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FUND'S INFORMATION

Management Company

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

Board of Directors of the Management Company

Mr. Muhammad Shafi Malik	Chairman
Mr. Nasim Beg	Chief Executive
Syed Ajaz Ahmed	Director
Mr. Sirajuddin Cassim	Director
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Kashif	Director
Mr. S. Gulrez Yazdani	Director
Mr. Samad A.Habib	Director (Subject to the approval of SECP)

Company Secretary & CFO of the Management Company

Mr. Zeeshan

Audit Committee

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

Habib Metropolitan Bank Limited
Bank Alfalah Limited

Auditors

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

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.

Distributor

Habib Metropolitan Bank Limited

Rating

PACRA: AA(f) Stability Rating
PACRA: AM2 (Positive Outlook) - Management Quality Rating assigned to Management Company



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 MetroBank - Pakistan Sovereign Fund (MSF), is pleased to present their Report together with Condensed Interim Financial Statements for the half year ended December 31, 2010.

Fund Objective

MSF Perpetual

The objective of the fund is to maximize returns through investment in government securities while limiting exposure to excessive price volatility by maintaining a maximum duration of 3 years.

Fund Profile

MSF Perpetual

Metro-Bank Pakistan Sovereign Fund-Perpetual (MSF) is an open end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments.

Fund Objective

MSF December 2012

The objective of the fund is to deliver returns equivalent to government bonds maturing in 2012.

Fund Profile

MSF December 2012

Metro-Bank Pakistan Sovereign Fund-12/12 (MSF-12/12) is an open end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF-12/12 is a long only fund and does not undertake leveraged investments.

Fund Performance during the six months ended December 31, 2010***MSF Perpetual***

The Net Asset Value (NAV) per unit as at December 31, 2010 stood at Rs. 49.62 as compared to opening Ex NAV of Rs 49.02 per unit, registering an increase of Re 0.60 for the period.

MSF 12-12

The Net Asset Value (NAV) per unit as at December 31, 2010 stood at Rs. 48.13 as compared to opening Ex NAV Rs 47.24 per unit registering an increase of Re 0.89.

The combined Net Assets of the Fund as at December 31, 2010 stood at Rs 1,755.72 million as compared to Rs 1,506.59 million at 30th June 2010, registering an increase of 16.54%.

Expalnation 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 6 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.

Acknowledgment

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 Islamabad 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

Karachi
February 19, 2011

Nasim Beg
Chief Executive



REPORT OF THE FUND MANAGER FOR THE PERIOD ENDED DECEMBER 31, 2010

Objective

The objective of the fund is to deliver income primarily from investment in government securities.

Fund Profile

Metro-Bank Pakistan Sovereign Fund-Perpetual (MSF) is an open end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF 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

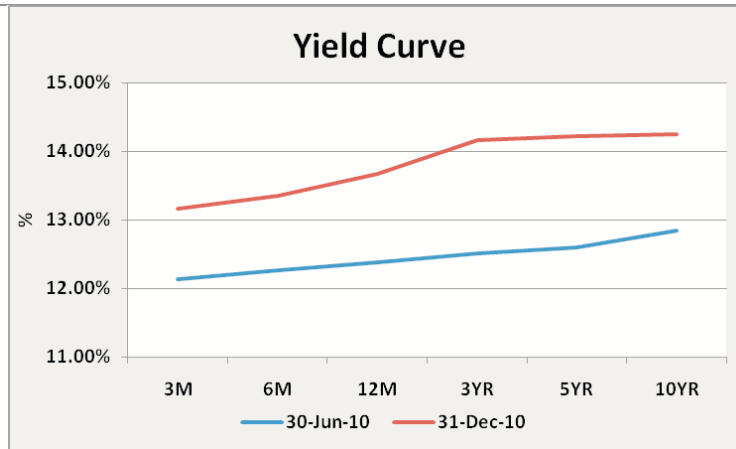
MSF earned an annualized return of 10.84% during the 2nd quarter FY11 against its benchmark return of 10.68%. Annualized return for 6 months FY11 was 8.50%. The Fund's return witnessed significant improvement during the second quarter compared to 5.99% last quarter, as exposure in long term PIBs was drastically reduced and switched to very short term T-bills. This provided adequate price cushion against the increases in interest rates during the second quarter. Hence, the Fund's portfolio absorbed the adverse price affects of 100bps jump in discount rate initiated from the 30th September 2010. The Fund also declared an interim dividend of Rs. 1.42/unit during the second quarter FY11.

Asset allocation

At the end of the 2Q FY11, T-bills remain highest asset class comprising 81% of net assets. Exposure in PIBs was reduced to 9.8% from 19.5% at the end of first quarter FY11. In addition, the Fund made fresh investment in Govt. Ijara Sukuk up to 2.9% of net assets, in view of high liquidity and attractive return. Investment in sub-scheme (12/12) was 6% of net assets. Average portfolio duration of the Fund was 55 days at the end of the period compared to 147 days at the end of last quarter.

Market Review

During 2QFY11, SBP increased the discount rate by 100 bps to 14.0% (in September 10 & November10) as inflation started soaring along with higher fiscal deficit due to elevated government borrowings from the SBP. As a result, interest rates moved up across all tenors, with the yields on 3 month, 1-year and 10 years instruments increasing by 49 bps, 71 bps and 50 bps to 13.17%, 13.68% and 14.25% respectively. During 1HY FY11 the discount rate has been increased by 150bps.



PIB auctions were held twice during the quarter ended 31st Dec, 10. In the wake of inflationary pressures and expectations of a tight monetary stance by the SBP, participation was seen at high yields; rates on benchmark 10-yr PIB increased by 50bps. Total target of Rs. 40.0bn was set by the Central Bank and participation received was Rs. 49.0bn out of which Rs. 26.0bn was in 10-yr bond. Secondary market yields on 3, 5 and 10-yr PIBs ended the quarter at 14.16%, 14.22% and 14.25% compared to 13.47%, 13.57% and 13.75% on 30th Sep, '10.

Expected increase in policy rate restricted activity within the short term maturity papers throughout the quarter; yields (PKRV) ended at 13.17%, 13.36% and 13.68% compared to 12.68%, 12.85% and 12.97% in 3, 6-month and 1-year T-bills respectively at the end of first quarter FY11. Similarly, substantial amount of participation was witnessed in 3-month tenor in T-bill auctions conducted during the quarter. Total T-bill worth Rs. 942.0bn was sold against a target of Rs. 860.0bn amid T-bill maturity of Rs. 704.0bn.

The SBP conducted two Government Ijara Sukuk auctions during this quarter with a total target of Rs. 80.0bn; whereas Rs.89.0bn was accepted against participation of Rs.123.0bn. The cut-off was set at 6-month T-bill weighted average yield in both auctions.

Future Outlook

Interest rates are expected to increase further during the next quarter amid high inflation numbers, heavy government borrowing and fiscal imbalances. Under prevailing conditions, MSF will continue to maintain an overall short duration portfolio in government securities. Existing asset allocation, which is dominated by short dated treasury bills, should enable the fund to avoid valuation knocks and generate better yield in coming months.



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 MetroBank - Pakistan Sovereign Fund (the Fund), an open-end Fund was established under a trust deed dated December 24, 2002, executed between Arif Habib Investments Limited (Formerly Arif Habib Investment Management Limited), as the Management Company and Habib Metropolitan Bank Limited (HMB), as the Trustee.

As per amendatory trust deed of change of trustee dated November 11, 2009, HMB retired as the Trustee and Central Depository Company of Pakistan Limited was appointed as the Trustee of the Fund.

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



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of MetroBank - Pakistan Sovereign Fund as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (Arif Habib Investments Limited) 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 condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw attention to note 7 to the condensed interim financial statements which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers Welfare Fund which litigation is currently pending adjudication at the Honorable High Court of Sindh

Dated: February 19, 2011
Karachi

A.F. FERGUSON & Co.
Chartered Accountants

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

	Note	Un-audited December 31, 2010	Audited June 30, 2010
		----- (Rupees) -----	
ASSETS			
Balances with banks - in deposit accounts		5,747,019	6,805,114
Investments	4	1,745,914,032	1,473,021,184
Income receivable		7,259,834	30,147,580
Prepayments		4,985	-
Total Assets		<u>1,758,925,870</u>	<u>1,509,973,878</u>
LIABILITIES			
Payable to the Management Company		1,886,063	1,420,774
Payable to Trustee		176,359	155,810
Payable to Securities and Exchange Commission of Pakistan		622,440	1,260,228
Accrued expenses and other liabilities		517,170	545,690
Total liabilities		<u>3,202,032</u>	<u>3,382,502</u>
NET ASSETS		<u><u>1,755,723,838</u></u>	<u><u>1,506,591,376</u></u>
UNIT HOLDERS' FUND (as per statement attached)		<u><u>1,755,723,838</u></u>	<u><u>1,506,591,376</u></u>
		(Number of Units)	
NUMBER OF UNITS IN ISSUE		<u><u>35,386,896</u></u>	<u><u>27,889,305</u></u>
		(Rupees)	
NET ASSET VALUE PER UNIT		<u><u>49.62</u></u>	<u><u>54.02</u></u>
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.			
For Arif Habib Investments Limited (Management Company)			
Chief Executive		Director	

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

Note	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
INCOME				
Income from investment in government securities	99,444,898	93,076,701	53,900,610	44,506,782
Income from reverse repurchase transactions of government securities	172,393	642,165	-	103,150
Profit on bank deposits	845,359	2,345,568	450,105	152,874
Capital (loss) / gain on sale of investments	(17,319,584)	(1,460,115)	(5,353,306)	30,074
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	4.4	(3,137,367)	(13,965,807)	2,831,832
		(4,013,574)		
Total income	80,005,699	80,638,512	51,829,241	40,779,306
OPERATING EXPENSES				
Remuneration Management Company	9,822,996	4,141,505	5,553,413	2,140,737
Remuneration of Trustee	998,607	1,884,208	522,805	883,824
Annual fee - Securities and Exchange Commission of Pakistan	622,440	603,318	333,764	283,067
Brokerage	104,420	139,963	30,852	29,012
Bank charges	73,707	9,108	37,751	6,975
Printing and related costs	101,321	80,246	69,379	32,633
Fees and subscriptions	80,250	88,219	40,329	44,109
Legal and professional charges	50,156	25,206	25,206	12,602
Auditors' remuneration	223,040	222,074	133,345	103,044
Total operating expenses	12,076,937	7,193,847	6,746,844	3,536,003
Net income from operating activities	67,928,762	73,444,665	45,082,397	37,243,303
Element of income / (loss) and realised capital losses during the period included in prices of units sold less those in units repurchased - net	(3,621,583)	1,591,575	(398)	(1,055,685)
Net Income for the period before taxation	64,307,179	75,036,240	45,081,999	36,187,618
Taxation	5	-	-	-
Net Income for the period after taxation	64,307,179	75,036,240	45,081,999	36,187,618
Other comprehensive income / (loss) for the period				
Unrealised appreciation / (diminution) in value of investments classified as 'available for sale'	4.3	2,933,112	515,297	2,522,502
		1,100,196		
Total comprehensive income for the period	67,240,291	75,551,537	47,604,501	37,287,814
Earnings per unit	3.4			
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.				
For Arif Habib Investments Limited (Management Company)				
Chief Executive			Director	

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
(Accumulated loss) / undistributed income brought forward				
- Realised income / (loss)	121,311,366	(17,604,412)	682,093	8,228,330
- Unrealised (loss) / income	(5,922,099)	(12,045,728)	(6,286,666)	(728,478)
	<u>115,389,267</u>	<u>(29,650,140)</u>	<u>(5,604,573)</u>	<u>7,499,852</u>
Final distribution of Rs 5 per unit in terms of bonus units for the year ended June 30 th 2010 (Date of distribution 5 July 2010) (2009: Re 0.071 per unit)	(139,557,943)	(2,820,019)	-	-
	<u>(24,168,676)</u>	<u>(32,470,159)</u>	<u>(5,604,573)</u>	<u>7,499,852</u>
Net income for the period	64,307,179	75,036,240	45,081,999	36,187,618
Interim Distribution for the period from July 1, 2010 to December 11, 2010 - Cash distribution	(52,706,041)	-	(52,706,041)	-
Element of income / (loss) and unrealised capital gains / (losses) included in prices of units issued less those in units redeemed	(723,359)	1,464,307	(62,282)	342,918
	<u>10,877,779</u>	<u>76,500,547</u>	<u>(7,686,324)</u>	<u>36,530,536</u>
Undistributed Income / (accumulated losses) carried forward	<u>(13,290,897)</u>	<u>44,030,388</u>	<u>(13,290,897)</u>	<u>44,030,388</u>
(Accumulated loss) / undistributed income comprising of:				
- Realised income / (loss)	(9,432,874)	48,712,291	(9,432,874)	48,712,291
- Unrealised income / (loss)	(3,858,023)	(4,681,903)	(3,858,023)	(4,681,903)
	<u>(13,290,897)</u>	<u>44,030,388</u>	<u>(13,290,897)</u>	<u>44,030,388</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010 (Rupees)	2009	2010 (Rupees)	2009
Net assets at the beginning of the period	1,506,591,376	1,954,109,832	1,722,446,759	1,542,132,430
Issue of 13,123,079 Units (2009: 1,074,091 units) and 5,031,976 units (2009: 735,891 Units) for the half year and quarter respectively	651,876,224	54,046,419	251,876,224	37,274,911
Redemption of 8,472,586 units (2009: 11,995,679 Units) and 4,263,150 units (2009: 2,629,015 units for the half year and quarter respectively	(420,899,595)	(596,984,249)	(213,498,003)	(132,618,876)
	230,976,629	(542,937,830)	38,378,221	(95,343,965)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	3,621,583	(1,591,575)	398	1,055,685
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	723,359	(1,464,307)	62,282	(342,918)
	4,344,942	(3,055,882)	62,680	712,767
Unrealised appreciation on revaluation of investments classified as 'Available for Sale' - net	2,933,112	515,297	2,522,502	1,100,196
Distributions:				
Issue of 2,847,098 bonus units for the year ended June 30, 2010 (2009 : 57,414 bonus units)	139,557,943	2,820,019	-	-
Final distribution of 2,847,098 bonus units for the year ended June 30, 2010 (2009: 57,414)	(139,557,943)	(2,820,019)	-	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as ' financial assets at fair value' through profit or loss	(3,137,367)	(13,965,807)	2,831,832	(4,013,574)
Other operating income / (loss)	67,444,546	89,002,047	42,250,167	40,201,192
Net income for the period	64,307,179	75,036,240	45,081,999	36,187,618
Interim cash distribution	(52,706,041)	-	(52,706,041)	-
Element of (loss) / income and capital (losses) /gains included in prices of units issued less those in units redeemed - amount representing unrealised (losses) / gains - net	(723,359)	1,464,307	(62,282)	342,918
	(128,680,164)	73,680,528	(7,686,324)	36,530,536
Net assets at the end of the period	1,755,723,838	1,485,131,964	1,755,723,838	1,485,131,964
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.				
For Arif Habib Investments Limited (Management Company)				
Chief Executive				Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	64,307,179	75,036,240	45,081,999	36,187,618
Adjustments for non-cash charges and other items:				
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	3,621,583	13,965,807	398	4,013,574
Net unrealised (appreciation) / diminution on re - measurement of investments classified as 'financial assets at fair value through profit or loss'	3,137,367	(1,591,575)	(2,831,832)	1,055,685
	71,066,129	87,410,472	42,250,565	41,256,877
Decrease / (increase) in assets				
Investments	(273,097,102)	114,188,451	(27,699,385)	65,393,210
Income receivable	22,887,746	(13,693,988)	1,019,476	(15,238,537)
Prepayments	(4,985)	72,319	2,521	34,510
	(250,214,341)	100,566,782	(26,677,388)	50,189,183
(Decrease) / Increase in liabilities				
Payable to Management Company	465,289	(1,071,117)	437,478	353,743
Payable to Trustee	20,549	(554,413)	10,568	(202,027)
Payable to Securities and Exchange Commission of Pakistan	(637,788)	75,465	333,763	283,067
Payable againsts purchase of Investments	-	(98,559,700)	-	-
Accrued expenses and other liabilities	(28,520)	(226,449)	61,910	(6,634)
	(180,470)	(100,336,214)	843,719	428,149
Net cash generated from / (used in) operating activities	(179,328,682)	87,641,040	16,416,896	91,874,209
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issue of units	651,876,224	54,046,419	251,876,224	37,274,911
Payment against redemption of units	(420,899,595)	(597,765,257)	(213,498,003)	(132,618,876)
Dividend paid	(52,706,042)	-	(52,706,042)	-
Net cash (used in) / generated from financing activities	178,270,587	(543,718,838)	(14,327,821)	(95,343,965)
Net (decrease) / increase in cash and cash equivalents during the period	(1,058,095)	(456,077,798)	2,089,075	(3,469,756)
Cash and cash equivalents at beginning of the period	6,805,114	462,846,617	3,657,944	10,238,575
Cash and cash equivalents at end of the period	5,747,019	6,768,819	5,747,019	6,768,819
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.				
For Arif Habib Investments Limited (Management Company)				
Chief Executive	Director			

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

1 LEGAL STATUS AND NATURE OF BUSINESS

MetroBank - Pakistan Sovereign Fund was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 7, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules), [repealed by Non - Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules)]. Subsequently, during the last year Habib Metropolitan Bank Limited was retired as the Trustee of the Fund and Central Depository Company of Pakistan (CDC) was appointed as the new Trustee with effect from November 23, 2009. The SECP approved the appointment of CDC as the Trustee in place of Habib Metropolitan Bank Limited and further approved the amendments to the Trust Deed vide its letter number SCD/NBFC-11/MF-RS/MSPF/981/2009 dated November 30, 2009. Accordingly, the Trust Deed of the Fund was revised through a supplemental deed executed between the Management Company, Habib Metropolitan Bank Limited and CDC.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan.

The Metro Bank - Pakistan Sovereign Fund is an open-ended mutual fund and obtained listing on the Islamabad Stock Exchange on May 27, 2009. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management quality rating of 'AM2' (positive outlook) to the Management Company and AA (f) as stability rating to the Fund.

The Fund consists of a 'Perpetual' (the scheme) and one sub-scheme as at December 31, 2010 with pre-determined maturity date as follows.

Name of sub-scheme	Maturity date of sub-scheme
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MetroBank - Pakistan Sovereign Fund - (December 2012) [MSF 12/12]	December 31, 2012
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In addition to the above sub-scheme, the Fund had also issued other sub-schemes which had matured as follows;

Name of sub-scheme	Matured on
---------------------------	-------------------

MetroBank - Pakistan Sovereign Fund - (December 2003) [MSF 12/03]	December 31, 2003
MetroBank - Pakistan Sovereign Fund - (December 2005) [MSF 12/05]	December 31, 2005
MetroBank - Pakistan Sovereign Fund - (December 2007) [MSF 12/07]	December 31, 2007

The scheme and sub-scheme of MSF are open-end schemes which offer units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the scheme.

The Fund can directly invest in Pakistan rupee denominated bonds and debt securities issued by the Government of Pakistan, reverse repurchase transactions in Government Securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-schemes of the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on Fund's operations and are therefore not detailed in these condensed interim financial statements.

3.3 Net Asset Value per unit

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

3.4 Earnings per unit

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

		(Un-audited) December 31, 2010			(Audited) June 30, 2010	
	Note	MSF Perpetual	MSF 12/12	Total	Total	
		----- (Rupees) -----				
4	INVESTMENTS					
	Investments 'Available for sale'	4.1	149,427,150	514,955	149,942,105	146,723,852
	Investments 'at fair value through profit or loss'	4.2	1,494,886,045	101,085,882	1,595,971,927	1,326,297,332
			1,644,313,195	101,600,837	1,745,914,032	1,473,021,184

4.1 Investments - 'available for sale'

Issue date	Tenor	Balance as at July 1, 2010	Purchases during the period	Sales / matured during the period	Balance as at Dec 31, 2010
Rupees in '000					
Pakistan Investment Bond - MSF perpetual					
May 19, 2006	5 Years	150,000	-	-	150,000
Total					
Pakistan Investment Bond - MSF December 2012					
April 18, 2001	10 Years	500	-	-	500
Total of Investment in Government Securities - 'available for sale'					

4.2 Investments in Government Securities - 'at fair value through profit or loss'

Issue date	Tenor	Balance as at July 1, 2010	Purchases during the period	Sales / matured during the period	Balance as at Dec 31, 2010
Rupees in '000					
Pakistan Investment Bond - MSF perpetual					
August 30, 2008	10 Years	150,000	-	150,000	-
August 30, 2008	7 Years	160,000	-	160,000	-
August 30, 2008	5 Years	225,000	-	225,000	-
September 3, 2009	10 Years	50,000	-	50,000	-
September 3, 2009	5 Years	25,000	-	-	25,000
September 3, 2009	3 Years	25,000	-	25,000	-
Pakistan Investment Bond - MSF December 2012					
September 3, 2009	3 Years	-	100,000	-	100,000
Total of Pakistan Investment Bond					

Cost	Balance as at Dec 31, 2010		Market value as a percentage of net assets	Market value as a percentage of total investments
	Appreciation / (diminution)	Market Value		
Rupees				
149,763,087	(335,937)	149,427,150	8.51%	8.56%
149,763,087	(335,937)	149,427,150		
511,633	3,322	514,955	0.03%	0.03%
511,633	3,322	514,955		
150,274,720	(332,615)	149,942,105		
Cost	Balance as at Dec 31, 2010		Market value as a percentage of net assets	Market value as a percentage of total investments
	Appreciation / (diminution)	Market Value		
Rupees				
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
24,419,777	(1,298,641)	23,121,136	1.32%	1.32%
24,419,777	(1,298,641)	23,121,136	-	-
98,514,571	(2,333,914)	96,180,657	5.48%	5.51%
98,514,571	(2,333,914)	96,180,657		
122,934,348	(3,632,555)	119,301,793		

Issue date	Tenor	Face value			Balance as at July 1, 2010	Rupees in '000			Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchases during the period	Sales / matured during the period	Balance as at Dec 31, 2010		Cost	Market Value	Appreciation / (diminution)		
Treasury Bills - MSF perpetual										
August 13, 2009	1 Year	-	-	50,000	-	-	-	-	-	-
November 19, 2009	1 Year	-	-	30,000	-	-	-	-	-	-
December 3, 2009	1 Year	-	-	25,000	-	-	-	-	-	-
March 11, 2010	1 Year	-	-	25,000	-	25,000	24,487,665	24,401,300	1.39%	1.40%
July 15, 2010	3 Months	-	60,000	-	-	-	-	-	-	-
August 13, 2010	3 Months	-	495,000	-	-	-	-	-	-	-
August 27, 2009	1 Year	-	25,000	-	-	-	-	-	-	-
October 8, 2009	1 Year	-	35,000	-	-	-	-	-	-	-
August 26, 2010	3 Months	-	110,000	-	-	-	-	-	-	-
March 11, 2010	6 Months	-	20,000	-	-	-	-	-	-	-
September 9, 2010	3 Months	-	60,000	-	-	-	-	-	-	-
September 26, 2009	1 Year	-	448,000	-	-	-	-	-	-	-
April 8, 2010	6 Months	-	50,000	-	-	-	-	-	-	-
July 29, 2010	3 Months	-	356,000	-	-	-	-	-	-	-
September 24, 2010	3 Months	-	150,000	-	-	-	-	-	-	-
April 22, 2010	6 Months	-	110,000	-	-	-	-	-	-	-
October 7, 2010	3 Months	-	280,000	-	-	-	-	-	-	-
October 21, 2010	3 Months	-	475,500	-	-	-	473,566,119	473,500,999	26.97%	27.12%
November 4, 2010	3 Months	-	545,000	-	-	-	490,623,150	490,482,632	27.94%	28.09%
November 16, 2010	3 Months	-	135,000	-	-	-	133,160,233	133,095,151	7.58%	7.62%
June 3, 2010	6 Months	-	15,000	-	-	-	-	-	-	-
December 2, 2010	3 Months	-	358,000	-	-	-	292,343,014	292,351,411	16.65%	16.74%
December 18, 2010	3 Months	-	8,000	-	-	-	7,809,600	7,808,416	0.44%	0.45%
Total of Treasury Bills MSF - Perpetual						1,421,989,781	1,421,639,909	(349,872)		
Treasury Bills - MSF December 2012										
September 9, 2010	3 Months	-	5,000	-	-	-	4,905,821	4,905,225	0.28%	0.28%
December 2, 2010	3 Months	-	5,000	-	-	-	-	-	-	-
Total of Treasury Bills						1,426,895,602	1,426,545,134	(350,468)		
Hara Sukuk - MSF perpetual										
November 15, 2010	3 Years	-	5,000	-	-	-	50,000,000	50,125,000	2.85%	2.87%
Total of investment in Government Securities - at fair value through profit or loss						1,599,829,950	1,598,971,927	(858,023)		

	(Un-audited) December 31, 2010			(Audited) June 30, 2010
	MSF Perpetual	MSF 12/12	Total	Total
4.3 Net unrealised (diminution) / appreciation in fair value of investments classified as 'Available for Sale'	------(Rupees)-----			
Market value of investments	149,427,150	514,955	149,942,105	146,723,852
Cost of investments	(149,763,087)	(511,633)	(150,274,720)	(149,989,579)
	(335,937)	3,322	(332,615)	(3,265,727)
Less: Net unrealised diminution / (appreciation) in the fair value of investments at the beginning of the period	3,240,541	25,186	3,265,727	5,151,853
	2,904,604	28,508	2,933,112	1,886,126
4.4 Net unrealised (diminution) / appreciation in fair value of investments classified as - 'at fair value through profit or loss'				
Market value of investments	1,494,886,045	101,085,882	1,595,971,927	1,326,297,332
Cost of investments	(1,496,409,558)	(103,420,392)	(1,599,829,950)	(1,332,219,431)
	(1,523,513)	(2,334,510)	(3,858,023)	(5,922,099)
Add: Realised on disposal during the period	(5,201,443)	-	(5,201,443)	3,866,069
Less: Net unrealised diminution / (appreciation) in the fair value of investments at the beginning of the period	5,472,725	449,374	5,922,099	(12,045,728)
	(1,252,231)	(1,885,136)	(3,137,367)	(14,101,758)

5 TAXATION

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

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

6 CONTINGENCIES AND COMMITMENTS

Through 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 mutual 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 the mutual funds through their Trustees alongwith few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated July 5, 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income of Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry filed its response contesting the said petition. 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 mutual funds due to the clarification issued by the Ministry which creates vested right, hence no provision of Re 0.13 per unit has been made in respect of WWF.

There were no other contingencies and commitments outstanding as at December 31, 2010.

7 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 Pak Arab Fertilizer 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 and Habib Metropolitan Bank Limited being the major unitholder of the Fund.

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

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

	(Un-audited) December 31, 2010	(Audited) June 30, 2010
	------(Rupees)-----	
Amount outstanding as at period / year end		
Management Company		
Remuneration Payable at the end of the period / year	1,886,063	1,420,774
Units held Nil (June 30, 2010: 12,738)	-	767,313
Central Depository Company of Pakistan - Trustee		
Remuneration Payable	176,359	155,810
Executives of the Management company		
Units held Nil (June 30, 2010: nil)	-	-
Habib Metropolitan Bank Limited		
Bank deposits	5,679,389	6,738,683
Profit receivable	114,111	-
Units held 34,150,424 (June 30, 2010: 27,330,480)	1,694,544,046	1,476,392,522

	Six months ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	------(Rupees)-----		------(Rupees)-----	
Transaction during the period				
Management Company				
Remuneration for the period	9,822,996	4,141,505	5,553,413	2,140,737
3,505 Bonus units (2009: 609 bonus units) received during the period	33,354	33,354	-	-
Central Depository Company of Pakistan - Trustee				
Remuneration for the period	998,607	199,277	522,805	199,277
Habib Metropolitan Bank Limited				
Remuneration for the period **	-	1,684,931	-	684,547
Profit on bank deposits	844,160	420,740	450,104	229,601
Bank charges	73,707	6,581	37,751	6,122
12,083,128 Units (2009: Nil units) and 3,992,015 units (2009: Nil) issued during the half year and quarter respectively	600,000,000	-	200,000,000	-
8,050,870 Units (2009: Nil units) and 3,992,015 units (2009: Nil) redeemed during the half year and quarter respectively	400,000,000	-	200,000,000	-
2,787,686 Bouns units (2009: 38,683 bonus units)	30,118,166	1,897,385	-	-
Dividend paid	50,884,132	-	50,884,132	-
Executives of the Management company				
Nil Units (2009: 1,508 units) issued during the period	-	79,583	-	79,583

** This amount represents remuneration of Habib Metropolitan Bank Limited for acting as the trustee of the Fund till 22 November 2009. Habib Metropolitan Bank Limited ceased to be the trustee with effect from 23 November 2009.

8 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 19, 2011 by the Board of Directors of the Management Company.

9 GENERAL

9.1 Figures have been rounded off to the nearest rupee.

9.2 Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. No significant changes to corresponding figures have been made during the period.

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

Chief Executive

Director

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of MetroBank - Pakistan Sovereign Fund - Perpetual as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (Arif Habib Investments Limited) 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 condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw attention to note 6 to the condensed interim financial information which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers Welfare Fund which litigation is currently pending adjudication at the Honorable High Court of Sindh.

Dated: February 19, 2011
Karachi

A.F. FERGUSON & Co.
Chartered Accountants

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

	Note	Un-audited December 31, 2010	Audited June 30, 2010
<div>(Rupees)</div>			
ASSETS			
Balances with banks - in deposit accounts		5,011,524	6,683,309
Investments	4	1,749,308,108	1,475,819,617
Income receivable		3,543,567	26,434,795
Prepayments		4,626	-
Total Assets		1,757,867,825	1,508,937,721
LIABILITIES			
Payable to the Management Company		1,787,983	1,327,206
Payable to Trustee		166,043	145,450
Payable to Securities and Exchange Commission of Pakistan		583,235	1,196,616
Accrued expenses and other liabilities		478,399	520,254
Total liabilities		3,015,660	3,189,526
NET ASSETS		1,754,852,165	1,505,748,195
UNIT HOLDERS' FUND (as per statement attached)		1,754,852,165	1,505,748,195
(Number of Units)			
NUMBER OF UNITS IN ISSUE		35,368,879	27,875,377
(Rupees)			
NET ASSET VALUE PER UNIT		49.62	54.02
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.			
For Arif Habib Investments Limited (Management Company)			
Chief Executive		Director	

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2010	2009	2010	2009
<hr style="border-top: 1px dashed black;"/>					
(Rupees)					
<hr style="border-top: 1px dashed black;"/>					
INCOME					
Income from investments		93,139,652	89,128,432	50,700,133	41,484,371
Income from reverse repurchase transactions of government securities		172,393	610,665	-	103,150
Profit on bank deposits		826,819	2,269,878	439,026	103,310
Dividend Income		1,800,835	-	1,800,835	-
Capital (loss) / gain on sale of investments		(17,319,584)	(1,460,115)	(5,353,306)	30,074
Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' - net	4.5	666,207	(10,247,215)	3,873,219	(1,176,594)
Total income		79,286,321	80,301,645	51,459,906	40,544,311
EXPENSES					
Remuneration of Management Company		9,238,215	3,959,200	5,245,900	2,003,291
Remuneration of Trustee		935,579	1,804,356	491,782	826,401
Annual fee - Securities and Exchange Commission of Pakistan		583,235	577,779	313,960	263,653
Brokerage		104,420	133,988	30,852	29,012
Bank charges		71,387	9,108	36,591	6,975
Printing and related costs		96,181	75,508	66,391	30,076
Fees and subscriptions		75,167	84,298	37,935	41,083
Legal and professional charges		46,979	24,086	23,710	11,738
Auditors' remuneration		209,019	212,879	126,243	95,953
Total expenses		11,360,182	6,881,202	6,373,364	3,308,182
Net income from operating activities		67,926,139	73,420,443	45,086,542	37,236,129
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(3,610,491)	1,582,619	154	(1,059,010)
Net Income for the period		64,315,648	75,003,062	45,086,696	36,177,119
Taxation	5	-	-	-	-
Net Income for the period after taxation		64,315,648	75,003,062	45,086,696	36,177,119
Other comprehensive income for the period					
Unrealised appreciation in value of investments classified as 'available for sale'	4.4	2,904,604	503,630	2,500,561	1,091,599
Total comprehensive income for the period		67,220,252	75,506,692	47,587,257	37,268,718
Earnings per unit	3.4				
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.					
For Arif Habib Investments Limited (Management Company)					
Chief Executive			Director		

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
(Accumulated loss) / undistributed income brought forward				
- Realised income / (loss)	112,523,249	(41,847,224)	(10,683,344)	7,211,596
- Unrealised (loss) / income	2,693,795	12,045,728	5,091,415	153,134
	115,217,044	(29,801,496)	(5,591,929)	7,364,730
Final distribution of Rs 5 per unit as bonus units for the year ended June 30, 2010 (Date of distribution July 5, 2010) (2009 : Rs 0.07 per unit)	(139,376,887)	(2,783,549)	-	-
	(24,159,843)	(32,585,045)	(5,591,929)	7,364,730
Net income for the period	64,315,648	75,003,062	45,086,696	36,177,119
Interim Distribution for the period from July 1, 2010 to December 11, 2010 - Cash distribution	(52,691,123)	-	(52,691,123)	-
Element of income / (loss) and unrealised capital gains / (losses) included in prices of units issued less those in units redeemed	(723,320)	1,466,760	(62,282)	342,928
	10,901,205	76,469,822	(7,666,709)	36,520,047
Undistributed Income / (accumulated losses) carried forward	(13,258,638)	43,884,777	(13,258,638)	43,884,777
(Accumulated loss) / undistributed income comprising of:				
- Realised (loss)	(21,820,083)	48,481,907	(21,820,083)	48,481,907
- Unrealised income / (loss)	8,561,445	(4,597,130)	8,561,445	(4,597,130)
	(13,258,638)	43,884,777	(13,258,638)	43,884,777
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.				
For Arif Habib Investments Limited (Management Company)				
Chief Executive		Director		

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)		(Rupees)	
Net assets at the beginning of the period	1,505,748,195	1,953,346,708	1,721,590,244	1,541,349,188
Issue of 13,122,767 Units (2009: 1,074,291 units) and 5,031,656 units (2009: 735,891 Units) for the half year and quarter respectively	651,861,307	54,018,104	251,861,307	37,246,596
Redemption of 8,472,531 units (2009: 11,995,679 Units) and 4,263,093 units (2009: 2,629,015 units) for the half year and quarter respectively	(420,896,957)	(596,984,249)	(213,495,366)	(132,618,876)
	230,964,350	(542,966,145)	38,365,941	(95,372,280)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	3,610,491	(1,582,619)	(154)	1,059,010
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	723,320	(1,466,760)	62,282	(342,928)
	4,333,811	(3,049,379)	62,128	716,082
Unrealised appreciation on revaluation of investments classified as 'Available for Sale' - net	2,904,604	503,630	2,500,561	1,091,599
Distributions:				
Issue of 2,843,266 bonus units for the year ended June 30, 2010 (2009 : 56,749 bonus units)	139,376,887	2,783,549	-	-
Final distribution of 2,843,266 bonus units for the year ended June 30, 2010 (2009: 56,749)	(139,376,887)	(2,783,549)	-	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value' through profit or loss	666,207	(10,247,215)	3,873,219	(1,176,594)
Other operating income / (loss)	63,649,441	85,250,277	41,213,477	37,293,713
Net income for the period	64,315,648	75,003,062	45,086,696	36,177,119
Interim cash distribution	(52,691,123)	-	(52,691,123)	
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing unrealised (losses) / gains - net	(723,320)	1,466,760	(62,282)	342,928
	(128,475,682)	73,686,273	(7,666,709)	36,520,047
Net assets at the end of the period	<u>1,754,852,165</u>	<u>1,484,304,636</u>	<u>1,754,852,165</u>	<u>1,484,304,636</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	64,315,648	75,003,062	45,086,696	36,177,119
Adjustments for non-cash charges and other items:				
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	3,610,491	(1,582,619)	(154)	1,059,010
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'	(666,207)	10,247,215	(3,873,219)	1,176,594
	67,259,932	83,667,658	41,213,323	38,412,723
Decrease / (increase) in assets				
Investments - net	(269,917,680)	111,928,803	(29,299,507)	65,562,332
Income receivable	22,891,228	(9,978,012)	3,834,696	(12,426,483)
Prepayments	(4,626)	72,256	2,371	35,214
	(247,031,078)	102,023,047	(25,462,440)	53,171,063
(Decrease) / increase in liabilities				
Payable to the Management Company	460,777	(1,097,194)	426,619	327,481
Payable to the Trustee	20,593	(565,380)	10,597	(190,844)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(613,381)	50,528	313,959	263,653
Payable against purchase of investments	-	(98,559,700)	-	-
Payable against redemption of units	-	(781,008)	-	-
Accrued expenses and other liabilities	(41,855)	(243,609)	56,814	(13,790)
	(173,866)	(101,196,363)	807,989	386,500
Net cash (used in) / generated from operating activities	(179,945,012)	84,494,342	16,558,872	91,970,286
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issue of units	651,861,307	54,018,104	251,861,307	37,246,596
Payment against redemption of units	(420,896,957)	(596,984,249)	(213,495,366)	(132,618,876)
	230,964,350	(542,966,145)	38,365,941	(95,372,280)
Dividend paid	(52,691,123)	-	(52,691,123)	-
Net cash generated from / (used in) financing activities	178,273,227	(542,966,145)	(14,325,182)	(95,372,280)
Net (decrease) / increase in cash and cash equivalents during the period	(1,671,785)	(458,471,803)	2,233,690	(3,401,994)
Cash and cash equivalents at beginning of the period	6,683,309	462,613,832	2,777,834	7,544,023
Cash and cash equivalents at end of the period	<u>5,011,524</u>	<u>4,142,029</u>	<u>5,011,524</u>	<u>4,142,029</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

1 LEGAL STATUS AND NATURE OF BUSINESS

MetroBank - Pakistan Sovereign Fund was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 7, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules), [repealed by Non - Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules)]. Subsequently, during the last year Habib Metropolitan Bank Limited was retired as the Trustee of the Fund and Central Depository Company of Pakistan (CDC) was appointed as the new Trustee with effect from November 23, 2009. The SECP approved the appointment of CDC as the Trustee in place of Habib Metropolitan Bank Limited and further approved the amendments to the Trust Deed vide its letter number SCD/NBFC-11/MF-RS/MSPF/981/2009 dated November 30, 2009. Accordingly, the Trust Deed of the Fund was revised through a supplemental deed executed between the Management Company, Habib Metropolitan Bank Limited and CDC.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan.

The Metro Bank - Pakistan Sovereign Fund is an open-ended mutual fund and obtained listing on the Islamabad Stock Exchange on May 27, 2009. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management quality rating of 'AM2' (positive outlook) to the Management Company and AA (f) as stability rating to the Fund.

The Fund consists of a 'Perpetual' (the scheme) and one sub-scheme as at December 31, 2010 with pre-determined maturity date as follows.

Name of sub-scheme	Maturity date of sub-scheme
---------------------------	------------------------------------

MetroBank - Pakistan Sovereign Fund - (December 2012) [MSF 12/12]	December 31, 2012
---	-------------------

In addition to the above sub-scheme, the Fund had also issued other sub-schemes which had matured as follows;

Name of sub-scheme	Matured on
---------------------------	-------------------

MetroBank - Pakistan Sovereign Fund - (December 2003) [MSF 12/03]	December 31, 2003
---	-------------------

MetroBank - Pakistan Sovereign Fund - (December 2005) [MSF 12/05]	December 31, 2005
---	-------------------

MetroBank - Pakistan Sovereign Fund - (December 2007) [MSF 12/07]	December 31, 2007
---	-------------------

The scheme and sub-scheme of MSF are open-end schemes which offer units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the scheme.

These condensed interim financial statements are the financial statements of the "Perpetual" scheme. The Scheme can directly invest in Pakistan rupee denominated bonds and debt securities issued by Government of Pakistan, reverse repurchase transactions in Government Securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the scheme can also invest in sub-schemes of the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Scheme's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Scheme's operations and are therefore not detailed in these condensed interim financial statements.

3.3 Net Asset Value per unit

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

3.4 Earnings per unit

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

	Note	Un-audited December 31, 2010	Audited June 30, 2010
		(Rupees)	
4 INVESTMENTS			
Investments - 'Available for sale'			
Pakistan Investment Bonds	4.1	149,427,150	146,217,993
Investments - 'at fair value through profit or loss'			
Pakistan Investment Bonds	4.2	23,121,136	614,430,749
Treasury Bills	4.2	1,421,639,909	614,195,235
Ijara Sukuk	4.2	50,125,000	-
Investment in Sub-Scheme	4.3	104,994,913	100,975,640
		<u>1,749,308,108</u>	<u>1,475,819,617</u>

4.1 Investments - 'available for sale'

Issue date	Tenor	Face value			Balance as at Dec 31, 2010				Market value as a percentage of total investments
		Balance as at July 1, 2010	Purchases during the period	Sales / matured during the period	Cost	Market Value	Appreciation / (diminution)		
----- Rupees in '000 ----- Rupees -----									
Pakistan Investment Bond - MSF perpetual									
May 19, 2006	5 Years	150,000	-	-	149,763,087	149,427,150	(335,937)	8.52%	8.54%
Total					149,763,087	149,427,150	(335,937)		

4.2 Investments in Government Securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value			Balance as at Dec 31, 2010	Rupees in '000			Rupees			Market value as a percentage of total investments	
		Balance as at July 1, 2010	Purchases during the period	Sales / matured during the period		Cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets				
Pakistan Investment Bond - MSF perpetual													
August 30, 2008	10 Years	150,000	-	150,000	-	-	-	-	-	-	-	-	
August 30, 2008	7 Years	160,000	-	160,000	-	-	-	-	-	-	-	-	
August 30, 2008	5 Years	225,000	-	225,000	-	-	-	-	-	-	-	-	
September 3, 2009	10 Years	50,000	-	50,000	-	-	-	-	-	-	-	-	
September 3, 2009	5 Years	25,000	-	-	25,000	-	-	-	-	-	1.32%	1.32%	
September 3, 2009	3 Years	25,000	-	25,000	-	-	-	-	-	-	-	-	
Total of Pakistan Investment Bond						24,419,777	23,121,136	(1,298,641)					

4.3 Investment in Sub Scheme - 'at fair value through profit or loss'

	(Un-audited) December 31, 2010	(Audited) June 30, 2010
	------(Rupees)-----	
4.4 Net unrealised (diminution) / appreciation in fair value of investments classified as 'Available for Sale'		
Market value of investments	149,427,150	146,217,993
Cost of investments	(149,763,087)	(149,458,534)
	(335,937)	(3,240,541)
Less: Net unrealised diminution in the fair value of investments at the beginning of the period	3,240,541	5,100,760
	<u>2,904,604</u>	<u>1,860,219</u>
4.5 Net unrealised (diminution) / appreciation in fair value of investments classified as - 'at fair value through profit or loss'		
Market value of investments	1,599,880,958	1,329,601,624
Cost of investments	(1,591,319,513)	(1,326,907,829)
	8,561,445	2,693,795
Realised on disposal of investments during the period	(5,201,443)	3,866,069
Net unrealised (appreciation) in the value of investments at fair value through profit or loss at the beginning of the period	(2,693,795)	(12,045,728)
	<u>666,207</u>	<u>(5,485,864)</u>
5 TAXATION		
<p>No provision for taxation has been made as the Scheme is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Management Company, on behalf of the Scheme, intends to distribute at least 90 percent of such accounting income relating to the year ending June 30, 2011 to its unit holders. Accordingly, no tax liability has been recorded in the current period.</p> <p>The Scheme is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.</p>		
6 CONTINGENCIES AND COMMITMENTS		
<p>Through 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 mutual 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 the mutual funds through their Trustees alongwith few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated July 5, 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."</p>		

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry filed its response contesting the said petition. 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 mutual funds due to the clarification issued by the Ministry which creates vested right, hence no provision of Re 0.13 per unit has been made in respect of WWF.

There were no other contingencies and commitments outstanding as at December 31, 2010.

7 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited being the Management Company, Arif Habib Corporation Limited (formerly: Arif Habib Securities Limited) Arif Habib Limited, Arif Habib Securities Limited, Thatta cement Limited being companies under common Management, Arif Habib Bank Limited and Pak arab Fertilizer being companies under common directorship, CDC being the trustee of the Fund and Habib Metropolitan Bank Limited being the major unitholder of the Fund and MSF December 2012 being the Sub-Scheme of the Scheme.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

	Un-audited December 31, 2010	Audited June 30, 2010
Amount Outstanding as at period / Year end	------(Rupees)-----	
Management Company		
Remuneration Payable at the end of the period / year	1,787,983	1,327,206
Central Depository Company of Pakistan - Trustee		
Remuneration Payable	166,043	145,450
MSF December 2012		
Units held 2,181,486 (June 30, 2010: 1,806,300)	104,994,913	100,975,640
Habib Metropolitan Bank Limited		
Bank deposits	4,943,894	6,616,878
Profit receivable	110,875	-
Units held 34,150,424 (June 30, 2010: 27,330,480)	1,694,544,046	1,476,392,530

	Six months ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
Transaction during the period	------(Rupees)-----		------(Rupees)-----	
Management Company				
Remuneration for the period	9,238,215	3,959,200	5,245,900	2,003,291
Central Depository Company of Pakistan - Trustee				
Remuneration for the period	935,579	185,393	491,782	185,393
Habib Metropolitan Bank Limited				
Remuneration for the period**	-	1,618,963	-	641,008
Profit on bank deposits	825,620	345,051	439,025	180,038
Bank charges	71,387	6,581	36,591	6,122
12,083,128 Units (2009: Nil units) and 3,992,015 units (2009: Nil) issued during the half year and quarter respectively	600,000,000	-	200,000,000	-
8,050,870 Units (2009: Nil units) and 3,992,015 units (2009: Nil) redeemed during the period redeemed during the half year and quarter respectively	400,000,000	-	200,000,000	-
2,787,686 Bouns units (2009: 38,683 bonus units issued during the period	30,118,166	1,897,385	-	-
Dividend paid	50,884,132	-	50,884,132	-
MSF December 2012				
Units invested 43,983 units (2009: 1,806,300 units)*	2,100,835	99,996,768	1,815,753	-
* This includes dividend reinvested of 37,635 units amounting to rupees 1,800,835.				
Executives of the Management company				
Nil Units (2009: 1,008 units) issued during the period	-	51,268	-	51,268

** This amount represents remuneration of Habib Metropolitan Bank Limited for acting as the trustee of the Fund till 22 November 2009. Habib Metropolitan Bank Limited ceases to be the trustee with effect from November 23, 2009.

8 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 19, 2011 by the Board of Directors of the Management Company.

9 GENERAL

9.1. Figures have been rounded off to the nearest rupee.

9.2. Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. No significant changes to corresponding figures have been made during the period.

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

Chief Executive

Director



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of MetroBank - Pakistan Sovereign Fund (December 2012) as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (Arif Habib Investments Limited) 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 condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

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 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 of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw attention to note 7 to the condensed interim financial information which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers Welfare Fund which litigation is currently pending adjudication at the Honorable High Court of Sindh.

Dated: February 19, 2011
Karachi

A.F. FERGUSON & Co.
Chartered Accountants

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

	Note	Un-audited December 31, 2010	Audited June 30, 2010
------(Rupees)-----			
ASSETS			
Balance with banks - in deposit account		735,495	121,805
Investments in Government Securities	4	101,600,837	98,177,207
Income receivable		3,716,267	3,712,785
Receivable from MSF Perpetual		-	8,497
Prepayments		359	-
Total Assets		<u>106,052,958</u>	<u>102,020,294</u>
LIABILITIES			
Payable to Management Company		98,080	93,568
Payable to Trustee		10,316	10,360
Payable to Securities and Exchange Commission of Pakistan		39,206	63,612
Accrued expenses and other liabilities		38,770	33,933
Total liabilities		<u>186,372</u>	<u>201,473</u>
NET ASSETS		<u><u>105,866,586</u></u>	<u><u>101,818,821</u></u>
UNIT HOLDERS' FUND (as per statement attached)		<u><u>105,866,586</u></u>	<u><u>101,818,821</u></u>
------(Number of Units)-----			
NUMBER OF UNITS IN ISSUE		<u><u>2,199,503</u></u>	<u><u>1,690,150</u></u>
------(Rupees)-----			
NET ASSET VALUE PER UNIT		<u><u>48.13</u></u>	<u><u>60.24</u></u>
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.			
For Arif Habib Investments Limited (Management Company)			
Chief Executive		Director	

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2010	2009	2010	2009
(Rupees)					
INCOME					
Income from investment in Government Securities		6,305,247	3,948,269	3,200,478	3,022,411
Income from reverse repurchase transactions in Government Securities		-	31,500	-	-
Profit on bank deposits		18,541	75,690	11,080	49,564
Unrealised diminution in fair value of investments classified as - 'at fair value through profit or loss' - net	4.4	(1,885,136)	(358,874)	(606,388)	(290,097)
Total income		<u>4,438,651</u>	<u>3,696,585</u>	<u>2,605,169</u>	<u>2,781,878</u>
EXPENSES					
Remuneration of Management Company		584,781	182,305	307,513	137,446
Remuneration of Trustee		63,028	79,852	31,023	57,423
Securities and Exchange Commission of Pakistan - Annual fee		39,205	25,539	19,804	19,414
Brokerage		-	5,975	-	-
Bank charges		2,320	-	1,160	-
Printing and related costs		5,140	4,738	2,988	2,557
Fees and subscriptions		5,083	3,921	2,394	3,026
Legal and professional charges		3,177	1,120	1,496	864
Auditors' remuneration		14,021	9,195	7,102	7,091
Total expenses		<u>716,755</u>	<u>312,645</u>	<u>373,480</u>	<u>227,821</u>
Net income from operating activities		<u>3,721,896</u>	<u>3,383,940</u>	<u>2,231,689</u>	<u>2,554,057</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(1,377,858)	16,193,404	(81,467)	3,325
Net Income for the period		<u>2,344,038</u>	<u>19,577,344</u>	<u>2,150,222</u>	<u>2,557,382</u>
Taxation	5	-	-	-	-
Net Income for the period after taxation		<u>2,344,038</u>	<u>19,577,344</u>	<u>2,150,222</u>	<u>2,557,382</u>
Other comprehensive income for the period					
Unrealised appreciation in value of investments classified as 'available for sale'	4.3	28,508	11,667	21,942	8,597
Total comprehensive income for the period		<u><u>2,372,546</u></u>	<u><u>19,589,011</u></u>	<u><u>2,172,164</u></u>	<u><u>2,565,979</u></u>
Earnings per unit	3.4				
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.					
For Arif Habib Investments Limited					
(Management Company)					

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
(Accumulated loss) / undistributed income brought forward				
- Realised income / (loss)	17,785,884	151,125	(2,718,215)	10,698,271
- Unrealised (loss) / income	(449,374)	-	(1,728,122)	(68,777)
	17,336,510	151,125	(4,446,337)	10,629,494
Final distribution of 465,113 units as bonus units for the year ended June 30, 2010 (Date of distribution July 5, 2010) (2009 : 665 bonus units)	(21,971,948)	(36,470)	-	-
	(4,635,438)	114,655	(4,446,337)	10,629,494
Net income for the period	2,344,038	19,577,344	2,150,222	2,557,382
Interim Distribution for the period from July 1, 2010 to December 11, 2010				
- Cash distribution	(1,815,753)	-	(1,815,753)	-
Element of loss and unrealised capital losses included in prices of units sold less those in units repurchased - recognized in net assets - net	(4,714)	(6,505,133)	1	(10)
	523,571	13,072,211	334,470	2,557,372
Undistributed income carried forward	(4,111,867)	13,186,866	(4,111,867)	13,186,866
(Accumulated loss) / undistributed income comprising of:				
- Realised (loss)	(1,777,357)	13,545,740	(1,777,357)	13,545,740
- Unrealised income / (loss)	(2,334,510)	(358,874)	(2,334,510)	(358,874)
	(4,111,867)	13,186,866	(4,111,867)	13,186,866

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)		(Rupees)	
Net assets at the beginning of the period	101,818,821	763,124	103,615,594	101,592,845
Issue of 44,295 Units (2009: 1,806,800 units) and 37,947 units (2009: 500 Units) for the half year and quarter respectively	2,115,753	100,025,083	1,815,753	28,315
Redemption of 55 units (2009: nil Units) 55 units (2009: nil units) for the half year and quarter respectively	(2,638)	-	(2,638)	-
	2,113,115	100,025,083	1,813,115	28,315
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	1,377,858	(16,193,404)	81,467	(3,325)
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	4,714	6,505,133	(1)	10
	1,382,572	(9,688,271)	81,466	(3,315)
Unrealised appreciation on revaluation of investments classified as 'Available for Sale' - net	28,508	11,667	21,942	8,597
Distributions:				
Issue of 465,113 bonus units for the year ended June 30, 2010 (2009 : 665 bonus units)	21,971,948	36,470	-	-
Final distribution of 465,113 bonus units for the year ended June 30, 2010 (2009: 665 bonus units)	(21,971,948)	(36,470)	-	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as ' financial assets at fair value' through profit or loss	(1,885,136)	(358,874)	(606,388)	(290,097)
Other operating income / (loss)	4,229,174	19,936,218	2,756,610	2,847,479
Net income for the period	2,344,038	19,577,344	2,150,222	2,557,382
Interim cash distribution	(1,815,753)	-	(1,815,753)	-
Element of (loss) / income and capital (losses) /gains included in prices of units issued less those in units redeemed - amount representing unrealised (losses) / gains - net	(4,714)	(6,505,133)	1	(10)
	(21,448,377)	13,035,741	334,470	2,557,372
Net assets at the end of the period	105,866,586	104,183,814	105,866,586	104,183,814
The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.				
For Arif Habib Investments Limited (Management Company)				
Chief Executive	Director			

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	2,344,038	19,577,344	2,150,222	2,557,382
Adjustments for non-cash charges and other items:				
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	1,377,858	(16,193,404)	81,467	(3,325)
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'	1,885,136	358,874	606,388	290,097
	5,607,032	3,742,814	2,838,077	2,844,154
Decrease / (increase) in assets				
Investments - net	(5,280,259)	(97,737,120)	(200,709)	(169,122)
Income receivable	(3,482)	(3,715,976)	(2,815,220)	(2,812,054)
Prepayments	8,138	63	150	-
	(5,275,603)	(101,453,033)	(3,015,779)	(2,981,176)
(Decrease) / increase in liabilities				
Payable to the Management Company	4,512	26,077	10,859	26,262
Payable to the Trustee	(44)	10,967	(29)	(11,183)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(24,406)	24,937	19,805	19,414
Accrued expenses and other liabilities	4,837	17,160	5,090	6,452
	(15,101)	79,141	35,725	40,945
Net cash generated from / (used in) operating activities	316,328	(97,631,078)	(141,977)	(96,077)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issue of units	2,115,753	100,025,083	1,815,753	28,315
Payment against redemption of units	(2,638)	-	(2,638)	-
	2,113,115	100,025,083	1,813,115	28,315
Dividend paid	(1,815,753)	-	(1,815,753)	-
Net cash generated from / (used in) financing activities	297,362	100,025,083	(2,638)	28,315
Net increase / (decrease) in cash and cash equivalents during the period	613,690	2,394,005	(144,615)	(67,762)
Cash and cash equivalents at beginning of the period	121,805	232,785	880,110	2,694,552
Cash and cash equivalents at end of the period	<u>735,495</u>	<u>2,626,790</u>	<u>735,495</u>	<u>2,626,790</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010**

1 LEGAL STATUS AND NATURE OF BUSINESS

MetroBank - Pakistan Sovereign Fund was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL), as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 7, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules), [repealed by Non - Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules)]. Subsequently, during the last year Habib Metropolitan Bank Limited was retired as the Trustee of the Fund and Central Depository Company of Pakistan (CDC) was appointed as the new Trustee with effect from November 23, 2009. The SECP approved the appointment of CDC as the Trustee in place of Habib Metropolitan Bank Limited and further approved the amendments to the Trust Deed vide its letter number SCD/NBFC-11/MF-RS/MSPF/981/2009 dated November 30, 2009. Accordingly, the Trust Deed of the Fund was revised through a supplemental deed executed between the Management Company, Habib Metropolitan Bank Limited and CDC.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan.

The Metro Bank - Pakistan Sovereign Fund is an open-ended mutual fund and obtained listing on the Islamabad Stock Exchange on May 27, 2009. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management quality rating of 'AM2 (positive outlook)' to the Management Company and AA (f) as stability rating to the Fund.

The Fund consists of a 'Perpetual' (the scheme) and one sub-scheme as at December 31, 2010 with pre-determined maturity date as follows.

Name of sub-scheme	Maturity date of sub-scheme
---------------------------	------------------------------------

MetroBank - Pakistan Sovereign Fund - (December 2012) [MSF 12/12]	December 31, 2012
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In addition to the above sub-scheme, the Fund had also issued other sub-schemes which had matured as follows;

Name of sub-scheme	Maturity date of sub-scheme
---------------------------	------------------------------------

MetroBank - Pakistan Sovereign Fund - (December 2003) [MSF 12/03]	December 31, 2003
MetroBank - Pakistan Sovereign Fund - (December 2005) [MSF 12/05]	December 31, 2005
MetroBank - Pakistan Sovereign Fund - (December 2007) [MSF 12/07]	December 31, 2007

The scheme and sub-scheme of MSF are open-end schemes which offer units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the scheme.

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

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the sub-scheme's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The sub-scheme will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the sub-scheme's operations and are therefore not detailed in these condensed interim financial statements.

3.3 Net Asset Value per unit

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

3.4 Earnings per unit

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

	Note	(Un-audited) December 31 2010	(Audited) June 30 2010
		------(Rupees)-----	
4 INVESTMENTS IN GOVERNMENT SECURITIES			
Investments 'Available for sale'	4.1	514,955	505,859
Investments 'at fair value through profit or loss'	4.2	101,085,882	97,671,348
		<u>101,600,837</u>	<u>98,177,207</u>

4.1 Investment in government securities - 'available for sale'

Issue date	Tenor	Face value (Rupees in Thousands)				December 31, 2010			Percentage of net assets	Percentage of total investments
		Balance as at July 01, 2010	Purchases during the period	Sales / Matured during the period	Balance as at December 31, 2010	Cost	Market value	Appreciation / (Diminution)		
(Rupees)										
Pakistan Investment Bond		500	-	-	500	511,633	514,955	3,322	0.49%	0.51%
18 April 2001	10 Years					<u>511,633</u>	<u>514,955</u>	<u>3,322</u>		

4.2 Investments - 'at fair value through profit or loss'

Issue date	Tenor	Face value (Rupees in Thousands)				December 31, 2010			Percentage of net assets	Percentage of total investments
		Balance as at July 01, 2010	Purchases during the period	Sales / Matured during the period	Balance as at December 31, 2010	Cost	Market value	Appreciation / (Diminution)		
------(Rupees)-----										
Pakistan Investment Bond										
3 September 2009	3 Years	100,000	-	-	100,000	98,514,571	96,180,657	(2,333,914)	90.85%	94.67%
Treasury Bills										
September 9, 2010	3 Months	-	5,000	5,000	-	-	-	-	-	-
December 2, 2010	3 Months	-	5,000	-	5,000	4,905,821	4,905,225	(596)	4.63%	4.83%
						103,420,392	101,085,882	(2,334,510)		

	(Un-audited) December 31 2010	(Audited) June 30 2010
	------(Rupees)-----	
4.3 Unrealised appreciation in fair value of investments classified as 'Available for Sale' - net		
Market value of investments	514,955	505,859
Cost of investments	(511,633)	(531,045)
	3,322	(25,186)
Less: Net unrealised diminution in the fair value of investments at the beginning of the period	25,186	51,093
	28,508	25,907
4.4 Unrealised diminution in fair value of investments classified as - 'at fair value through profit or loss' - net		
Market value of investments	101,085,882	97,671,348
Cost of investments	(103,420,392)	(98,120,722)
	(2,334,510)	(449,374)
Less: Net unrealised diminution in the fair value of investments at the beginning of the period	449,374	-
	(1,885,136)	(449,374)

5 TAXATION

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

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

6 CONTINGENCIES AND COMMITMENTS

Through 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 mutual 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 the mutual funds through their Trustees alongwith few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower (the Ministry) issued a letter which states that mutual funds are not liable for WWF. Further, in a subsequent letter dated July 5, 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income of Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry filed its response contesting the said petition. 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 mutual funds due to the clarification issued by the Ministry which creates vested right, hence no provision of Re 0.24 per unit has been made in respect of WWF.

There were no other contingencies and commitments outstanding as at December 31, 2010.

7 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 Pak Arab Fertilizer 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, Habib Metropolitan Bank Limited being the major unitholder of the Fund. and MSF Perpetual being the Scheme of the Sub-Scheme.

Remuneration to the Management Company and trustee are determined in accordance with the provisions of the NBFC Regulations and Trust Deed. 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 / year end are as follows:

	Un-audited December 31, 2010	Audited June 30, 2010
Amount Outstanding as at period / Year end	------(Rupees)-----	
Management Company		
Remuneration Payable at the end of the period / year	98,080	93,568
Units held 16,500 units (June 30, 2010:12,738)	794,121	767,313
Central Depository Company of Pakistan - Trustee		
Remuneration Payable	10,316	10,360
MSF Perpetual		
Units held 2,181,486 (June 30, 2010: 1,806,300)	104,994,913	100,975,640
Habib Metropolitan Bank Limited		
Bank deposits	735,495	121,805
Profit receivable	3,236	-

	Six months ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	------(Rupees)-----		------(Rupees)-----	
Transaction during the period				
Management Company				
Remuneration for the period	584,781	182,305	307,513	137,446
3,505 Bonus units (2009: 609 bonus units) received during the period	33,354	33,354	-	-
Dividend paid and reinvested				
257 units (2009: Nil)	13,644	-	13,644	-
Central Depository Company of Pakistan - Trustee				
Remuneration for the period	63,028	13,884	31,023	13,884
Habib Metropolitan Bank Limited				
Remuneration for the period	-	65,968	-	43,539
Profit on bank deposits	18,541	75,690	11,080	49,564
Bank Charges	2,320	-	1,160	-
MSF Perpetual				
Units issued 43,983 units (2009: 1,806,300 units)*	2,100,835	99,996,768	1,815,753	-
Executives of the Management company				
Nil Units (2009: 500 units) issued during the period	-	28,315	-	28,315
* This includes dividend reinvested of 37,635 units amounting to rupees 1,815,753.				
** This amount represents remuneration of Habib Metropolitan Bank Limited for acting as the trustee of the Fund till 22 November 2009. Habib Metropolitan Bank Limited ceases to be the trustee with effect from 23 November 2009.				
8 DATE OF AUTHORISATION FOR ISSUE				
These condensed interim financial statements were authorised for issue on February 19, 2011 by the Board of Directors of the Management Company.				
9 GENERAL				
9.1 Figures have been rounded off to the nearest rupee.				
9.2 Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. No significant changes to corresponding figures have been made during the period.				
For Arif Habib Investments Limited (Management Company)				
Chief Executive				
Director				