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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited Arif Habib Centre, 23 M. T. Khan Road, Karachi-74000.	
Board of Directors of the Management Company	Mr. Muhammad Shafi Malik Mr. Nasim Beg Mr. Sirajuddin Cassim Mr. S. Gulrez Yazdani Mr. Muhammad Akmal Jameel Syed Ajaz Ahmed Mr. Muhammad Kashif Habib Mr. Samad A. Habib	Chairman Chief Executive Director Director Director Director Director Director (Subject to the Approval of SECP)
Company Secretary & CFO of the Management Company	Mr. Zeeshan	
Audit Committee	Mr. Muhammad Shafi Malik Mr. Muhammad Akmal Jameel Mr. Muhammad Kashif Habib Syed Ajaz Ahmed Mr. Samad A. Habib	Chairman Member Member Member Director (Subject to the Approval of SECP)
Trustee	Central Depository Company of Pakistan Limited (CDC) CDC House, 99-B, S.M.C.H.S Main Shahrah-e-faisal, Karachi.	
Bankers	Bank AL Habib Limited Summit Bank Limited (formerly: Arif Habib Bank Limited) Deutsche Bank A.G. Standard Chartered Bank (Pakistan) Limited United Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Soneri Bank Limited Meezan Bank Limited Habib Bank Limited Allied Bank Limited The Royal Bank of Scotland Bank Alfalah Limited Askari Commercial Bank Limited	
Auditors	KPMG Taseer Hadi & Co Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75 530	
Legal Adviser	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	PACRA: 4 Star (Normal) PACRA: 4 Star (Long Term) PACRA: AM2 (Positive Outlook) - Management Quality Rating assigned to Management Company	

01 Rating

PAKISTAN STOCK MARKET FUND
Managed by: ARIF HABIB INVESTMENT LIMITED



**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

The Board of Directors of Arif Habib Investments Limited, the Management Company of Pakistan Stock Market Fund (PSM) is pleased to present its Report together with the Condensed Interim Financial Statements for the half year ended December 31, 2010.

Fund Objective

The objective of the fund is to provide investors long term capital appreciation from its investment in Pakistani equities.

Fund Profile

Pakistan Stock Market Fund (PSM) is an open end equity fund that invests in quality stocks listed in Pakistan.

The fund is actively managed and fundamental research drives the investment process. Fundamental outlook of sectors/companies and DCF (discounted cash flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the fund's portfolio is invested in high quality liquid stocks. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments/ placements.

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

Fund Performance during the six months ended December 31, 2010

The Net Assets of the Fund as at December 31, 2010 stood at Rs 1,636.53 million as compared to Rs 1,841.34 million as at 30th June 2010, registering a decrease of 11.12%. The reduction was driven by investors seeking to reduce equity exposure.

The Net Asset Value (NAV) per unit as at December 31, 2010 was Rs 59.01 as compared to opening Ex NAV of Rs. 49.64 per unit as at 30th June 2010, registering an increase of Rs 9.37 per unit during the period.

Explanation With Regards To Emphasis of Matter Paragraph included in the Auditor's Review Report

The explanation with regard to emphasis of matter paragraph is provided in note 7 to the condensed interim financial statements.

Future Outlook and Fund Performance

Future Outlook and Fund Performance is fully explained in Fund Manager Report attached to this report.

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

February 19, 2011
Karachi.

Nasim Beg
Chief Executive

**REPORT OF THE FUND MANAGER
FOR THE SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2010**

Fund Objective

The objective of the fund is to provide investors long term capital appreciation from its investment in Pakistani equities.

Fund Profile

Pakistan Stock Market Fund (PSM) is an open end equity fund that invests in quality stocks listed in Pakistan.

The fund is actively managed and fundamental research drives the investment process. Fundamental outlook of sectors/companies and DCF (discounted cash flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the fund's portfolio is high quality liquid stocks. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments/placements.

PSM is a long only fund. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Fund Performance

PSM NAV increased 16.71% in 2Q FY11, compared to 20.06% rise in KSE-100 Index. The underperformance was largely because of lower allocation to equities and underperformance of some of the key holdings. On average, about 30% of net assets underperformed the index, including top holdings, PSO, PSMC and Engro, while on average 51% of net assets outperformed, including ABL, Packages, NML, PPL, POL, ICI, FFC outperformed the KSE-100 Index.

Overall PSM return for 1H FY11 was 18.88%, compared to 23.66% return for KSE-100 Index. During the half year, Pak Suzuki and Packages were a major drag on the portfolio returns, while Engro and PSO also underperformed during this time.

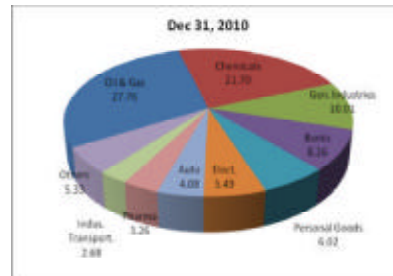
	<i>PSM</i>	
	Fund	BM
Oct-10	3.70	5.84
Nov-10	5.78	6.00
Dec-10	6.40	7.01
QoQ	16.71	20.06
FY	18.88	23.66

Asset allocation and Investment Activities

The equity market continued to rally on stock specific triggers—good corporate earnings, improved demand-supply outlook, continued foreign portfolio inflows—despite persistent fiscal issues and political noise at the macro level. Amidst these developments, equity exposure in PSM was carefully added in select fundamentally strong and undervalued companies, increasing from 69.09% at the beginning of the quarter to 94.60% at the end. Average equity exposure for the quarter was 81%. More specifically, PSO was added in the portfolio post resolution of the turnover tax issue of the company. Exposure in ICI was enhanced on improved earnings and dividend outlook. Further exposure in Engro was added on expectations that COD of its plant expansion is likely to improve market sentiments on the stock. FFC was partially offloaded as the stock became overvalued.

At the end of the quarter, oil & gas sector is the top holding with 27.76% allocation, followed by Chemicals (21.70%), General Industries (Packages: 10.01%), Banks (8.26%). P/E of the portfolio is 9.65x on 2010 earnings.

<i>Top 10 holdings on 31st Dec, 2010</i>	
Pakistan Petroleum	10.24
Packages Limited	10.01
Pakistan Oilfields	9.87
Engro Corp	7.87
ICI Pakistan	7.69
Pakistan State Oil	7.65
Allied Bank	5.84
Nishat Mills	5.34
Pak Suzuki Motor Company	4.08
Fauji Fertilizer Company	3.71



Equity Market Review

The KSE-100 index gained 20% in the second quarter of this fiscal year, with overall 23% gain in the first half ended December 2010. From its August 2010 lows of 9500, when it fell by 10% amid devastating monsoon floods in the country, the market has shown consistent rising trend with gains of 26% by December end. The rally in domestic equity market has coincided with strong gains in global equities and most importantly emerging market equities. The equities have defied the negative developments on the macroeconomic front with focus turning towards relatively attractive domestic equity valuations. Given the 50% average lower earnings multiples and higher dividend yields, foreigners have been aggressively bidding up the prices, by making net investments of USD 144mn in the second quarter compared to USD 106mn in the preceding quarter. Oil and gas sectors have been at the forefront of strong market performance, with all leading stocks in the exploration, refinery and oil marketing sub sectors showing strong gains. Market heavy weight OGDC, which accounts for 25% of the KSE100 index has risen by 18.30% during the quarter. Fertilizer stocks recorded strong gains amid expectations of improvement in manufacturers' margins and higher profits as fertilizer demand picked up following heavy floods in August. Large banks, after lagging behind the market during the past one year, have rebounded due to expected positive earnings announcement for the accounting year ended December 2010. During the quarter, average daily turnover increased to 124mn compared to that of 62mn in the first quarter of FY11. Volumes have been gradually on the rise, with activity in the month of December picking up amid expectations of introduction of new margin trading system in the near future.

Economic review


1HFY11 continued to bring some key challenges for the restoration of a stable economy; continued rising government expenditure amid falling tax/GDP ratio and high inflation in a soaring interest rate scenario. SBP has responded by using a tight monetary policy, thus raising the discount rate by 150 bps to 14% in the last three consecutive Monetary Policy Statements (MPS).

Fiscal Side

Fiscal account figures released by the Finance Ministry for July – September 2010 posted a deficit of 1.6% (Rs 276 billion) of GDP against a full year target of 4.7%. Given the persistent high government borrowing due to shortfall in revenue collection and higher expenditures on account of floods and electricity sector subsidies, we could see fiscal deficit for FY11 crossing 6.5% of GDP. Tax collection figures for July – November, 2010 showed a growth of 8.8% to Rs 500.07 billion over the corresponding period of last year which is way below the revised target of Rs1604 billion for the full FY11. The delay in the implementation of RGST has reduced the prospects of meeting the revenue targets for the current fiscal year. Furthermore, government has been unable to pass on the rise in international oil prices due to political pressure, which has adversely affected the petroleum levy account of the government. According to some official sources, the subsidy elimination on power of 2% monthly has also been delayed for an indefinite period of time which will result in further slippage of an already fragile fiscal account.

Monetary Sector

Money supply (M2) for 1HFY11 has grown compared to the same period last year, but this expansion is majorly due to high government borrowing from the SBP. M2 expanded by Rs550 billion as compared to an increase of Rs300 billion in 1HFY10. Net Foreign Assets (NFA) of the banking system increased by Rs131 billion on the back of better external account position. Net Domestic Assets (NDA) also increased



by Rs419 billion from July – December 2010 against an increase of Rs295 billion in the same period of preceding year. This growth was merely due to elevated government borrowing which contributed Rs291 billion to NDA.

Inflation

CPI inflation, after starting off at 12.34%, climbed up to 15.46% YoY in December, 2010 due to high government borrowing and structural adjustments (subsidy elimination). The economy also witnessed serious supply side issues due to destruction of crop and infrastructure amid flood crisis. On the other hand Non-food Non-Energy (NFNE) inflation has been consistent at 9.5% which is 80 bps lower than what it was in July, 2010(10.3%). Going forward, inflation is expected to be persistent due to high government borrowing, elevated prices of agriculture commodities and higher international oil prices. With CPI inflation range of 15%-16% for FY 2011 along with higher fiscal deficit up to 6.5%, interest rates are expected to remain high and a possible further monetary tightening in the form of hike in the discount rate by 100 bps from the existing 14%.

Real Sector

Growth in large scale manufacturing sectors was negative 2.3% in the first five months of this fiscal year compared to the corresponding period of last year mainly due to devastating floods in August 2010. Cement production fell by 11.2%, followed by a negative 10.6% production in petroleum products, -10.1% in textile sector and lastly 5.0% contraction in fertilizer sector, while automobile sector enjoyed a positive growth of 12.9% along with Chemicals sector which produced 1.8% more over the same period of previous year. Overall domestic demand is likely to improve in the coming months due to two factors; first rehabilitation/reconstruction in flood affected areas and second, improvement in agriculture and rural income on account of expected higher wheat and other agriculture outputs/prices. However, prevailing inflationary pressures (15%+), higher interest rates (lending rates in excess of 16%) along with crippling electricity/gas shortages amid increasing tariffs are hurting the prospects of a significant rebound in manufacturing sector growth in the near future.

External Side

External side has seen marked improvement during the first half of this fiscal year, with current account position showing a surplus of US\$26 million (against a deficit of US\$2570 million in the same period last year) mainly on account of reduction in trade deficit and higher remittances. Exports have increased by 21% to US\$11.071 billion on the back of strong performance of textiles exports. At the same time, imports have increased by 20% to US\$19.149 billion mostly due to higher international oil prices. Estimates for total exports and remittances have been revised upward to US\$22 billion and US\$10 respectively for the fiscal year ending June 2011. Overall, Pakistan's foreign exchange reserves increased from US\$16.48bn to US\$17.197bn from July – January FY11. While external side is expected to be comfortable in the near term, Pakistan still requires to remain under the umbrella of IMF funding support given the weak fiscal position, declining direct foreign investments and vulnerability on account of high external debt.

IMF support and RGST implementation

IMF has stopped the disbursement of last two tranches of US\$3.4 billion as the Government of Pakistan reneged on its commitment to implement the reformed general sales tax amid strong opposition from the coalition partners of the government and opposition parties. Given the severity of fiscal situation, the government has no choice but to increase the tax revenue base and therefore, political consensus is likely to be achieved for the implementation of RGST not later than next annual budget of the government. Overall we expect that IMF will disburse the last tranches of the existing Standby arrangement (SBA) and Pakistan will negotiate for another SBA post FY 11.

Future outlook

At present local equities are trading at an average PE of 9.8x, lower than the emerging market PE that is in the range of 14.2x – 23.8x. Therefore, foreign liquidity driven rally may continue in the near future given the relatively lower valuations of Pakistani stocks in general. However, there are lingering serious macroeconomic concerns most particularly rising budget deficit, higher inflation/interest rates, electricity shortages and slow manufacturing sector growth. As a result, equity risk premium for Pakistani equities is expected to remain high compared to other emerging markets. Furthermore, interest rates are expected to increase further during the next quarter amid high inflation numbers, heavy government borrowing and fiscal imbalances.



TRUSTEE REPORT TO THE UNIT HOLDERS

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

The Pakistan Stock Market Fund (the Fund), an open-end Fund was established under a trust deed dated October 23, 2001, 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 six months period ended December 31, 2010 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: February 23, 2011



INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Pakistan Stock Market Fund ("the Fund") as at 31 December 2010 and the related condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and notes to the condensed interim financial information for the six months period ended 31 December 2010 (here-in-after referred to as the "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 7 to the condensed interim financial information which describes the uncertainties relating to pending outcome of the litigation regarding contribution to Workers' Welfare Fund.

Other matters

The figures for the quarter ended 31 December 2010 in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds have not been reviewed and we do not express a conclusion on them. The financial statements of the Fund for the year ended 30 June 2010 and condensed interim financial information of the Fund for the six months period ended 31 December 2009 were audited and reviewed respectively by another firm of auditors who expressed qualified opinion on the financial statements of the Fund for the year ended 30 June 2010 in respect of non provision of Workers' Welfare Fund in the financial statements and unqualified conclusion on the condensed interim financial information of the Fund for the six months period ended 31 December 2009 vide their reports dated 3 August 2010 and 22 February 2010 respectively.

Date: February 19, 2011
Karachi:

KPMG Taseer Hadi & Co.
Chartered Accountants

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2010**

	<i>Note</i>	(Unaudited) 31 December 2010	(Audited) 30 June 2010
(Rupees in '000)			
Assets			
Bank balances		37,017	13,780
Receivable against sale of investments		-	51,925
Receivable against sale of units		992	2,669
Dividend and markup receivable		397	503
Investments	6	1,602,342	1,779,291
Advances, deposits, prepayments and other receivables		3,789	4,218
Total assets		1,644,537	1,852,386
Liabilities			
Payable against purchase of investments		19	-
Payable on redemption of units		127	1,580
Payable to Arif Habib Investments Limited - Management Company		2,965	3,465
Payable to Central Depository Company of Pakistan Limited - Trustee		217	242
Payable to The Securities and Exchange Commission of Pakistan - Annual fee		841	2,050
Accrued expenses and other liabilities		3,839	3,709
Total liabilities		8,008	11,046
Contingency	7		
Net assets		1,636,529	1,841,340
Unit holders' funds		1,636,529	1,841,340
(Number of units)			
Number of units in issue		27,734,113	31,028,566
(Rupees)			
Net assets value per unit		59.01	59.34

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2010**

	Note	Six months ended 31 December		Quarter ended 31 December	
		2010	2009	2010	2009
		(Rupees in '000)		(Rupees in '000)	
Income					
Capital gain on sale of investments		81,382	197,141	22,592	86,995
Dividend income		40,841	52,278	23,687	22,942
Income from government securities		19,385	2,204	8,921	2,105
Profit on bank accounts		1,904	17,753	828	6,486
Income from placements		-	2,781	-	2,781
Impairment loss on investments classified as 'available for sale'		(202)	(461)	-	-
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	6.5	188,699	258,002	194,574	(74,280)
Total income		332,009	529,698	250,602	47,029
Expenses					
Remuneration of Arif Habib Investments Limited - Management Company		17,482	21,877	8,310	11,300
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,375	1,598	664	817
Annual fee - Securities and Exchange Commission of Pakistan		841	1,039	403	536
Securities transaction cost		1,617	3,143	327	1,252
Settlement and bank charges		520	264	410	190
Fees and subscriptions		105	105	53	53
Legal and professional charges		50	83	25	23
Auditor's remuneration		216	203	98	75
Printing and related costs		129	167	73	65
Total expenses		22,335	28,479	10,363	14,311
		309,674	501,219	240,239	32,718
Net element of loss and capital losses included in prices of units issued less those in units redeemed		(22,267)	(18,480)	(11,216)	(11,734)
Net income for the period		287,407	482,739	229,023	20,984
Other comprehensive (loss) / income for the period					
Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale'		(21,677)	35,145	12,773	(15,111)
Impairment loss on investments classified as 'available for sale'		202	461	-	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised diminution / appreciation		(4,911)	(8,448)	(10,487)	(4,619)
		(26,386)	27,158	2,286	(19,730)
Total comprehensive income for the period		261,021	509,897	231,309	1,254

Earnings per unit

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The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

09

PAKISTAN STOCK MARKET FUND
Managed by: ARIF HABIB INVESTMENT LIMITED

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2010**

	Six months ended		Quarter ended	
	31 December		31 December	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
Undistributed income / accumulated (losses) brought forward	202,333	(159,341)	(34,685)	298,585
Final distribution at the rate of Rs. 9.7 per unit for the year ended 30 June 2010 - Date of distribution: 05 July 2010 (2009: Nil)				
- Cash distribution	(18,442)	-	-	-
- Issue of bonus units	(282,535)	-	-	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised diminution / appreciation	(4,911)	(8,448)	(10,487)	(4,619)
Net income for the period	287,407	482,739	229,024	20,984
	(18,481)	474,291	218,537	16,365
Undistributed income carried forward	183,852	314,950	183,852	314,950

The annexed notes 1 to 11 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 SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2010**

	Note	Six months ended		Quarter ended	
		31 December		31 December	
		2010	2009	2010	2009
		(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period		287,407	482,739	229,024	20,984
Adjustments for:					
Unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss'	6.5	(188,699)	(258,002)	(194,574)	74,280
Net element of loss and capital losses included in prices of units issued less those in units redeemed		22,267	18,480	11,216	11,734
Dividend income		(40,841)	(52,278)	(40,841)	(22,942)
Impairment loss on investments classified as 'available for sale'		202	461	-	-
		<u>80,336</u>	<u>191,400</u>	<u>4,825</u>	<u>84,056</u>
Decrease / (increase) in assets					
Receivable against sale of investments		51,925	8,920	2,846	4,660
Dividend and markup receivable		106	1,499	12,278	2,347
Investments		343,971	20,452	237,876	(27,504)
Loans and receivables		-	(200,000)	-	(200,000)
Advances, deposits, prepayments and other receivables		429	241	476	139
		<u>396,431</u>	<u>(168,888)</u>	<u>253,476</u>	<u>(220,358)</u>
(Decrease) / increase in liabilities					
Payable against purchase of investments		19	(12,359)	19	11,504
Payable to Arif Habib Investments Limited - Management Company		(500)	(2,043)	(176)	964
Payable to Central Depository Company of Pakistan Limited - Trustee		(25)	37	(10)	(4)
Payable to Securities and Exchange Commission of Pakistan - annual fee		(1,209)	(949)	403	536
Accrued expenses and other liabilities		130	(4,056)	1,737	(5,019)
		<u>(1,585)</u>	<u>(19,370)</u>	<u>1,973</u>	<u>7,981</u>
Dividend received		40,841	58,368	40,841	31,612
Net cash generated from / (used in) operating activities		<u>516,023</u>	<u>61,510</u>	<u>301,115</u>	<u>(96,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Net payment against redemption of units		(474,344)	(160,811)	(306,821)	(88,942)
Dividend paid		(18,442)	-	-	-
Net cash used in financing activities		<u>(492,786)</u>	<u>(160,811)</u>	<u>(306,821)</u>	<u>(88,942)</u>
Net increase / (decrease) in cash and cash equivalents during the period		23,237	(99,301)	(5,706)	(185,651)
Cash and cash equivalents at beginning of the period		13,780	364,762	42,723	451,112
Cash and cash equivalents at end of the period		<u><u>37,017</u></u>	<u><u>265,461</u></u>	<u><u>37,017</u></u>	<u><u>265,461</u></u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2010**

	Note	Six months ended 31 December		Quarter ended 31 December	
		2010 (Rupees in '000)	2009	2010 (Rupees in '000)	2009
Net assets at beginning of the period		1,841,340	1,847,886	1,682,547	2,290,742
Issue of 4,218,959 units (2009: 12,122,001 units) and 1,959,668 units (2009: 6,683,491 units) for the six months and quarter ended respectively		222,623	699,663	107,416	408,104
Issue 5,691,689 bonus units for the year ended 30 June 2010 (2009: Nil)		282,535	-	-	-
Redemption of 13,205,102 units (2009: 14,888,957 units) and 7,503,663 units (2009: 8,134,674 units) for the six months and quarter ended respectively		(697,191)	(864,939)	(406,447)	(497,018)
		(192,033)	(165,276)	(299,031)	(88,914)
Net element of loss and capital losses included in prices of units issued less those in units redeemed					
- amount representing accrued loss and realised capital losses transferred to Income Statement		22,267	18,480	11,216	11,734
- amount representing unrealised diminution transferred directly to Distribution Statement		4,911	8,448	10,487	4,619
		27,178	26,928	21,703	16,353
Unrealized (diminution) / appreciation in fair value of investments classified as 'available for sale' during the period	6.6	(21,475)	35,606	12,773	(15,111)
Final distribution at the rate of Rs. 9.7 per unit for the year ended 30 June 2010 - Date of distribution: 05 July 2010 (2009: Nil)					
- Cash distribution		(18,442)	-	-	-
- Issue of bonus units		(282,535)	-	-	-
		(300,977)	-	-	-
Net income for the period (excluding unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)		17,326	27,596	11,858	8,269
Capital gain on sale of investments		81,382	197,141	22,592	86,995
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'		188,699	258,002	194,574	(74,280)
Net income for the period (including unrealised appreciation / (diminution) in fair value of 'investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)		287,407	482,739	229,024	20,984
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised diminution		(4,911)	(8,448)	(10,487)	(4,619)
Net assets as at end of the period		1,636,529	2,219,435	1,636,529	2,219,435

The annexed notes 1 to 11 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 STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2010**

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Stock Market Fund (PSM) was established under a Trust Deed executed between Arif Habib Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 23 October 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 28th February 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by 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 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. PSM is an open-ended mutual fund, listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of 'AM2' (positive outlook) to the Management Company and 4-Star Normal and 4-Star Long Term to the Fund.

The Fund is a stock market fund, which primarily invests in shares of listed companies.

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

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2010.

This condensed interim financial information comprises of the condensed interim statement of assets and liabilities as at 31 December 2010 and the related condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes thereto for the six months and quarter ended 31 December 2010.

The comparatives in the statement of assets and liabilities presented in the condensed interim financial information as at 31 December 2010 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2010, where as the comparative condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the six months and quarter ended 31 December 2009.

This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended 30 June 2010. New interpretations and amendments to certain existing standards / interpretations became effective during the period, however, adoption of such amendments / new interpretations did not have any impact on the accounting policies of the Fund.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2010.

5. RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2010.

6. INVESTMENTS

		(Unaudited) 31 December 2010	(Audited) 30 June 2010
		(Rupees in '000)	
'At fair value through profit or loss' - 'held for trading'			
- Quoted equity securities	6.1	1,357,095	1,318,785
- Fixed income and other debt securities	6.2	54,224	196,691
'Available for sale'			
- Quoted equity securities	6.3	191,023	263,815
		<u>1,602,342</u>	<u>1,779,291</u>

6.1 Quoted equity securities - 'at fair value through profit or loss' - held for trading

Name of the investee company	Number of Shares							Market value as a percentage of		Paid up value of shares held as a percentage of total paid up capital of the investee company	
	As at 1 July 2010	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 December 2010	Cost as at 31 December 2010	Market value as at 31 December 2010	(Diminution) / appreciation as at 31 December 2010	investments		net assets
-----Number of shares----- (Rupees in 000)-----											
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL & GAS											
Pakistan Oilfields Limited	545,932	-	-	-	545,932	115,797	161,574	45,777	10.08	9.87	0.23
Pakistan Petroleum Limited	718,528	140,000	144,505	231,000	772,033	124,321	167,647	43,326	10.46	10.24	0.06
Pakistan State Oil Company Limited	195,350	424,000	-	195,350	424,000	119,247	125,156	5,909	7.03	6.80	0.25
						359,365	454,377	95,012			
CHEMICALS											
Descon Oxychem Limited	460,112	-	-	-	460,112	4,601	3,754	(847)	0.23	0.23	0.45
Engro Corporation Limited	972,397	309,880	-	618,000	664,277	108,066	128,743	20,677	8.03	7.87	0.20
Fauji Fertilizer Bin Qasim Limited	534,000	-	-	534,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	523,674	-	-	523,674	-	-	-	-	-	-	-
I.C.I. Pakistan Limited	411,800	460,950	-	-	872,750	124,997	125,886	889	7.86	7.69	0.63
Sitara Chemical Industries Limited	268,492	-	13,424	-	281,916	45,186	36,015	(9,171)	2.25	2.20	1.38
						282,850	294,398	11,548			
GENERAL INDUSTRIALS											
Packages Limited	859,318	-	-	-	859,318	128,192	110,517	(17,675)	6.90	6.75	1.02
						128,192	110,517	(17,675)			
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal Limited	603,607	-	-	-	603,607	29,252	43,912	14,660	2.74	2.68	0.55
						29,252	43,912	14,660			
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	687,096	-	-	50,000	637,096	78,471	44,482	(33,989)	2.78	2.72	0.77
						78,471	44,482	(33,989)			
FOOD PRODUCERS											
Nestle Pakistan Limited	55,813	-	-	55,813	-	-	-	-	-	-	-
						-	-	-			
HOUSEHOLD GOODS											
Pak Elektron Limited	1,312,011	1,358	-	-	1,313,369	24,437	18,440	(5,997)	1.15	1.13	1.12
						24,437	18,440	(5,997)			
PERSONAL GOODS											
Artistic Denim Limited	158,200	-	-	-	158,200	6,803	3,718	(3,085)	0.23	0.23	0.19
Gul Ahmed Textile Mills	64,500	-	-	-	64,500	2,709	1,886	(823)	0.12	0.12	0.10
Nishat Mills Limited	1,362,130	-	-	-	1,362,130	61,613	87,408	25,795	5.46	5.34	0.39
						71,125	93,012	21,887			
TOBACCO											
Pakistan Tobacco Company Limited	413,200	-	-	413,200	-	-	-	-	-	-	-
						-	-	-			
PHARMA AND BIO TECH											
Searle Pakistan Limited	889,754	-	-	-	889,754	53,448	53,394	(54)	3.33	3.26	2.91
						53,448	53,394	(54)			
FIXED LINE TELECOMMUNICATION											
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	6,290	3,640	(2,650)	0.23	0.22	0.16
						6,290	3,640	(2,650)			
ELECTRICITY											
Hub Power Company Limited	1,221,266	-	-	-	1,221,266	35,483	45,688	10,205	2.85	2.79	0.11
Kot Addu Power Company Limited	1,086,400	-	-	-	1,086,400	52,615	44,195	(8,420)	2.76	2.70	0.12
						88,098	89,883	1,785			
BANKS											
Allied Bank Limited	1,363,377	-	-	-	1,363,377	72,484	95,641	23,157	5.97	5.84	0.17
Bank Al Habib Limited	650,000	-	-	-	650,000	21,775	23,569	1,794	1.47	1.44	0.09
Habib Bank Limited	246,840	-	-	116,553	130,287	11,404	15,887	4,483	0.99	0.97	0.01
						105,663	135,097	29,434			
NON LIFE INSURANCE											
IGI Insurance	164,550	-	-	-	164,550	25,062	15,943	(9,119)	0.99	0.97	0.23
						25,062	15,943	(9,119)			
Total as at 31 December 2010						1,252,254	1,357,095	104,841			

6.2 Fixed income and other debt securities (Government securities) - at 'fair value through profit or loss'

Issue date	Tenor	As at 1 July 2010	Purchases during the period	Sales / matured during the period	As at 31 December 2010	Cost as at 31 December 2010	Market value as at 31 December 2010	Appreciation / (diminution) as at 31 December	Market value as a percentage of investments	Market value as a percentage of net assets
Face value					(Rupees in 000)					
Treasury bills										
13 August 2010	3 Months		50,000	50,000	-	-	-	-	-	-
13 August 2010	3 Months		90,000	90,000	-	-	-	-	-	-
25 February 2010	6 Months		200,000	200,000	-	-	-	-	-	-
27 August 2009	1 Year		75,000	75,000	-	-	-	-	-	-
8 October 2009	1 Year		25,000	25,000	-	-	-	-	-	-
26 August 2010	3 Months		187,500	187,500	-	-	-	-	-	-
26 August 2010	3 Months		150,000	150,000	-	-	-	-	-	-
9 September 2010	3 Months		65,000	65,000	-	-	-	-	-	-
20 May 2010	3 Months	100,000	-	100,000	-	-	-	-	-	-
3 June 2010	3 Months	75,000	-	75,000	-	-	-	-	-	-
17 June 2010	3 Months	25,000	-	25,000	-	-	-	-	-	-
7 October 2010	3 Months	-	15,000	15,000	-	-	-	-	-	-
16 November 2010	3 Months	-	300,000	245,000	55,000	54,251	54,224	(27)	3.38	3.31
Total as at 31 December 2010			1,157,500	1,302,500	55,000	54,251	54,224	(27)		

6.3 Quoted equity securities - 'available for sale'


Name of the investee company	As at 1 July 2010	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 December 2010	Cost as at 31 December 2010	Impairment upto 31 December 2010	Cost less impairment recognised upto 31 December 2010	Market value as at 31 December 2010	(Diminution) / appreciation as at 31 December 2010	Market value as a percentage of investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital
Number of shares													
(Rupees in 000)													
Shares of listed companies													
- fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise													
CHEMICALS													
Fauji Fertilizer Company Limited	945,268	-	-	463,175	482,093	25,004	-	25,004	60,676	35,672	3.79	3.71	0.07
						25,004	-	25,004	60,676	35,672			
FORESTRY AND PAPER													
Century Paper & Board Mills Limited	781,220	-	-	-	781,220	31,718	(21,875)	9,843	13,164	3,321	0.82	0.80	1.11
Security Paper Limited	76,522	-	-	76,522	-	-	-	-	-	-	-	-	-
						31,718	(21,875)	9,843	13,164	3,321			
INDUSTRIAL METALS AND MINING													
International Industries Limited	502,012	-	100,402	-	602,414	27,362	-	27,362	36,054	8,692	2.25	2.20	0.50
						27,362	-	27,362	36,054	8,692			
GENERAL INDUSTRIALS													
Packages Limited	415,041	-	-	-	415,041	41,386	-	41,386	53,378	11,992	3.33	3.26	0.49
						41,386	-	41,386	53,378	11,992			
AUTOMOBILE AND PARTS													
Pak Suzuki Motor Company Limited	318,300	-	-	-	318,300	31,229	(13,872)	17,357	22,224	4,867	1.39	1.36	0.39
						31,229	(13,872)	17,357	22,224	4,867			
FOOD PRODUCERS													
Nestle Pakistan Limited	7,300	-	-	7,300	-	-	-	-	-	-	-	-	-
						-	-	-	-	-			
PERSONAL GOODS													
Artistic Denim Limited	95,400	-	-	-	95,400	4,700	(2,783)	1,917	2,242	325	0.14	0.14	0.11
Gul Ahmed Textile Mills Limited	70,291	-	-	-	70,291	1,811	(508)	1,303	2,055	752	0.13	0.13	0.11
Kohnoor Mills Limited	418,180	-	-	-	418,180	10,796	(9,645)	1,151	1,230	79	0.08	0.08	0.82
						17,307	(12,936)	4,371	5,527	1,156			
TOBACCO													
Pakistan Tobacco Company Limited	300,000	-	-	300,000	-	-	-	-	-	-	-	-	-
						-	-	-	-	-			
Total as at 31 December 2010						174,006	(48,683)	125,323	191,023	65,700			

6.4 Investments as at 31 December 2010 include shares having a market value of Rs 48.798 million (30 June 2010: Rs 49.002 million) which have been pledged with National Clearing Company of Pakistan guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

6.5 Unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss'	(Unaudited)	(Audited)
	31 December	30 June
	2010	2010
	(Rupees in '000)	
Fair value of investments	1,411,319	1,515,476
Less: Cost of investments	(1,306,505)	(1,553,732)
	104,814	(38,256)
Less: Unrealised diminution in fair value of investments at the beginning of period	38,256	403,027
Add: Realised on disposal during the period	45,629	(307,710)
	83,885	95,317
	188,699	57,061
6.6 Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale'		
Fair value of investments	191,023	263,815
Cost of investment	174,006	227,309
	17,017	36,506
Add: Accumulated impairment losses at the end of the period	48,683	50,669
Net unrealised appreciation in the fair value of investments at the end of the period	65,700	87,175
Less: Unrealised appreciation in fair value of investments at the beginning of period	(87,175)	(63,965)
	(21,475)	23,210

7. CONTINGENCY

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the WWF. The honorable court has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response a petition has been filed with the SHC by some of Mutual Funds through their Trustees along with few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated 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 by Federal Board of Revenue 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 for WWF having an effect of Re. 0.49 on net asset value per unit has been recognised in this condensed interim financial information.

8. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as the management is of the opinion that determination of weighted average number of units for calculating EPU is impracticable.

9. 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. The management intends to distribute at least 90% of the income earned by the Fund by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

10. TRANSACTIONS WITH CONNECTED PERSONS

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

Remuneration to the Management Company and trustee are determined in accordance with the provisions of NBFC regulations and Trust Deeds of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

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

	Six months ended		Quarter ended	
	31 December	2009	31 December	2009
	2010	2009	2010	2009
	----- (Rupees in '000) -----			
Arif Habib Investment Management Limited - Management Company				
Remuneration	<u>17,482</u>	<u>21,877</u>	<u>8,310</u>	<u>11,300</u>
Sales load	<u>417</u>	<u>547</u>	<u>102</u>	<u>216</u>
Arif Habib Limited				
Brokerage	<u>328</u>	<u>592</u>	<u>50</u>	<u>268</u>
Summit Bank Limited (formerly Arif Habib Bank Limited)				
Profit on deposit accounts	<u>1,010</u>	<u>5,549</u>	<u>289</u>	<u>1,882</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	<u>1,375</u>	<u>1,598</u>	<u>664</u>	<u>817</u>
CDS charges	<u>11</u>	<u>34</u>	<u>2</u>	<u>13</u>
Directors and Executive of the Management Company				
Issue of 547,178 units (2009: 802,677 units) and 346,422 units (2009: 365,779 units) during the six months and quarter ended respectively	<u>29,315</u>	<u>46,475</u>	<u>18,940</u>	<u>22,245</u>
Redemption of 535,673 units (2009: 761,435 units) and 295,317 units (2009: 362,944 units) during the six months and quarter ended respectively	<u>28,500</u>	<u>44,542</u>	<u>16,114</u>	<u>22,181</u>
Issue of 38,063 bonus units (2009: Nil units) during the period	<u>1,889</u>	<u>-</u>	<u>-</u>	<u>-</u>
Arif Habib Corporation Limited (formerly Arif Habib Securities Limited)				
Sale of nil shares (2009: 521,753 shares)	<u>-</u>	<u>26,202</u>	<u>-</u>	<u>26,202</u>

	31 December 2010	30 June 2010
	(Rupees in '000)	
Amounts outstanding as at the period / year end		
Summit Bank Limited (formerly Arif Habib Bank Limited)		
Accrued mark-up receivable	<u>175</u>	<u>401</u>
Bank Balance	<u>16,482</u>	<u>4,869</u>
Arif Habib Investment Management Limited Management Company		
Management fee payable	<u>2,708</u>	<u>3,193</u>
Sales load payable	<u>257</u>	<u>272</u>
Directors and Executive of the Management Company		
118,471 units (2010: 194,582 units)	<u>6,991</u>	<u>11,546</u>
Central Depository Company of Pakistan Limited - Trustee		
Security Deposit	<u>200</u>	<u>200</u>
Trustee fee	<u>217</u>	<u>242</u>
Pakistan Income Enhancement Fund		
Receivable from Pakistan Income Enhancement Fund	<u>1,252</u>	<u>482</u>
Pakistan Income Fund		
Payable to Pakistan Income Fund	<u>-</u>	<u>2,406</u>

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

11. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on February 19, 2011

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

Chief Executive

Director