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FUNDS' 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
Habib Metropolitan Bank Limited
7th Floor, HBZ Plaza,
I.I.Chundrigar Road, Karachi.

Bankers
Habib Metropolitan Bank Limited
Bank Alfalah Limited
Standard Chartered Bank (Pakistan) 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: AAA(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 Pakistan Cash Management Fund (PCF), is pleased to present its report together with condensed Interim Financial Statements for the half year ended December 31, 2010.

Fund Objective

The objective of the Fund is to deliver regular income, preservation of capital and high level of liquidity primarily from short duration government securities investments.

Fund Profile

PCF is an open end fund, which invests in government securities mainly Treasury Bills and short maturity reverse repurchase transactions against Government Securities. The un-invested funds are kept in deposits with AA or better rated Commercial Banks. The overall duration of the portfolio is kept below 90 days, in order to keep interest rate risk at a relatively low and manageable level and provide high liquidity to investors comparable to checking bank accounts. PCF is a long only fund and cannot undertake leveraged investments.

Fund Performance during the half year ended December 31, 2010

The net assets of the Fund as at December 31, 2010 stood at Rs 2,223.89 million compared to Rs 2,061.96 million at June 30, 2010 registering an increase of 7.85%.

The ex-dividend Net Asset Value (NAV) per unit at the beginning of the period was Rs 50.0035 and with an increase of Rs 2.7891 in the NAV per unit recorded during the period under review; the NAV per unit on 31 December 2010 was Rs 50.3426 after interim distribution of Rs 2.4500 per unit.

Income Distribution

During the period, the Management Company has made the following interim distributions:

Date of Distribution	Interim payouts during the Quarter	
	(PKR/Unit)	Return as % of opening Ex-NAV
July 25, 2010	0.3500	0.70% of Ex-NAV of June 30, 2010
August 25, 2010	0.4200	0.84% of Ex-NAV of July 25,2010
September 25, 2010	0.4200	0.84% of Ex-NAV of August 25, 2010
October 25,2010	0.4200	0.84% of Ex-NAV of September 25 2010
November 25,2010	0.4200	0.84% of Ex-NAV of October 25 2010
December 25,2010	0.4200	0.84% of Ex-NAV of November 25 2010
Total	**2.4500**	

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

The explanation with regard to emphasis of matter paragraph is provided in note 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

Acknowledgement

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the Trustees of the Fund, Habib Metropolitan Bank Limited (the trustee of the Fund) and the management of the Islamabad Stock Exchange for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the meticulous management of the Fund.

For and on behalf of the Board

February 19, 2011
Karachi

Nasim Beg
Chief Executive

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

Objective

The objective of the Fund is to deliver regular income, preservation of capital and high level of liquidity by investing in short dated government securities.

Fund Profile

Pakistan Cash Management Fund (PCF) is an open end fund, which invests in government securities mainly Treasury Bills and short maturity reverse repurchase transactions against Government Securities. The un-invested funds are kept in deposits with AA rated commercial banks. The overall maturity of the portfolio is kept below 90 days, in order to keep interest rate risk at a relatively low and manageable level and provide high liquidity to investors comparable to current bank deposits. PCF is a long only fund and cannot undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Fund Performance & Asset Allocation

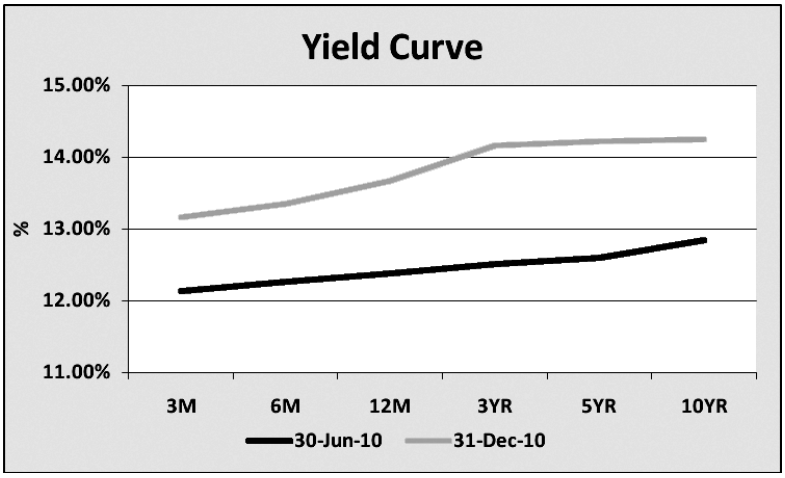
PCF earned an annualized return of 11.36% during the 2nd quarter FY11 against its benchmark return of 12.33%. Annualized return for 6 months FY11 was 11.31% during the period ended December 31, 2010. The improved return compared to last quarter (10.94%) was due to restrictive investment policy whereby the Fund kept a short duration amid rising interest rate environment and switched to new interest rate bands effectively. The overall average portfolio duration was 24 days at the end of the period.

The Fund remained mostly invested in short maturity T-bills which were 91.7% of net assets at the end of the period. Bank deposits were 8.1% of net assets as the Fund received fresh investment inflows on the last day of the 2nd quarter FY11.

As a policy, PCF distributes monthly dividends in order to provide better periodic net-of-tax returns to investors. During this quarter, PCF declared total dividends of Rs 1.26/unit (Rs 1.19/unit, 1st quarter FY2011). Hence the total cumulative dividend yield was 10.05%p.a. for the first half FY11.

Market Review

During 2Q FY11, SBP increased the discount rate by 100 bps to 14.0% (in September 10 & November 10) as inflation started soaring along with higher fiscal deficit due to elevated government borrowings from the SBP. During 1HY FY11 the discount rate has been increased by 150bps. 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.



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 942.0 billion was sold against a target of Rs 860.0 billion amid T-bill maturity of Rs 704.0 billion.

Future Outlook

Interest rates are expected to increase further during the next quarter amid high inflation numbers, heavy government borrowing and fiscal imbalances. PCF which invests in only short dated government securities is ideally positioned to deliver improved performance in coming months from rising short term yields.

TRUSTEE REPORT TO THE UNIT HOLDERS

REPORT OF THE TRUSTEE PURSUANT TO REGULATION 41(H) AND CLAUSE 9 OF SCHEDULE V OF THE NON-BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

Pakistan Cash Management Fund (the Fund), an open-end fund was established under a trust deed executed between Arif Habib Investments Limited, as the Management Company and Habib Metropolitan Bank Limited as Trustee on February 08, 2008. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on February 01, 2008.

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 Management Company under the Constitutive Documents;

(ii) Valuation and pricing of units are carried out in accordance with the requirements of the Trust Deed and Offering Document;

(iii) Creation and cancellation of units are carried out in accordance with the requirements of the Trust Deed and Offering Document;

(iv) 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.

Azam Zaidi
Senior Executive Vice President
Habib Metropolitan Bank Limited

Karachi
February 22, 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 **Pakistan Cash Management 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.

Emphasis of matter paragraph

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.

Chartered Accountants

Engagement Partner: Rashid A. Jafer

Dated: February 19, 2011

Karachi

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

	Note	(Un-Audited) December 31, 2010	(Audited) June 30, 2010
		---------- Rupees in '000 ----------	
ASSETS			
Bank balances		206,860	74,872
Receivable against sale of units		2,890	1,100
Profit receivable		471	2
Investments	4	2,039,299	1,989,521
Other receivables		28	-
Preliminary expenses and floatation costs		443	544
Total assets		2,249,991	2,066,039
LIABILITIES			
Payable to Management Company		3,381	2,980
Accrued expenses and other liabilities		22,719	1,095
Total liabilities		26,100	4,075
NET ASSETS		2,223,891	2,061,964
Unit Holders' Funds (As per statement attached)		2,223,891	2,061,964
CONTINGENCIES AND COMMITMENTS	6		
		(Number of units)	
Number of units in issue		44,175,159	40,675,146
		(Rupees)	
Net asset value per unit	3.3	50.3426	50.6935

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

For Arif Habib Investments Limited
(Management Company)

Chief Executive **Director**

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

	Note	Half year ended December 31, 2010	Half year ended December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
		Rupees in '000			
INCOME					
Capital gain / (loss) on sale of investments - net		74	(138)	(24)	(24)
Income from reverse repurchase transactions		197	3,364	-	2,376
Income from government securities		159,654	44,724	83,910	28,458
Profit on bank deposits		2,280	2,935	1,682	1,311
Other income		4	13	4	9
Unrealised diminution in fair value of investments - 'at fair value through profit or loss' - net		(288)	(343)	(220)	(107)
Total income		161,921	50,555	85,352	32,023
OPERATING EXPENSES					
Performance Fee of the Management Company		16,020	5,058	8,535	3,202
Securities transaction cost		145	123	96	49
Legal and professional charges		63	81	32	32
Amortisation of preliminary expenses and floatation costs		101	101	50	50
Total operating expenses		16,329	5,363	8,713	3,333
Net income from operating activities		145,592	45,192	76,639	28,690
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(1,160)	3,339	(1,726)	2,897
Net income for the period before taxation		144,432	48,531	74,913	31,587
Taxation	5	-	-	-	-
Net income for the period after taxation		144,432	48,531	74,913	31,587
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		144,432	48,531	74,913	31,587
Earnings per unit	3.4				

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

For Arif Habib Investments Limited
(Management Company)

Chief Executive **Director**

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

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	144,432	48,531	74,913	31,587
Adjustments for non-cash items:				
Unrealised diminution in fair value of investments at fair value through profit or loss' - net	288	343	220	107
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	1,160	(3,339)	1,726	(2,897)
Amortisation of preliminary expenses and floatation costs	101	101	50	50
	145,981	45,636	76,909	28,847
(Increase) / decrease in assets				
Investments	(50,066)	(607,978)	158,153	(549,680)
Receivable against reverse repurchase transactions	-	33,147	-	88,389
Receivable against sale of units	(1,790)	(10,975)	(2,120)	48,156
Profit receivable	(469)	849	(258)	(590)
Other receivables	(28)	394	(15)	(12)
	(52,353)	(584,563)	155,760	(413,737)
Increase/ (Decrease) in liabilities				
Payable to Management Company	401	(399)	210	328
Accrued expenses and other liabilities	21,624	16	21,348	(474)
	22,025	(383)	21,558	(146)
Net cash generated from / (used in) operating activities	115,653	(539,310)	254,227	(385,036)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts / (payment) from sale and redemption of units	22,710	501,654	(145,110)	371,231
Dividend paid	(6,375)	(3,225)	(2,609)	(2,147)
Net cash generated from / (used in) financing activities	16,335	498,429	(147,719)	369,084
Net increase / (decrease) in cash and cash equivalents during the period	131,988	(40,881)	106,508	(15,952)
Cash and cash equivalents at beginning of the period	74,872	50,895	100,352	25,966
Cash and cash equivalents at end of the period	206,860	10,014	206,860	10,014

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

For Arif Habib Investments Limited
(Management Company)

Chief Executive **Director**

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

	Note	Half year ended December 31,		Quarter ended December 31,	
		2010	2009	2010	2009
		---------- Rupees in '000 ----------			
Undistributed income brought forward					
- Realised gain		28,617	7,694	8,278	3,245
- Unrealised (loss) / gain		(409)	37	(68)	(236)
		28,208	7,731	8,210	3,009
Final Distribution					
Final Distribution for the year ended June 30, 2010 @ Re 0.6900 per unit (Date of Distribution: July 5, 2010) (2009:Re 0.6750 per unit)					
-Bonus units		(26,683)	(7,056)	-	-
-Cash distribution		(1,382)	(667)	-	-
Net income for the period		144,432	48,531	74,913	31,587
Interim Distribution					
Interim distribution for the period ended December 31, 2010:					
-Bonus units	7	(124,446)	(39,582)	(65,378)	(26,050)
-Cash distribution	7	(4,993)	(2,558)	(2,609)	(2,147)
Undistributed income carried forward		15,136	6,399	15,136	6,399
Undistributed income carried forward					
- Realised gain		15,424	6,742	15,424	6,742
- Unrealised loss		(288)	(343)	(288)	(343)
		15,136	6,399	15,136	6,399

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

For Arif Habib Investments Limited
(Management Company)

Chief Executive **Director**

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

	Note	Half year ended December 31,		Quarter ended December 31,	
		2010	2009	2010	2009
		Rupees in '000			
Net assets at beginning of the period		2,061,964	579,814	2,294,971	725,661
Issue of 47,574,978 units (2009: 35,127,293 units) and 27,670,862 units (2009: 27,477,772 units) for the half year and quarter respectively		2,390,995	1,768,084	1,478,478	1,383,813
Redemption of 47,090,889 units (2009: 25,158,655 units) and 32,246,891 units (2009: 20,109,290units) for the half year and quarter respectively		(2,368,285)	(1,266,430)	(1,623,588)	(1,012,582)
		22,710	501,654	(145,110)	371,231
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed transferred to income statement - net		1,160	(3,339)	1,726	(2,897)
Issue of 533,627 bonus units for the year ended June 30, 2010 @ Re 0.6900 per unit (Date of Distribution: July 5, 2010) (2009: 141,120 units @ Re 0.6750 per unit)		26,683	7,056	-	-
Interim distribution of 2,482,297 bonus units (2009: 789,319 bonus units) and 1,302,383 bonus units (2009: 519,215 bonus units) for the half year and quarter respectively.	7	124,446	39,582	65,378	26,050
Final Distribution					
Issue of 533,627 bonus units for the year ended June 30, 2010 @ Re 0.6900 per unit (Date of Distribution: July 5, 2010) (2009: 141,120 units @ Re 0.6750 per unit)		(26,683)	(7,056)	-	-
Cash Distribution		(1,382)	(667)	-	-
Capital gain / (loss) on sale of investments - net		74	(138)	(24)	(24)
Unrealised (diminution) / appreciation in value of investments at market value through profit or loss - net		(288)	(343)	(220)	(107)
Other net income for the period		144,646	49,012	75,157	31,718
Interim Distribution					
Interim distribution of 2,482,297 bonus units (2009: 789,319 bonus units) and 1,302,383 bonus units (2009: 519,215 bonus units) for the half year and quarter respectively.		(124,446)	(39,582)	(65,378)	(26,050)
Cash Distribution		(4,993)	(2,558)	(2,609)	(2,147)
		(13,072)	(1,332)	6,926	3,390
Net assets as at end of the period		2,223,891	1,123,435	2,223,891	1,123,435

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

For Arif Habib Investments Limited
(Management Company)

Chief Executive **Director**

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Cash Management Fund (PCF) "the Fund" was established under a Trust Deed executed between Arif Habib Investments Limited (the Management Company) and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 1, 2008 and was executed on February 8, 2008 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (repealed).

The Management Company of the Fund has been licensed to act as the Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 through a certificate of registration issued by SECP.

PCF is an open-ended mutual fund. 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 manager rating of 'AM2' (positive outlook) to the Management Company and AAA (f) as stability rating to the Fund.

The Fund is allowed to invest in treasury bills, short term government instruments and reverse repurchase transactions while uninvested portion is deposited in bank having a minimum credit rating of AA.

Title to the assets of the Fund is held in the name of Habib Metropolitan Bank Limited as a trustee of the Fund.

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

These condensed interim financial statements are unaudited. However, 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 the Fund's operations and are therefore not detailed in these condensed interim financial statements.

3.3 Net Asset Value per unit

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

3.4 Earnings per unit

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

	Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
		---------- Rupees in '000 ----------	
4 INVESTMENTS			
At fair value through profit or loss			
Market Treasury Bills	4.1	2,039,299	1,989,521

4.1 At fair value through profit or loss

Issue date	Tenor	……. Face value ……..				Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investments
		Balance as at July 1, 2010	Purchases during the period	Sales / Matured during the period	Balance as at December 31, 2010	Cost	Market value	Appreciation / (Diminution)		
		---------- Rupees in '000 ----------								
Market Treasury Bills										
August 13, 2009	1 Year	50,000	-	50,000	-	-	-	-	-	-
January 14, 2010	6 Months	100,000	-	100,000	-	-	-	-	-	-
February 1, 2010	6 Months	-	150,000	150,000	-	-	-	-	-	-
February 11, 2010	6 Months	125,000	-	125,000	-	-	-	-	-	-
February 25, 2010	6 Months	10,000	-	10,000	-	-	-	-	-	-
April 22, 2010	3 Months	150,000	-	150,000	-	-	-	-	-	-
April 22, 2010	3 Months	100,000	-	100,000	-	-	-	-	-	-
April 22, 2010	3 Months	100,000	-	100,000	-	-	-	-	-	-
April 22, 2010	3 Months	100,000	-	100,000	-	-	-	-	-	-
April 22, 2010	3 Months	10,000	-	10,000	-	-	-	-	-	-
April 22, 2010	3 Months	50,000	-	50,000	-	-	-	-	-	-
April 22, 2010	6 Months	-	25,000	25,000	-					
April 22, 2010	3 Months	133,000	-	133,000	-	-	-	-	-	-
May 6, 2010	3 Months	-	145,000	145,000	-	-	-	-	-	-
May 6, 2010	3 Months	100,000	-	100,000	-	-	-	-	-	-
May 20, 2010	3 Months	75,000	-	75,000	-	-	-	-	-	-
May 20, 2010	3 Months	150,000	-	150,000	-	-	-	-	-	-
May 20, 2010	3 Months	170,000	-	170,000	-	-	-	-	-	-
May 20, 2010	3 Months	100,000	-	100,000	-	-	-	-	-	-
May 20, 2010	3 Months	30,000	-	30,000	-	-	-	-	-	-
May 20, 2010	3 Months	-	300,000	300,000	-	-	-	-	-	-
June 3, 2010	3 Months	225,000	-	225,000	-	-	-	-	-	-
June 17, 2010	3 Months	10,000	-	10,000	-	-	-	-	-	-
June 17, 2010	3 Months	225,000	-	225,000	-	-	-	-	-	-
June 17, 2010	3 Months	-	85,000	85,000	-					
June 17, 2010	3 Months	-	25,000	25,000	-	-	-	-	-	-
June 17, 2010	3 Months	-	74,000	74,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	355,000	355,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	250,000	250,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	20,000	20,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	200,000	200,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	35,000	35,000	-	-	-	-	-	-
July 29, 2010	3 Months	-	210,000	210,000	-	-	-	-	-	-
July 29, 2010	3 Months	-	300,000	300,000	-	-	-	-	-	-
July 29, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
July 29, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
July 29, 2010	3 Months	-	20,000	20,000	-	-	-	-		
August 13, 2010	3 Months	-	310,000	310,000	-					
August 13, 2010	3 Months	-	225,000	225,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	115,000	115,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	45,000	45,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	100,000	100,000	-	-	-	-		
August 26, 2010	3 Months	-	187,500	187,500	-	-	-	-	-	-
August 26, 2010	3 Months	-	40,000	40,000	-	-	-	-	-	-
August 27, 2009	1 Year	-	25,000	25,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	187,500	187,500	-	-	-	-	-	-
September 9, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	30,000	30,000	-	-	-	-	-	-
September 9, 2010	3 Months		80,000	80,000	-	-	-	-	-	-
September 23, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
September 23, 2010	3 Months	-	25,000	25,000	-	-	-	-	-	-
October 7, 2010	3 Months		200,000	200,000	-	-	-	-	-	-
October 7, 2010	3 Months		90,000	90,000	-	-	-	-	-	-
October 7, 2010	3 Months		232,000	232,000	-	-	-	-	-	-
October 7, 2010	3 Months		250,000	250,000	-	-	-	-	-	-
October 7, 2010	3 Months		125,000	125,000	-	-	-	-	-	-
October 7, 2010	3 Months		200,000	200,000	-	-	-	-	-	-
October 21, 2010	3 Months		25,000	-	25,000	24,899	24,895	(4)	1.1	1.2
October 21, 2010	3 Months		115,000	-	115,000	114,532	114,517	(15)	5.1	5.6

Issue date	Tenor	……. Face value ……..				Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investments
		Balance as at July 1, 2010	Purchases during the period	Sales / Matured during the period	Balance as at December 31, 2010	Cost	Market value	Appreciation / (Diminution)		
		---------- Rupees in '000 ----------								
October 21, 2010	3 Months	200,000	-	200,000	199,183	199,159	(24)	9.0	9.8
October 21, 2010	3 Months	100,000	-	100,000	99,594	99,580	(14)	4.5	4.9
October 21, 2010	3 Months	100,000	50,000	50,000	49,796	49,790	(6)	2.2	2.4
October 21, 2010	3 Months	237,500	30,000	207,500	206,652	206,628	(24)	9.3	10.1
October 21, 2010	3 Months	150,000	-	150,000	149,393	149,369	(24)	6.7	7.3
November 4, 2010	3 Months	375,000	-	375,000	371,692	371,578	(114)	16.7	18.2
November 4, 2010	3 Months	50,000	-	50,000	49,557	49,544	(13)	2.2	2.4
November 4, 2010	3 Months	30,000	-	30,000	29,735	29,726	(9)	1.3	1.5
November 4, 2010	3 Months	100,000	-	100,000	99,076	99,087	11	4.5	4.9
November 4, 2010	3 Months	100,000	-	100,000	99,076	99,087	11	4.5	4.9
November 16, 2010	3 Months	95,000	30,000	65,000	64,114	64,083	(31)	2.9	3.1
November 16, 2010	3 Months	50,000	-	50,000	49,301	49,295	(6)	2.2	2.4
November 16, 2010	3 Months	300,000	-	300,000	295,779	295,767	(12)	13.3	14.5
November 16, 2010	3 Months	10,000	-	10,000	9,859	9,859	-	0.4	0.5
December 2, 2010	3 Months	275,000	250,000	25,000	24,528	24,526	(2)	1.1	1.2
December 2, 2010	3 Months	50,000	50,000	-			-	-	-
December 2, 2010	3 Months	35,000	-	35,000	34,343	34,336	(7)	1.5	1.7
December 2, 2010	3 Months	30,000	-	30,000	29,430	29,431	1	1.3	1.4
December 18, 2010	3 Months	30,000	30,000	-	-	-	-	-	-
December 18, 2010	3 Months	100,000	60,000	40,000	39,048	39,042	(6)	1.8	1.9
					2,039,587	**2,039,299**	**(288)**		

4.2 Net unrealised diminution in market value of investments classified as 'at fair value through profit or loss'

	(Un-audited) December 31, 2010	(Audited) June 30, 2010
	---------- Rupees in '000 ----------	
Market value of investments	2,039,299	1,989,521
Cost of investments	(2,039,587)	(1,989,930)
	(288)	(409)
Net unrealised diminution in value of investments at beginning of the period	(409)	(37)
Less: Realised on disposal/ matured during the period - net	409	37
	-	-
	(288)	(409)

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 member filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the Funds are not establishments and as a result are not liable to pay contribution to the WWF.The honourable court has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response a petition has been filed with the SHC by some of Mutual Funds through their Trustees 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 15, 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income of Mutual Fund(s), the product being sold, is exempted under the law ibid."

There have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds for the recovery of WWF. On December 14, 2010, the Ministry field its response contesting the said petition. The lagel proceedings in respect of the aforementioned petition are currently in progress.

Based on the advice of the legal council handling the case, the Management Company is of the view that notwithstanding the show cause notices issued to a number of mutual funds, WWF is not applicable to the Funds due to the clarification issued by the Ministry which creates vested right, hence no provision of Rs. 0.1513 per unit has been made in respect of WWF.

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

7 INTERIM DISTRIBUTIONS

The Fund makes distribution on a monthly basis and has made following distributions during the period.

Date	Rate Per Unit	Bonus *		Cash Distribution**	Total
		Units	Amount		
		---------- Rupees in '000 ----------			
July 25, 2010	Re. 0.3500	350,391	17,527	701	18,228
August 25, 2010	Re. 0.4200	412,974	20,671	842	21,513
September 25, 2010	Re. 0.4200	416,549	20,870	841	21,711
October 25, 2010	Re. 0.4200	459,762	23,056	842	23,898
November 25, 2010	Re. 0.4200	429,746	21,577	842	22,419
December 26, 2010	Re. 0.4200	412,875	20,745	925	21,670
		2,482,297	**124,446**	**4,993**	**129,439**

* Bonus units have been distributed to unit holders under plan A
** Cash dividends have been distributed to unit holders under plan B

As per clause 12 of the Trust Deed and clause 6 of Part VI of the Offering Document, the Management Company on behalf of the Fund on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned upto 25th of each month may be distributed by the Management Company. The Board of Directors on September 22, 2008 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund upto the 25th of each month. The SECP vide letter no. NBFC - II.DD / AHIL / Misc-734 / 2009 has approved the above arrangement.

8 TRANSACTIONS WITH CONNECTED PERSONS

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

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

Performance fee payable to Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

8.1 Details of the transactions with the connected persons are as follows:

	Half year ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	Rupees in '000			
Management Company				
Performance fee for the period	16,020	5,058	8,535	3,202
Issue of nil units (2009: 5,010,335) and nil units (2009: 4,094,769) for the half year and quarter respectively	-	251,657	-	205,696
Redemption of nil units (2009: 6,396,538 units) and nil units (2009: 5,879,413 units) for the half year and quarter respectively	-	321,703	-	295,703
Issue of nil bonus units (2009: 107,365 units) and nil bonus units (2009: 48,351 units) for the half year and quarter respectively	-	5,379	-	2,424
Habib Metropolitan Bank Limited - Trustee				
Profit on bank deposits	2,274	1,801	1,680	1,338
Directors / officers and employees of the management company				
Issue of 142,089units (2009: 84,164 units) and 120,201 units (2009: 61,852 units) for the half year and quarter respectively	7,150	4,244	6,050	3,123
Redemption of 82,973 units (2009: 74,683 units) and 68,137 units (2009: 43,002 units) for the half year and quarter respectively	4,180	3,755	3,433	2,164
Issue of 2,866 bonus units (2009: 2,825units) and 1,607 units (2009: 1,374 units) for the half year and quarter respectively	144	142	81	69

	(Un-audited) December 31, 2010	(Audited) June 30 2010
	(Rupees in '000)	
Balances outstanding as at period end		
Management Company		
Performance fee payable	2,781	2,180
Payable in respect of preliminary expenses & floatation cost	600	800
Other receivable	28	-
Habib Metropolitan Bank Limited - Trustee		
Bank balance at the end of the period / year	203,479	74,650
Profit receivable on bank deposits	466	-
Amounts due on account of Conversion / Transfer of units		
(Payable to) / Receivable from Pakistan Income Enhancement Fund		(957)
Payable to Pakistan Income Fund	21,137	-
Payable to Pakistan Stock Market Fund	8	-
Payable to Pakistan Strategic Allocation Fund	111	-
Payable to AH Dow Jones Safe Pak Titans 15 Index Fund	8	-
Directors / officers and employees of the management company		
Units held 96,111 units (2010: 34,129 units)	4,838	1,730

9 DATE OF AUTHORISATION FOR ISSUE

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

10 GENERAL

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

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

For Arif Habib Investments Limited
(Management Company)

Chief Executive **Director**