

**PAKISTAN
STOCK MARKET FUND**

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FUND'S INFORMATION

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

Dear Investor,

On behalf of the Board of Directors, I am pleased to present the financial results of **Pakistan Stock Market Fund** for the nine months ended March 31, 2012.

EQUITIES MARKET OVERVIEW

After remained bearish for the first six months of the period under review, bullish trend returned at the local bourses during the 3Q FY12 and pushed the KSE-100 Index by significant 21% during the quarter together with buoyant volumes. The major impetus to market came primarily from Finance minister's acceptance of SECP's proposal on CGT relaxation and tax amnesty scheme that reignited the investors' interest, particularly of retail investors which were largely sidelined after the imposition of CGT. Average volumes during the third quarter also improved significantly to 196 million shares, also largely contributed by mid to small-cap stocks. In addition to the local participation, foreign investors also made a comeback to the local bourse with a net inflow of US\$16.1 million after two consecutive quarters of net outflows. Strong corporate earnings announcement by key listed companies also served to uphold the momentum in the market despite concerns of macroeconomic imbalances. Sector-wise, Banks, Cement, Oil & Gas and Chemical sectors remained center of major activity although significant interest was also seen in several small-cap stocks.

FUND PERFORMANCE

During the period under review, the fund delivered 8.5% return against its benchmark KSE100 index return of 10.1%. Substantial changes were made in sector and company allocations during the period on the back of changing fundamentals. Overall equity exposure of the fund was increased to 92.4% at the end of the period as compared to 87.4% end June 2011. Sector level changes include increase in allocation in Banks, Oil and Gas, Electricity and Construction & Materials while allocations of Chemicals and Personal Goods were reduced. Fixed Line Telecommunication remained new sector of fund's investment.

FUTURE OUTLOOK

Although the external environment, both political and macroeconomic, may remain challenging, market should continue to find support from the earnings season with a focus on Banking, Oil & Gas and Construction Materials Sectors. However, the market could seek correction/profit taking if there is any further delay on the CGT and amnesty related announcement.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
Chief Executive Officer
Dated: April 27, 2012

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2012

	(Unaudited) 31 March 2012	(Audited) 30 June 2011
<i>Note</i>		
	(Rupees in '000)	
Assets		
Balances with banks	32,709	28,285
Receivable against sale of investments	10,597	560
Receivable against sale of units	124	26,432
Investments	5 906,596	1,215,783
Dividend and profit receivable	27,175	3,299
Advances, deposits and other receivables	3,751	3,736
Total assets	980,952	1,278,095
Liabilities		
Payable on redemption of units	221	27,765
Payable to Arif Habib Investments Limited - Management Company	1,913	2,348
Payable to Central Depository Company of Pakistan Limited - Trustee	165	202
Payable to The Securities and Exchange Commission of Pakistan - Annual fee	739	1,487
Accrued expenses and other liabilities	4,057	2,729
Total liabilities	7,095	34,531
Contingency	6	
Net assets	973,857	1,243,564
Unit holders' funds	973,857	1,243,564
	(Number of units)	
Number of units in issue	16,678,432	20,690,345
	(Rupees)	
Net assets value per unit	58.39	60.10

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Note	Nine months period ended 31 March		Quarter ended 31 March	
		2012	2011	2012	2011
		(Rupees in '000)			
Income					
Capital Realised on disposal during the period		49,473	134,126	46,108	52,744
Dividend income		70,917	61,646	33,581	20,805
Income from government securities		2,624	19,766	151	381
Profit on bank accounts		6,095	2,943	3,661	1,039
Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	5.5	50,881	177,308	139,717	(11,391)
		179,990	395,789	223,218	63,578
Expenses					
Remuneration of Arif Habib Investments Limited - Management Company	7	15,489	24,657	4,863	7,175
Sindh sales tax on management remuneration		2,478	-	778	
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,512	1,983	480	608
Annual fee - Securities and Exchange Commission of Pakistan		739	1,182	231	341
Securities transaction cost		5,119	2,628	2,465	1,011
Settlement and bank charges		331	716	142	196
Fees and subscriptions		105	156	-	51
Legal and professional charges		82	75	32	25
Auditor's remuneration		390	300	111	84
Printing and related costs		593	225	147	96
Impairment loss on investments classified as 'available for sale'		-	774	-	572
Total expenses		26,838	32,696	9,249	10,159
		153,152	363,093	213,969	53,419
Net element of income / (loss) and capital gain / (losses) for the period included in the prices of units issued less those in units redeemed		2,069	(60,998)	1,580	(38,731)
Net income / (loss) for the period		155,221	302,095	215,549	14,688

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	<i>Note</i>	Nine months period ended 31 March	Quarter ended 31 March	
		2012	2011	2012
		2012	2011	2011
		-----	(Rupees in '000)	-----
Net (loss) / income for the period		155,221	302,095	215,549
Other comprehensive (loss) / income for the period				229,023
Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale'	5.6	(74,592)	(13,025)	(32,911)
Total comprehensive (loss) / income for the period		80,629	289,070	182,638
		241,796		

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months period ended 31 March		Quarter ended 31 March	
	2012	2011	2012	2011
	(Rupees in '000)			
Undistributed income / (losses) brought forward - realized and unrealized	133,001	202,333	(52,107)	183,852
Final distribution at the rate of Rs. 6.3036 per unit for the year ended 30 June 2011 - [Date of distribution: 04 July 2011 (2010: Rs. 9.7 per unit)]				
- Cash distribution	-	(18,442)	-	-
- Issue of bonus units	(130,431)	(282,535)	-	-
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealized appreciation / (diminution) (refer note 3)	15,165	(19,963)	9,514	(15,052)
Net (loss) / income for the period	155,221	302,095	215,549	14,688
	39,955	(18,845)	225,063	(364)
Undistributed (loss) / income carried forward - realized and unrealized	172,956	183,488	172,956	183,488

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Note	Nine months period ended 31 March		Quarter ended 31 March	
		2012	2011	2012	2011
		----- (Rupees in '000) -----			
Net assets at beginning of the period		1,243,564	1,841,340	941,148	1,636,529
Issue of 3,773,680 units (2011: 6,754,371 units) and 688,714 units (2011: 2,535,411 units) for the nine months and quarter ended respectively		193,206	374,802	36,145	152,180
Issue 2,424,371 bonus units for the nine months ended 31 March 2012 (2011: Nil Units)		130,431	282,535	-	-
Redemption of 10,209,963 units (2011: 21,466,824 units) and 3,474,049 units (2011: 8,261,722 units) for the nine months and quarter ended respectively		(541,473)	(1,189,097)	(184,494)	(491,906)
		(217,836)	(531,760)	(148,349)	(339,726)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed					
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement		(2,069)	60,998	(1,580)	38,731
- amount representing unrealised capital (gains) / losses - transferred directly to Other Comprehensive Income		(15,165)	19,963	(9,514)	15,052
		(17,234)	80,961	(11,094)	53,783
Unrealized (diminution) / appreciation in fair value of investments classified as 'available for sale' during the period	5.6	(74,592)	(13,025)	(32,911)	8,450
Final distribution at the rate of Rs. 6.3 per unit for the year ended 30 June 2011 - Date of distribution: 04 July 2011 (2010: Rs. 9.7 per unit)					
- Cash distribution		-	(18,442)	-	-
- Issue of bonus units		(130,431)	(282,535)	-	-
		(130,431)	(300,977)	-	-
Net income for the period (excluding unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)		54,867	(9,339)	29,724	(26,665)
Capital gain on sale of investments		49,473	134,126	46,108	52,744
Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'		50,881	177,308	139,717	(11,391)
Net (loss) / income for the period (including unrealised appreciation / (diminution) in fair value of 'investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)		155,221	302,095	215,549	14,688
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution)		15,165	(19,963)	9,514	(15,052)
Net assets as at end of the period		973,857	1,358,671	973,857	1,358,671

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Note	Nine months period ended		Quarter ended	
		31 March		31 March	
		2012	2011	2012	2011
		----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) / income for the period		155,221	302,095	215,549	14,688
<i>Adjustments for:</i>					
Unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss'	5.5	(50,881)	(177,308)	(139,717)	11,391
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		(2,069)	60,998	(1,580)	38,731
Impairment loss on investments classified as 'available for sale'		-	774	-	572
		102,271	186,559	74,252	65,382
Decrease / (increase) in assets					
Receivable against sale of investments		(10,037)	46,537	2,205	(5,388)
Investments		285,475	683,234	66,406	339,263
Dividend and profit receivable		(23,876)	(11,711)	(25,772)	(11,817)
Advances, deposits and other receivables		(15)	(2,864)	111	(3,293)
		251,547	715,196	42,950	318,765
(Decrease) / increase in liabilities					
Payable against purchase of investments		-		-	(19)
Payable to Arif Habib Investments Limited - Management Company		(435)	(974)	49	(489)
Payable to Central Depository Company of Pakistan Limited - Trustee		(37)	(45)	(1)	(5)
Payable to Securities and Exchange Commission of Pakistan - Annual fee		(748)	(868)	231	341
Accrued expenses and other liabilities		1,328	(1,413)	560	(1,543)
		108	(3,300)	839	(1,715)
Net cash generated from operating activities		353,926	898,455	118,041	382,432
CASH FLOWS FROM FINANCING ACTIVITIES					
Net payment against sale and redemption of units		(349,502)	(813,235)	(148,082)	(338,891)
Dividend paid		-	(18,442)	-	-
Net cash used in financing activities		(349,502)	(831,677)	(148,082)	(338,891)
Net increase / (decrease) in cash and cash equivalents during the period		4,424	66,778	(30,041)	43,541
Cash and cash equivalents at beginning of the period		28,285	13,780	62,750	37,017
Cash and cash equivalents at end of the period		32,709	80,558	32,709	80,558

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Stock Market Fund ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 23 October 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 28 February 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) [repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules)].

NBFC Rules through a certificate of registration issued by SECP. During the year the registered office of the Management Company has been shifted to Techno City Corporate Tower, 8th Floor, Hasrat Mohani Road, Karachi, Pakistan.

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

Pakistan Stock Market Fund (PSM) is an open-ended mutual fund, listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is a stock market fund, which primarily invests in shares of listed companies. Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of 'AM2' (positive outlook) to the Management Company and 2-Star Normal and 4-Star Long Term to the Fund.

2. BASIS OF PREPARATION

Statement of compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the period ended 30 June 2011.

This condensed interim financial information comprises of the condensed interim statement of assets and liabilities as at 31 March 2012 and the related condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and notes thereto for the nine months ended 31 March 2012. At 31 March 2012, the Fund has no item to be reported in other comprehensive income hence the reported net income for the period equals the total comprehensive income for the current period.

The comparatives in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2012 have been extracted from the audited financial statements of the Fund for the period ended 30 June 2011, whereas for condensed interim cash flow statement are stated from unaudited condensed interim financial information for the period ended 31 March 2011.

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

The directors of the Management Company declare that these condensed interim financial information give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies adopted 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 period ended 30 June 2011.

New interpretations and amendments to certain existing standards/ interpretations became effective during the period, however, adoption of such amendments / new interpretations did not have any impact on the accounting policies of the Fund.

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the period ended 30 June 2011.

During the period, the Fund has revised the calculation for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised calculation, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognized in income statement and the remaining portion of element of income / (loss) and capital gains / (losses) held in separate reserve account at the end of an accounting period (whether gain or loss) is included in amount available for distribution to the unit holders.

The revised calculation, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the calculation not been changed, the net income for the period ended 31 March 2011 would have been higher by Rs. 15.2 million

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 July 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. 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 adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

Apart from above, 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 1 July 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after 1 July 2012 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 this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2011.

5. INVESTMENTS

		(Unaudited) 31 March 2012	(Audited) 30 June 2011
		(Rupees in '000)	
'At fair value through profit or loss' - 'held for trading'			
- Quoted equity securities	5.1	895,659	924,380
- Fixed income and other debt securities	5.2	-	98,772
'Available for sale'			
- Quoted equity securities	5.3	10,937	192,631
		<u>906,596</u>	<u>1,215,783</u>

**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

**FOR THE NINE MONTHS AND
QUARTER ENDED MARCH 31, 2012**

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

Name of the investee company	As at 1 July 2011	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2012	Cost as at 31 March 2012	Market value as at 31 March 2012	(Diminution) / appreciation as at 31 March 2012	Market value as a percentage of		Paid up value of shares held as a percentage of total paid up capital of the investee company
									investments	net assets	
	(Number of shares)					(Rupees in 000)					
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL & GAS											
Pakistan Oilfields Limited	339,632	95,000	-	229,750	204,882	54,581	74,831	20,250	8.25	7.68	0.09
Pakistan Petroleum Limited	498,033	156,625	41,865	238,900	457,623	71,570	83,649	12,079	9.23	8.59	0.03
Pakistan State Oil Company Limited	161,000	145,500	-	106,053	200,447	52,782	49,975	(2,807)	5.51	5.13	0.12
Attock Petroleum Limited	-	164,953	-	6,250	158,703	66,274	71,932	5,658	7.93	7.39	0.23
National Refinery Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	-	450,000	-	169,369	280,631	45,697	47,051	1,354	5.19	4.83	0.01
						290,904	327,438	36,534			
CHEMICALS											
Engro Corporation Limited	642,532	899,358	90,214	1,541,174	90,930	10,181	9,027	(1,154)	1.00	0.93	0.02
Sitara Chemical Industries Limited	281,916	475	-	282,391	-	-	-	-	-	-	-
Fatima Fertilizer Company Limited	2,597,589	2,237,399	-	4,498,284	336,704	7,798	7,987	189	0.88	0.82	0.02
Fauji Fertilizer Company Limited	305,083	725,940	45,699	1,074,625	2,097	255	262	7	0.03	0.03	0.00
						18,234	17,276	(958)			
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal Limited	603,607	19,870	-	623,477	-	-	-	-	-	-	-
Pakistan International Bulk Terminal Limited refer note 5.1.1	-	301,387	-	-	301,387	3,014	3,014	-	0.33	0.31	-
						3,014	3,014	-			
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	37,826	-	-	37,826	-	-	-	-	-	-	-
						-	-	-			
HOUSEHOLD GOODS											
Pak Elektron Limited	1,619,609	-	-	1,619,609	-	-	-	-	-	-	-
						-	-	-			
FOOD PRODUCERS											
Engro Foods Limited	-	80,000	-	50,000	30,000	750	1,413	663	0.16	0.15	0.00
						750	1,413	663			
INDUSTRIAL METALS AND MINING											
International Industries Limited	734,044	-	-	734,044	-	-	-	-	-	-	-
						-	-	-			
CONSTRUCTION AND MATERIALS											
Lucky Cement Limited	686,488	753,634	-	587,231	852,891	72,326	96,760	24,434	10.67	9.94	0.26
D.G. Khan Cement Limited	-	50,000	-	-	50,000	1,634	1,819	185	0.20	0.19	0.01
						73,960	98,579	24,619			
PERSONAL GOODS											
Nishat Mills Limited	1,362,130	-	-	1,158,401	203,729	9,215	11,223	2,008	1.24	1.15	0.06
						9,215	11,223	2,008			
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunication Company Limited	-	4,089,765	-	950,000	3,139,765	36,309	38,651	2,342	4.26	3.97	0.08
						36,309	38,651	2,342			
ELECTRICTY											
Hub Power Company Limited	1,221,266	2,745,400	-	1,482,500	2,484,166	87,467	93,479	6,012	10.31	9.60	0.21
Kot Addu Power Company Limited	1,086,400	220,000	-	1,306,400	-	-	-	-	-	-	-
Nishat Power Limited	-	2,520,858	-	805,002	1,715,856	25,830	23,713	(2,117)	2.62	2.43	0.48
Nishat Chunian Power Limited	-	900,000	-	60,000	840,000	13,860	11,735	(2,125)	1.29	1.21	0.23
						127,157	128,927	1,770			
BANKS											
Allied Bank Limited	1,268,714	16,020	82,085	463,881	902,938	39,987	57,860	17,873	6.38	5.94	0.10
Bank AL Habib Limited	780,000	696,101	180,803	270,743	1,386,161	35,734	38,341	2,607	4.23	3.94	0.14
MCB Bank Limited	-	222,028	20,981	12,210	230,799	34,397	40,491	6,094	4.47	4.16	0.03
National Bank of Pakistan	-	1,600,000	-	1,350,000	250,000	11,399	11,405	6	1.26	1.17	0.01
Soneri bank Limited	-	3,032,198	255,922	3,288,120	-	-	-	-	-	-	-
United Bank Limited	-	960,495	-	907,212	53,283	3,377	4,086	709	0.45	0.42	0.00
Askari Bank Limited	-	1,259,546	158,931	1,259,545	158,932	1,972	2,327	355	0.26	0.24	0.02
Bank Alfalah Limited	-	3,559,746	-	-	3,559,746	55,816	57,668	1,852	6.36	5.92	0.26
Habib Bank Limited	-	240,000	24,000	-	264,000	29,304	29,402	98	3.24	3.02	0.02
Meezan Bank Limited	-	1,180,894	106,250	313,364	973,780	20,614	27,558	6,944	3.04	2.83	0.11
						232,600	269,138	36,538			
NON LIFE INSURANCE											
IGI Insurance Limited	222,142	-	27,860	250,002	-	-	-	-	-	-	-
Adamjee Insurance Company Limited	-	500	-	500	-	-	-	-	-	-	-
						-	-	-			
Total as at 31 March 2012						792,143	895,659	103,516			

5.1.1 During the year Pakistan International Container Terminal Limited has distributed specie dividend in the form of shares of its wholly owned unlisted subsidiary i.e Pakistan International Bulk Terminal (Private) Limited, approved in its EOGM held on 3 August 2011. Listing of shares of the said subsidiary is in progress.

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

Issue date	Tenor	As at 1 July 2011	Purchases during the period	Sales / matured during the period	As at 31 March 2012	Cost as at 31 March 2012	Market value as at 31 March 2012	Appreciation / (diminution) as at 31 March 2012	Market value as a percentage of investments	Market value as a percentage of net assets
Treasury Bills										
----- Face value ----- (Rupees in 000) -----										
05 May 2011	3 Months	75,000	-	75,000	-	-	-	-	-	-
02 June 2011	3 Months	25,000	-	25,000	-	-	-	-	-	-
08 September 2011	6 Months	-	30,000	30,000	-	-	-	-	-	-
08 March 2012	3 Months	-	50,000	50,000	-	-	-	-	-	-
Total as at 31 March 2012			80,000	180,000	-	-	-	-	-	-

5.3 Quoted equity securities - 'available for sale'

Name of the investee company	As at 1 July 2011	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 31 March 2012	Cost as at 31 March 2012	Impairment upto 31 March 2012	Cost less impairment recognised upto 31 March 2012	Market value as at 31 March 2012	(Diminution) / appreciation as at 31 March 2012	Market value as a percentage of investments	Market value as a percentage of total paid up capital of the investee company
----- Number of shares ----- (Rupees in 000) -----												
Shares of listed companies - fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise												
CHEMICALS												
Fuji Fertilizer Company Limited	563,866	-	-	6,199	570,065	-	-	-	-	-	-	-
FORESTRY AND PAPER												
Century Paper & Board Mills Limited	781,220	-	-	-	781,220	31,718	(21,875)	9,843	10,937	1,094	1.21	1.12
						31,718	(21,875)	9,843	10,937	1,094		0.015
INDUSTRIAL METALS AND MINING												
International Industries Limited	602,414	-	-	602,414	-	-	-	-	-	-	-	-
GENERAL INDUSTRIES												
Packages Limited	415,041	-	-	415,041	-	-	-	-	-	-	-	-
AUTOMOBILE AND PARTS												
Pak Suzuki Motor Company Limited	318,300	-	-	318,300	-	-	-	-	-	-	-	-
PERSONAL GOODS												
Kohinoor Mills Limited	418,180	-	-	418,180	-	-	-	-	-	-	-	-
Total as at 31 March 2012						31,718	(21,875)	9,843	10,937	1,094		

5.4 Investments as at 31 March 2012 include shares having a market value of Rs. 34,155 million (30 June 2011: Rs. 65.83 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

5.5 Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	(Unaudited) 31 March 2012 (Rupees in '000)	(Audited) 30 June 2011
Fair value of investments	895,659	1,023,152
Less: Cost of investments	(792,143)	(946,844)
	103,516	76,308
Less: Unrealised (diminution) / appreciation in fair value of investments at the beginning of period	(76,308)	38,256
Realised on disposal during the period	23,673	(3,525)
	(52,635)	34,731
	50,881	111,039
5.6 Unrealised diminution in fair value of investments classified as 'available for sale'		
Fair value of investments	10,937	192,631
Cost of investment	(31,718)	(165,888)
	(20,781)	26,743
Less: Accumulated impairment losses at the end of the period	21,875	48,943
Net unrealised (diminution) / appreciation in the fair value of investments at the end of the period	1,094	75,686
Less: Unrealised appreciation in fair value of investments at the beginning of period	(75,686)	(87,175)
	(74,592)	(11,489)

6. CONTINGENCY

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for an adjudication.

Subsequently, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the period, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company in this condensed interim financial information. The aggregate unrecognised amount of WWF as at 31 March 2012 amounted to Rs. 15.924 million (including Rs. 12.824 million for prior years).

7. SINDH SALES TAX ON MANAGEMENT REMUNERATION

During the current period the Sindh Government has levied General Sales Tax (GST) at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Service Tax 2011 effective from 1 July 2011.

8. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required

9. TRANSACTIONS WITH CONNECTED PERSONS

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

139 PAKISTAN STOCK MARKET FUND
Managed by: ARIF HABIB INVESTMENTS LIMITED

	Unaudited 31 March 2012 (Rupees in '000)	Audited 30 June 2011
Amounts outstanding as at the period / year end		
Summit Bank Limited		
Accrued mark-up receivable	11	142
Bank Balance	<u>2,785</u>	<u>7,176</u>
MCB Bank Limited		
Accrued mark-up receivable	1,178	-
Bank Balance	<u>19,357</u>	<u>-</u>
Arif Habib Investment Management Limited Management Company		
Management fee payable	1,649	2,096
Sales load payable	<u>248</u>	<u>252</u>
Directors and Executive of the Management Company		
Units held 34,496 (2011: 176,850 units)	<u>2,014</u>	<u>9,911</u>
Central Depository Company of Pakistan Limited - Trustee		
Security Deposit	200	200
Trustee fee and CDS charges	<u>165</u>	<u>202</u>
MCB Bank Limited		
230,799 shares held by the Fund (June 30 2011: Nil shares)	<u>40,491</u>	<u>-</u>
Nishat Power Limited		
1,715,856 shares held by the Fund (June 30 2011: Nil shares)	<u>23,713</u>	<u>-</u>
Nishat Chunian Power Limited		
840,000 shares held by the Fund (June 30 2011: Nil shares)	<u>11,735</u>	<u>-</u>
Nishat Mills Limited		
203,729 shares held by the Fund (June 30 2011: 1,362,130 shares)	<u>269,138</u>	<u>68,570</u>
D.G. Khan Cement Limited		
50,000 shares held by the Fund (June 30 2011: Nil shares)	<u>1,819</u>	<u>-</u>

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

10. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

This condensed interim financial information has been authorised for issue in the meeting of the Board of Directors of the Management Company held on April 27, 2012.

For Arif Habib Investments Limited
(Management Company)

Yasir Qadri
Chief Executive Officer

Nasim Beg
Executive Vice Chairman