund will also record deferred tax assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

3.9 Revenue recognition

Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

Unrealised gains / (losses) arising on revaluation of investments classified as financial assets at fair value through profit or loss and derivatives are included in the Income Statement in the period in which they arise.

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

Income on government securities is recognised on accrual basis using the effective interest rate method.

Profit on bank deposit is recognised on time proportion basis taking in to account effective yield.

Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

3.10 Expenses

All expenses are recognised in the income statement on an accrual basis.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.12 Other assets

Other assets are stated at cost less impairment losses, if any.

3.13 Proposed dividend and transfer between reserves

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

4. RISK MANAGEMENT

The fund has not commenced operations yet and the amount of core investment has been kept in bank deposit with a bank having AA+ long time credit rating, hence the fund's exposure to credit risk is low.

5.	BANK BALANCES		30 September 2010 (Rupees in '000)
	In deposit accounts	5.1	<u><u>101,164</u></u>

5.1 These accounts represents investments received from core investors and carry profit at the rate of 9% per annum. The profit accrued on these accounts upto a day before the initial offering / launching period shall be distributed to the said investors.

6. PAYABLE TO MANAGEMENT COMPANY

Payable to management company against formation cost	1,000
Deposits	2,600
Other payable	40
	<u><u>3,640</u></u>

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Arif Habib Investments Limited being the Management Company of the Fund, Arif Habib Securities Limited being the holding company of the Management Company, all other Collective Investment Schemes managed by the Management Company, Arif Habib Limited and Thatta Cement Limited being companies under common management, Pak Arab Fertilizer and Summit Bank Limited (formerly: Arif Habib Bank Limited) being company under common directorship, MCB Financial Services Limited (formerly: Muslim Commercial Financial Services (Private) Limited) being the Trustee of the Fund and Directors and Executives of the Management Company.

The transactions with connected persons / related parties are in the normal course of business at agreed terms

Details of the transactions with connected person / related parties other than those disclosed else where in this condensed interim financial information are as follows:

Investment subscribed by:

Management Company

Arif Habib Investments Limited	30,000
Mark-up payable on core investment	<u><u>392</u></u>

8. DATE OF AUTHORISATION

This condensed financial information has been authorised for issue on 25 October 2010 by the Board of Directors of the Management Company.

9. GENERAL

9.1 Figures have been rounded off to the nearest thousand Rupees.

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

Chief Executive

Director

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



**Arif Habib
Investments**

Pakistan Mutual Funds

An Investment Plan for Everyone

HEAD OFFICE:

Arif Habib Centre,

23 M. T. Khan Road, Karachi-74000, Pakistan.

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

Fax: (+92-21) 32470351, 32470337

E-mail: marketing@arifhabib.com.pk

Website: www.arifhabib.com.pk