

METROBANK - PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

Management Company

Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
2 / 1, R. Y. 16, Old Queens Road, Karachi-74000.

Board of Directors of the Management Company

Mr. Nasim Beg	Chief Executive
Mr. Muhammad Shafi Malik	Director
Syed Ajaz Ahmed	Director
Mr. Sirajuddin Cassim	Director
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Kashif	Director
Mr. S. Gulrez Yazdani	Director (Appointment subject to approval of SECP)

Audit Committee

Mr. Muhammad Shafi Malik	Member
Syed Ajaz Ahmed	Member
Mr. Muhammad Akmal Jameel	Member
Mr. Muhammad Kashif	Member

Company Secretary & CFO of the Management Company

Mr. Zeeshan

Trustee

Habib Metropolitan Bank Limited
HBZ Plaza Branch, Treasury Division,
7th Floor, HBZ Plaza,
I.I. Chundrigar Road, Karachi.

Bankers to the Fund

- Allied Bank Limited
- Bank Alfalah Limited
- Habib Metropolitan Bank Limited
- Soneri Bank Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C,
I.I Chundrigar Road
P.O. Box 4716, Karachi - 74000

Legal Adviser

- Tahir Ali Tayebi & Co.
310, Marine Point, Schon Circle
Block-9, Clifton, Karachi.

- M/s. Kabraji & Talibuddin
64-A/1, Gulshan-e-Faisal,
Bath Island, Karachi-75530

Registrar

M/s. Gangjees Registrar Services (Pvt.) Limited
Room No. 516, 5th Floor, Clifton Centre,
Kehkashan, Clifton, Karachi.

Rating

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

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REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

The Board of Directors of Arif Habib Investments Limited, (formerly: Arif Habib Investment Management Limited) the Management Company of MetroBank - Pakistan Sovereign Fund (MSF), is pleased to present their Report together with Condensed Interim Financial Statements for the quarter ended 30th September 2009.

Fund Objective

The objective of the Fund is to deliver income and preservation of capital from government securities investments.

Fund Profile

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.

Fund's Performance during the quarter ended 30th September 2009

The combined Net Assets of the Fund as at 30th September 2009 stood at Rs 1,542.13 million.

MSF Perpetual

The ex-dividend Net Asset Value (NAV) per unit at the start of the period was Rs 49.05 and with an increase of Rs 1.00 in the NAV per unit during the period, the NAV per unit as on 30th September 2009 was Rs 50.05. The scheme earned an annualised return of 8.34% during the quarter.

MSF 12-12

The ex-dividend NAV per unit at the start of the period was Rs 54.79 and with an increase of Rs 1.02 in the NAV per unit during the period, the NAV per unit as on 30th September 2009 was Rs 55.81. The sub-scheme delivered an annualised return of 7.59% during the quarter.

Earning Per Unit (EPU)

EPU has not been disclosed as determination of weighted average units for calculating EPU is not practicable for Open-end funds.

Future Outlook

While declining core inflation and improvements in the External account have provided impetus to the case for further monetary easing, pressures from the fiscal side, particularly uncertainty with respect to the externally financed portion of the budget, will likely result in the SBP to adopt a more cautious stance in this respect. Along this view, there is increased likelihood of the market yields to remain at their current higher levels. Thus, government securities will continue to provide good yields with the advantage of valuation gain once interest rates do come down especially so if SBP decided to reduce the discount in its monetary policy statement in November, 2009.

Acknowledgment

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan, the Islamabad Stock Exchange, the State Bank of Pakistan and the Trustee of the Fund 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 and on behalf of the Board

Karachi
22nd October 2009

Nasim Beg
Chief Executive

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REPORT OF THE FUND MANAGER FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

Objective

The objective of the Fund is to deliver income and preservation of capital from government securities investments.

Fund Profile

Metrobank - Pakistan Sovereign Fund (MSF) is an Open-end Fund, which is allowed to invest 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 Regulations, it is only allowed to borrow a maximum of 15% of net assets for up to 90 days to meet redemption needs.

Fund Performance and Asset Allocation

MSF earned an annualized return of 8.34% for the quarter ended 30th September 09. Returns of the Fund during this quarter were volatile, with monthly returns of 12.15%, 3.13% and 9.99% for July, August and September 2009 respectively. Interest rates which eased earlier in July, moved up higher in August as the cut in the discount rate came lower than expected.

In July, the Fund decreased its allocation to 10-year PIBs due to expected increase in interest rates. However, the subsequent rise in interest rates by 50 bps in all tenors in August negatively impacted the Fund return.

As interest rates stabilized by September amid expectations of possible ease in interest rates by second quarter, the Fund gradually increased its allocation to PIBs. The Fund switched from shorter maturity T-bills to longer maturity PIBs. PIBs were 41.69% of net assets by quarter end (compared to 20.73% in June 09) whereas T-bills were 50.67% of net assets (compared to 60.18% in June 09). As a result, average duration of the Fund increased to 2.08 yrs (30th September 09) from 1.08 yrs (30th June 09). The Fund also invested 6.54% of net assets in its Sub-Scheme MSF 12/12. Net assets of the Fund were Rs 1.54 billion.

Market Review

Interest rates have edged upwards in Q1 FY10 in longer tenures with a 23 bps and 31 bps rise in 6-month and 1 year T-bill, while in the 3 month tenure there was a decline of 11bps. There was however a more substantial rise in the 10 year PIB yield which rose by 48 bps to 12.47% at Q1 end. Liquidity pressures emanating from an aggressive T-bill auction target in Q1 against maturities and deposit withdrawals as a result of the Ramadan-Eid season restrained the KIBOR from slipping down significantly while expectations of the Central Bank maintaining policy rate at 13% against previous anticipations of a cut, were paramount in pushing treasury yields higher. During Q1 FY10 2009, 6-month KIBOR moved slightly downwards by 11 bps to 12.65%, after touching a low of 11.87% on 27th July, 2009 and a high of 12.68% on 10th & 12th September 2009.

In addition to this, SBP announced a cut in the discount rate by 100 bps in August, which was less than originally anticipated. The State Bank of Pakistan (SBP) is viewing mixed inflationary signals going forward and continued stress on the fiscal accounts. What particularly concerns the Central Bank is that effectively a rising trend has been witnessed in the CPI since February 2009, which if continued, will push headline CPI higher in the months to come. September CPI recorded an increase of 10.12 percent.

On the positive side however, Non Food, Non Energy or core inflation fell to 11.9% YoY in September against 12.6% a month earlier and in SBP's view, slow economic activity is likely to keep fundamental drivers of core inflation under control. In this regard, SBP may opt for easing the discount rate by 100 bps to 12%, expectations of which may allow market interest rates to adjust downward. Moreover, the liquidity situation is likely to improve into Q2 FY10, driven by a build up of Net Foreign Assets (NFAs) of the banking system. A more favourable, Balance of Payments (BoP) position has allowed the NFAs to increase by PKR 127.48 billion July-Sept, consequently increasing the Monetary base (RM) by 7.43% against 3.11% in the corresponding period in FY09. However, risks to lower interest rates also emanate from the fiscal side as lack of clarity with respect to the timing of foreign inflows may increase budgetary financing needs from the domestic economy and decrease the quantum of credit available in an already inactive credit market.

Government Bonds

During last quarter SBP conducted a PIB auction on 2nd September 2009 with the pre-auction targets of Rs 15.0 billion. Expectations of a further cut in discount rate, attracted major participation in 10-year bond; receiving a

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participation of Rs 17.17 billion, against which Rs 12.465 billion was accepted. The cut-off of 10-year bond was decreased by 13 bps to 12.50% from 12.6303% (previous). However, decline of 46 to 55 bps in longer tenor yields (15 to 30 yrs) was noted due to high demand by selective institutions. The Government had also borrowed Rs 14.396 billion from Islamic institutions by selling GIS Sukuk through auction at a cut-off of weighted average 6-month T-bill cut-off minus 5 bps.

Treasury Bills

During last quarter SBP conducted six regular T-bill auctions. The pre-auction target for last quarter was Rs 325.0 billion against a T-bill maturity of Rs 173.67 billion in the same period. A cumulative amount of Rs 363.28 billion was accepted against total participation of Rs 771.01 billion during last quarter. In anticipation of cut in discount rate major participation was in 1-year T-bill. First auction of the last quarter (16-July-09) witnessed a decrease of 70 bps in the cut-off of 1-year T-bill at 11.5392%, while in the last auction (26-September-09), cut-off of 1-year T-bill increased by 6 bps to 12.5384%.

Future Outlook

While declining core inflation and improvements in the external account have provided impetus to the case for further monetary easing, pressures from the fiscal side, particularly uncertainty with respect to the externally financed portion of the budget, will likely result in the SBP to adopt a more cautious stance in this respect. Along this view, there is increased likelihood of the market yields to remain at their current higher levels. Thus, government securities will continue to provide good yields with the advantage of valuation gain once interest rates do come down especially so if SBP decided to reduce the discount in its monetary policy statement in November, 2009.

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER 2009

	<i>Note</i>	Unaudited 30 th September 2009	Audited 30 th June 2009
(Rupees)			
ASSETS			
Bank Balances		10,238,575	462,846,617
Investments	5	1,521,621,353	1,580,953,726
Income receivable		11,369,932	12,914,481
Advances and prepayments		87,123	124,932
Total assets		1,543,316,983	2,056,839,756
LIABILITIES			
Payable to Management Company		-	1,424,860
Payable to Trustee		360,043	712,429
Payable to Securities and Exchange Commission of Pakistan		320,251	527,853
Payable against purchase of investments		-	98,559,700
Payable on redemption of units		-	781,008
Accrued expenses and other liabilities		504,259	724,074
Total liabilities		1,184,553	102,729,924
NET ASSETS		1,542,132,430	1,954,109,832
Unit holders' funds		1,542,132,430	1,954,109,832
(Number of Units)			
Number of units in issue		30,807,391	39,778,241
(Rupees)			
Net asset value per unit		50.06	49.13

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

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**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
Income		
Income from investments in government securities	48,569,919	7,737,312
Income from reverse repurchase transaction in government securities	539,015	1,771,898
Profit on bank deposits	2,192,694	30,826
Loss on sale of investments	(1,490,189)	-
Unrealised diminution in fair value of investments classified as - at fair value through profit or loss' - net	(9,952,233)	-
Total income	39,859,206	9,540,036
Expenses		
Remuneration of Management Company	2,000,768	452,294
Remuneration of Trustee	1,000,384	226,147
Annual Fee - Securities and Exchange Commission of Pakistan	320,251	92,249
Brokerage	110,951	14,148
Bank charges	2,133	-
Printing and related costs	47,613	36,800
Fees and subscriptions	44,110	25,152
Legal and professional charges	12,604	37,808
Auditors' remuneration	119,030	185,620
Total expenses	3,657,844	1,070,218
Net income from operating activities	36,201,362	8,469,818
Element of income / (loss) and realised capital gain / (losses) during the period included in prices of units sold less those in units repurchased - net	2,647,260	(7,984,671)
Net income for the period	38,848,622	485,147

Earnings per unit (EPU) is not disclosed as the management is of the opinion that calculation of weighted average number of units is impracticable.

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

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**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
(Accumulated losses) / Undistributed income brought forward	(29,650,140)	18,291,394
Net income for the period	38,848,622	485,147
Element of income and unrealised capital gains included in prices of units sold less those in units repurchased - recognized in net assets	1,121,389	247
Final distribution of Re 0.071 per unit in terms of bonus units for the year ended June 30 th 2009 (Date of distribution 6 th July 2009) (2008 : Rs 6.843 per unit)	(2,820,019)	(50,002,159)
	37,149,992	(49,516,765)
Undistributed income / (accumulated losses) carried forward	7,499,852	(31,225,371)

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

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**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	38,848,622	485,147
Adjustments for:		
Element of (income) / loss and realised capital (gain) / losses during the period included in prices of units sold less those in units repurchased	(2,647,260)	7,984,671
Unrealised diminution in fair value of investments in classified as - 'at fair value through profit or loss'	9,952,233	-
	<u>46,153,595</u>	<u>8,469,818</u>
Decrease / (increase) in assets		
Receivable against reverse repurchase transaction in government securities	-	79,000,000
Investments	48,795,241	(79,844,072)
Income receivable	1,544,549	(7,047,666)
Advances and prepayments	37,809	188,161
	<u>50,377,599</u>	<u>(7,703,577)</u>
(Decrease) / increase in liabilities		
Payable to Management Company	(1,424,860)	7,875
Payable to Trustee	(352,386)	3,938
Payable to Securities and Exchange Commission of Pakistan	(207,602)	(978,440)
Payable against purchase of investments	(98,559,700)	-
Redemption payable	(781,008)	-
Accrued expenses and other liabilities	(219,815)	51,817
	<u>(101,545,371)</u>	<u>(914,810)</u>
Net cash used in operating activities	<u>(5,014,177)</u>	<u>(148,569)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issue of units	16,771,508	-
Payment against redemption of units	(464,365,373)	(3,908)
Net cash used in financing activities	<u>(447,593,865)</u>	<u>(3,908)</u>
Net decrease in cash and cash equivalents during the period	<u>(452,608,042)</u>	<u>(152,477)</u>
Cash and cash equivalents at beginning of the period	462,846,617	2,460,955
Cash and cash equivalents at end of the period	<u><u>10,238,575</u></u>	<u><u>2,308,478</u></u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

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**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
Net assets at the beginning of the period	1,954,109,832	365,134,622
Issue of 338,400 (2008 : nil) units	16,771,508	-
Redemption of 9,366,665 (2008 : 91) units	(464,365,373)	(3,908)
	(447,593,865)	(3,908)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:		
- amount representing accrued (income) / loss and realised capital (gains) / losses during the period - transferred to the Income Statement	(2,647,260)	7,984,671
- amount representing unrealised capital gains - directly recognized in net assets	(1,121,389)	(247)
Net unrealised diminution in fair value of investments classified as 'Available for sale'	(584,899)	(4,062,963)
Final distribution of 57,415 (2008: 1,159,744) bonus units for the year ended 30 th June 2009	2,820,019	50,002,159
Net income for the period less distribution	37,149,992	(49,516,765)
Net assets at the end of the period	1,542,132,430	369,537,569

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

The MetroBank - Pakistan Sovereign Fund was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) formerly known as Arif Habib Investments Management Limited (AHIML) as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on 24th December 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 7th January 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules). The Management Company of the Fund registered with SECP as a Non-Banking Finance Company, under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulation, 2008. The constitutive documents of the Fund (Trust Deed and Offering Document) were revised by the management company with the approval of the Trustee through Supplemental Deed dated 24th November 2005. Further, the revised offering document of the Fund was revised with effect from 13th December 2006. Furthermore, the trust deed was revised through second supplemental deed dated 21st May 2009.

The MetroBank - Pakistan Sovereign Fund is an open-ended mutual fund listed on the Islamabad Stock Exchange on. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned a management quality rating of AM2 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 30th September 2009 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]	31 st December 2012

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

Name of sub-scheme	Matured on
MetroBank - Pakistan Sovereign Fund - (December 2003) [MSF 12/03]	31 st December 2003
MetroBank - Pakistan Sovereign Fund - (December 2005) [MSF 12/05]	31 st December 2005
MetroBank - Pakistan Sovereign Fund - (December 2007) [MSF 12/07]	31 st December 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 is allowed to 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.

2. BASIS OF PRESENTATION

These un-audited 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 (IFRS) 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 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Regulations or the directives issued by the SECP prevail. These financial statements are presented in condensed form in accordance with International Accounting Standard, 34 "Interim Financial Reporting". These do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30th June 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30th June 2009.

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4. RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the year ended 30th June 2009.

	Note	30 th September 2009			30 th June 2009
		MSF Perpetual	MSF 12/12	Total	Total
(Rupees)					
5. INVESTMENTS					
Investments 'Available for sale'	5.3.	146,041,129	511,107	146,552,236	147,025,663
Investments 'at fair value through profit or loss'	5.4.	1,277,560,834	97,508,283	1,375,069,117	1,433,928,063
		<u>1,423,601,963</u>	<u>98,019,390</u>	<u>1,521,621,353</u>	<u>1,580,953,726</u>
5.1. Net unrealised (diminution) / appreciation in fair value of investments classified as 'Available for Sale'					
Market value of investments		146,041,129	511,107	146,552,236	147,025,663
Cost of investments		(151,729,858)	(559,130)	(152,288,988)	(152,177,516)
		<u>(5,688,729)</u>	<u>(48,023)</u>	<u>(5,736,752)</u>	<u>(5,151,853)</u>
Less: Net unrealised diminution / (appreciation) in the fair value of investments at the beginning of the period		5,100,760	51,093	5,151,853	18,524,564
		<u>(587,969)</u>	<u>3,070</u>	<u>(584,899)</u>	<u>13,372,711</u>
5.2. Net unrealised (diminution) / appreciation in fair value of investments classified as - 'at fair value through profit or loss'					
Market value of investments		1,277,560,834	97,508,283	1,375,069,117	1,433,928,063
Cost of investments		(1,278,220,535)	(97,577,060)	(1,375,797,595)	(1,421,882,335)
		<u>(659,701)</u>	<u>(68,777)</u>	<u>(728,478)</u>	<u>12,045,728</u>
Add: Realised on disposal during the period		2,821,973	-	2,821,973	-
Less: Net unrealised diminution / (appreciation) in the fair value of investments at the beginning of the period		(12,045,728)	-	(12,045,728)	-
		<u>(9,883,456)</u>	<u>(68,777)</u>	<u>(9,952,233)</u>	<u>12,045,728</u>

5.3. Investments - 'available for sale'

Issue date	TenorFace value (Rupees in Thousands).....			30 th September 2009 (Rupees).....			Percentage of net assets	Percentage of total investments
		Balance as at 1 st July 2009	Purchases during the period	Sales / Matured during the period	Balance as at 30 th September 2009	Cost	Market value	Appreciation / (Diminution)		

PAKISTAN INVESTMENT BONDS

MSF PERPETUAL

19 May 2006	5 Years	150,000	-	-	150,000	149,037,069	143,358,798	(5,678,271)	9.30%	9.42%
12 November 2004	5 Years	2,700	-	-	2,700	2,692,789	2,682,331	(10,458)	0.17%	0.18%
						<u>151,729,858</u>	<u>146,041,129</u>	<u>(5,688,729)</u>		

MSF 12/12

18 April 2001	10 Years	500	-	-	500	559,130	511,107	(48,023)	0.03%	0.03%
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Total of Pakistan Investment Bonds

						<u>152,288,988</u>	<u>146,552,236</u>	<u>(5,736,752)</u>		
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TOTAL OF INVESTMENTS - 'AVAILABLE FOR SALE'

						<u>152,288,988</u>	<u>146,552,236</u>	<u>(5,736,752)</u>		
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METROBANK - PAKISTAN SOVEREIGN FUND

5.4. Investments - 'at fair value through profit or loss'

Issue date	Tenor	.....Face value (Rupees in Thousands).....				.....30 th September 2009 (Rupees).....			Percentage of net assets	Percentage of total investments
		Balance as at 1 st July 2009	Purchases during the period	Sales / Matured during the period	Balance as at 30 th September 2009	Cost	Market value	Appreciation / (Diminution)		
PAKISTAN INVESTMENT BONDS										
MSF PERPETUAL										
30 August 2008	10 Years	25,000	100,000	25,000	100,000	100,283,479	97,395,995	(2,887,484)	6.32%	6.40%
30 August 2008	7 Years	160,000	-	-	160,000	154,340,966	155,716,565	1,375,599	10.10%	10.23%
30 August 2008	5 Years	75,000	-	-	75,000	71,276,816	73,102,876	1,826,060	4.74%	4.80%
3 September 2009	10 Years	-	175,000	-	175,000	170,085,765	170,336,018	250,253	11.05%	11.19%
3 September 2009	3 Years	-	50,000	50,000	-	-	-	-	-	-
						495,987,026	496,551,454	564,428		
MSF 12/12										
3 September 2009	3 Years	-	100,000	-	100,000	97,577,060	97,508,283	(68,777)	6.32%	6.41%
Total of Pakistan Investment Bonds						593,564,086	594,059,737	495,651		
TREASURY BILLS										
MSF PERPETUAL										
26 March 2009	1 Year	470,000	-	100,000	370,000	349,959,899	349,029,880	(930,019)	22.63%	22.94%
21 May 2009	1 Year	200,000	-	-	200,000	185,161,106	185,301,000	139,894	12.02%	12.18%
12 February 2009	1 Year	500,000	-	500,000	-	-	-	-	-	-
12 February 2009	6 Months	100,000	-	100,000	-	-	-	-	-	-
13 August 2009	1 Year	-	50,000	-	50,000	45,279,632	45,131,550	(148,082)	2.93%	2.97%
27 August 2009	1 Year	-	100,000	50,000	50,000	45,047,679	44,937,700	(109,979)	2.91%	2.95%
10 September 2009	1 Year	-	175,000	-	175,000	156,785,193	156,609,250	(175,943)	10.16%	10.29%
29 January 2009	6 Months	-	110,000	110,000	-	-	-	-	-	-
26 February 2009	6 Months	-	50,000	50,000	-	-	-	-	-	-
7 May 2009	6 Months	-	60,000	60,000	-	-	-	-	-	-
						782,233,509	781,009,380	(1,224,129)		
Total of Treasury Bills						782,233,509	781,009,380	(1,224,129)		
TOTAL OF INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS'						1,375,797,595	1,375,069,117	(728,478)		
TOTAL OF INVESTMENTS						1,528,086,583	1,521,621,353	(6,465,230)		

6. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited) being the Management Company and Habib Metropolitan Bank Limited being the Trustee of the Fund.

Remunerations to the management company and trustee are determined in accordance with the provisions of NBFC regulations and Trust Deed of the Fund. All other transactions with the related parties / connected persons are carried on agreed terms.

METROBANK - PAKISTAN SOVEREIGN FUND

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

Transactions and balances with connected persons	30 th September 2009	30 th September 2008 / 30 th June 2009
	------(Rupees)-----	
Management Company		
Remuneration for the period	2,000,768	452,294
Balance at the end of the period / year	-	1,424,860
Bonus units issued 609 bonus units (2008: 586 units)	33,354	30,357
Units held 12,738 units (30 th June 2009: 12,129 units)	710,886	697,894
Habib Metropolitan Bank Limited - Trustee		
Bonus units issued 38,683 units (2008: 1,155,173 units)	1,897,385	49,799,500
Units held 27,144,183 (30 th June 2009: 27,105,500)	1,358,566,343	1,331,422,160
Trustee Fee		
Remuneration for the period	1,000,384	226,147
Balance at end of the period / year	360,043	712,429
Deposits at the end of the period / year	9,782,588	210,996,202
Profit Receivable at the end of the period / year	91,385	74,163
Profit on bank deposits	191,139	29,891

Balances are compared with 30th June 2009 while transactions are compared with corresponding period last year.

7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 22nd October 2009 by the Board of Directors of the Management Company.

8. GENERAL

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

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

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METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30TH SEPTEMBER 2009**

	Unaudited 30 th September 2009	Audited 30 th June 2009
<i>Note</i>	(Rupees)	
ASSETS		
Bank Balances	7,544,023	462,613,832
Investments	5 1,524,411,566	1,580,436,627
Income receivable	10,450,899	12,899,370
Advances and prepayments	87,827	124,869
Total assets	1,542,494,315	2,056,074,698
LIABILITIES		
Payable to Management Company	-	1,424,675
Payable to Trustee	337,800	712,336
Payable to Securities and Exchange Commission of Pakistan	314,126	527,251
Payable on redemption of units	-	781,008
Payable against purchase of investments	-	98,559,700
Accrued expenses and other liabilities	493,201	723,020
Total liabilities	1,145,127	102,727,990
NET ASSETS	1,541,349,188	1,953,346,708
Unit holders' funds	1,541,349,188	1,953,346,708
	(Number of Units)	
Number of units in issue	30,793,464	39,764,979
	(Rupees)	
Net asset value per unit	50.05	49.12

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
Income		
Income from investment in government securities	47,644,061	7,728,265
Income from reverse repurchase transaction in government securities	507,515	1,771,898
Profit on bank deposits	2,166,568	28,889
Loss on sale of investments	(1,490,189)	-
Unrealised diminution in fair value of investments classified as - at fair value through profit or loss' - net	(9,070,621)	-
Total income	<u>39,757,334</u>	<u>9,529,052</u>
Expenses		
Remuneration of Management Company	1,955,909	451,786
Remuneration of Trustee	977,955	225,893
Annual Fee - Securities and Exchange Commission of Pakistan	314,126	92,076
Brokerage	104,976	14,148
Bank charges	2,133	-
Printing and related costs	45,432	36,731
Fees and subscriptions	43,215	25,105
Legal and professional charges	12,348	37,737
Auditors' remuneration	116,926	185,271
Total expenses	<u>3,573,020</u>	<u>1,068,747</u>
Net income from operating activities	<u>36,184,314</u>	<u>8,460,305</u>
Element of income / (loss) and realised capital gains / (losses) included in prices of units sold less those in units repurchased - net	<u>2,641,629</u>	<u>(7,985,812)</u>
Net income for the period	<u><u>38,825,943</u></u>	<u><u>474,493</u></u>

Earnings per unit (EPU) is not disclosed as the management is of the opinion that calculation of weighted average number of units is impracticable.

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)**

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009 (Rupees)	2008
(Accumulated losses) / undistributed income brought forward	(29,801,496)	18,147,240
Net income for the period	38,825,943	474,493
Element of income and unrealised capital gains included in prices of units sold less those in units repurchased - recognized in net assets	1,123,832	247
Final distribution of Re 0.07 per unit in terms of bonus units for the year ended 30 th June 2009 (Date of distribution 6 th July 2009) (2008 : Rs 6.85 per unit)	(2,783,549)	(49,968,966)
	37,166,226	(49,494,226)
Undistributed income / (accumulated losses) carried forward	<u>7,364,730</u>	<u>(31,346,986)</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	38,825,943	474,493
Adjustments for:		
Element of (income) / loss and realised capital (gains) / losses included in prices of units sold less those in units repurchased	(2,641,629)	7,985,812
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'	9,070,621	-
	<u>45,254,935</u>	<u>8,460,305</u>
Decrease / (increase) in assets		
Receivable against reverse repurchase transaction in government securities	-	79,000,000
Investments	46,366,471	(79,852,621)
Income receivable	2,448,471	(7,028,788)
Advances and prepayments	37,042	187,936
	<u>48,851,984</u>	<u>(7,693,473)</u>
(Decrease) / increase in liabilities		
Payable to Management Company	(1,424,675)	7,874
Payable to Trustee	(374,536)	3,937
Payable to Securities and Exchange Commission of Pakistan	(213,125)	(679,877)
Payable against purchase of investments	(98,559,700)	-
Payable on redemption of units	(781,008)	-
Accrued expenses and other liabilities	(229,819)	80,974
	<u>(101,582,863)</u>	<u>(587,092)</u>
Net cash (used in) / from operating activities	<u>(7,475,944)</u>	<u>179,740</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issue of units	16,771,508	-
Payment against redemption of units	(464,365,373)	(3,908)
Net cash used in financing activities	<u>(447,593,865)</u>	<u>(3,908)</u>
Net (decrease) / increase in balance with bank during the period	(455,069,809)	175,832
Cash and cash equivalents at beginning of the period	462,613,832	1,975,101
Cash and cash equivalents at end of the period	<u><u>7,544,023</u></u>	<u><u>2,150,933</u></u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
Net assets at the beginning of the period	1,953,346,708	364,447,870
Issue of 338,400 (2008 : nil) units	16,771,508	-
Redemption of 9,366,664 (2008 : 91) units	(464,365,373)	(3,908)
	(447,593,865)	(3,908)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:		
- amount representing accrued (income) / loss and realised capital (gains) / losses during the period - transferred to the Income Statement	(2,641,629)	7,985,812
- amount representing unrealised capital gains - directly recognized in net assets	(1,123,832)	(247)
Net unrealised loss in fair value of investments classified as 'Available for sale'	(587,969)	(4,059,537)
Final distribution of 56,749 (2008: 1,159,103) bonus units for the year ended 30 th June 2009	2,783,549	49,968,966
Net income for the period less distribution	37,166,226	(49,494,226)
Net assets at the end of the period	1,541,349,188	368,844,730

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

The MetroBank - Pakistan Sovereign Fund was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) formerly known as Arif Habib Investments Management Limited (AHIML) as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on 24th December 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 7th January 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules). The Management Company of the Fund registered with SECP as a Non-Banking Finance Company, under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulation, 2008. The constitutive documents of the Fund (Trust Deed and Offering Document) were revised by the management company with the approval of the Trustee through Supplemental Deed dated 24th November 2005. Further, the revised offering document of the Fund was revised with effect from 13th December 2006. Furthermore, the trust deed was revised through second supplemental deed dated 21st May 2009.

The MetroBank - Pakistan Sovereign Fund is an open-ended mutual fund listed on the Islamabad Stock Exchange on. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned a management quality rating of AM2 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 30th September 2009 with pre-determined maturity date of 31st December 2012.

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.

MSF Perpetual is allowed to 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 other sub-schemes of the Fund.

2. BASIS OF PRESENTATION

These un-audited 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 (IFRS) 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 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Regulations or the directives issued by the SECP prevail. These financial statements are presented in condensed form in accordance with International Accounting Standard, 34 "Interim Financial Reporting". These do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30th June 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30th June 2009.

4. RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the year ended 30th June 2009.

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

	30 th September 2009	30 th June 2009
Note	----- (Rupees) -----	
5. INVESTMENTS		
Investments - 'Available for sale'		
Pakistan Investment Bonds	5.3 146,041,129	146,508,564
Investments - 'at fair value through profit or loss'		
Pakistan Investment Bonds	5.4.1. 496,551,454	258,461,063
Treasury Bills	5.4.2. 781,009,380	1,175,467,000
Sub-Schemes	5.4.3. 100,809,603	-
	<u>1,524,411,566</u>	<u>1,580,436,627</u>
5.1. Net unrealised (diminution) / appreciation in fair value of investments classified as 'Available for Sale'		
Market value of investments	146,041,129	146,508,564
Cost of investments	<u>(151,729,858)</u>	<u>(151,609,324)</u>
	(5,688,729)	(5,100,760)
Less: Net unrealised diminution in the fair value of investments at the beginning of the period	5,100,760	18,436,353
	<u>(587,969)</u>	<u>13,335,593</u>
5.2. Net unrealised (diminution) / appreciation in fair value of investments classified as - 'at fair value through profit or loss'		
Market value of investments	1,378,370,437	1,433,928,063
Cost of investments	<u>(1,378,217,303)</u>	<u>(1,421,882,335)</u>
	153,134	12,045,728
Add: Realised on disposal during the period	2,821,973	-
Less: Net unrealised appreciation in the fair value of investments at the beginning of the period	<u>(12,045,728)</u>	<u>-</u>
	<u>(9,070,621)</u>	<u>12,045,728</u>

5.3. Investments - 'available for sale'

Issue date	Tenor	.....Face value (Rupees in Thousands).....			.....30 th September 2009 (Rupees).....				Percentage of net assets	Percentage of total investments
		Balance as at 1 st July 2009	Purchases during the period	Sales / Matured during the period	Balance as at 30 th September 2009	Cost	Market value	Appreciation / (Diminution)		
PAKISTAN INVESTMENT BONDS										
19 May 2006	5 Years	150,000	-	-	150,000	149,037,069	143,358,798	(5,678,271)	9.30%	9.40%
12 November 2004	5 Years	2,700	-	-	2,700	2,692,789	2,682,331	(10,458)	0.17%	0.18%
Total of Pakistan Investment Bonds						151,729,858	146,041,129	(5,688,729)		
TOTAL OF INVESTMENTS - 'AVAILABLE FOR SALE'						<u>151,729,858</u>	<u>146,041,129</u>	<u>(5,688,729)</u>		

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

5.4. Investments - 'at fair value through profit or loss'

Issue date	TenorFace value (Rupees in Thousands).....			30 th September 2009 (Rupees).....			Percentage of net assets	Percentage of total investments
		Balance as at 1 st July 2009	Purchases during the period	Sales / Matured during the period	Balance as at 30 th September 2009	Cost	Market value	Appreciation / (Diminution)		

5.4.1. PAKISTAN INVESTMENT BONDS

30 August 2008	10 Years	25,000	100,000	25,000	100,000	100,283,479	97,395,995	(2,887,484)	6.32%	6.39%
30 August 2008	7 Years	160,000	-	-	160,000	154,340,966	155,716,565	1,375,599	10.10%	10.21%
30 August 2008	5 Years	75,000	-	-	75,000	71,276,816	73,102,876	1,826,060	4.74%	4.80%
3 September 2009	10 Years	-	175,000	-	175,000	170,085,765	170,336,018	250,253	11.05%	11.17%
3 September 2009	3 Years	-	50,000	50,000	-	-	-	-	-	-
Total of Pakistan Investment Bonds						495,987,026	496,551,454	564,428		

5.4.2. TREASURY BILLS

26 March 2009	1 Year	470,000	-	100,000	370,000	349,959,899	349,029,880	(930,019)	22.64%	22.90%
21 May 2009	1 Year	200,000	-	-	200,000	185,161,106	185,301,000	139,894	12.02%	12.16%
12 February 2009	1 Year	500,000	-	500,000	-	-	-	-	-	-
12 February 2009	6 Months	100,000	-	100,000	-	-	-	-	-	-
13 August 2009	1 Year	-	50,000	-	50,000	45,279,632	45,131,550	(148,082)	2.93%	2.96%
27 August 2009	1 Year	-	100,000	50,000	50,000	45,047,679	44,937,700	(109,979)	2.92%	2.95%
10 September 2009	1 Year	-	175,000	-	175,000	156,785,193	156,609,250	(175,943)	10.16%	10.27%
29 January 2009	6 Months	-	110,000	110,000	-	-	-	-	-	-
26 February 2009	6 Months	-	50,000	50,000	-	-	-	-	-	-
7 May 2009	6 Months	-	60,000	60,000	-	-	-	-	-	-
Total of Treasury Bills						782,233,509	781,009,380	(1,224,129)		

5.4.3. Sub-Schemes

Name of Sub-Scheme	.....No. of units.....				.....30 th September 2009 (Rupees).....			Percentage of net assets	Percentage of total investment
	Balance as at 1 st July 2009	Investment during the year	Redemptions during the year	Balance as at 30 th September 2009	Cost as at 30 June 2008	Redemption / break-up value as at 30 th September 2009	Appreciation / (diminution)		
MSF December 2012	-	1,806,300	-	1,806,300	<u>99,996,768</u>	<u>100,809,603</u>	<u>812,835</u>	6.54%	6.61%
TOTAL OF INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS'					<u>1,378,217,303</u>	<u>1,378,370,437</u>	<u>153,134</u>		
TOTAL OF INVESTMENTS					<u>1,529,947,161</u>	<u>1,524,411,566</u>	<u>(5,535,595)</u>		

6. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited) being the Management Company, Habib Metropolitan Bank Limited being the Trustee of the scheme and MSF December 2012 being the sub-scheme of the Scheme.

Remunerations to the management company and trustee are determined in accordance with the provisions of NBFC regulations and Trust Deed of the Fund. All other transactions with the related parties / connected persons are carried out on agreed terms.

METROBANK - PAKISTAN SOVEREIGN FUND - PERPETUAL

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

Transactions and balances with connected persons	30 th September 2009	30 th September 2008 / 30 th June 2009
	------(Rupees)-----	
Management Company		
Remuneration for the period	1,955,909	451,786
Balance at the end of the period / year	-	1,424,675
Habib Metropolitan Bank Limited - Trustee		
Bonus units 38,683 units (2008: 1,155,173 units)	1,897,385	49,799,500
Units held 27,144,183 (30 th June 2009: 27,105,500)	1,358,566,343	1,331,422,160
Trustee Fee		
Remuneration for the period	977,955	225,893
Balance at the end of the period / year	337,800	712,336
Deposits at the end of the period / year	7,088,036	210,763,417
Profit Receivable at the end of the period / year	67,116	73,207
Profit on bank deposits	165,013	27,954
MSF December 2012		
Units purchased 1,806,300 units (2008: nil)	99,996,768	-
Units held 1,806,300 (30 th June 2009: nil)	100,809,603	-

Balances are compared with 30th June 2009 while transactions are compared with corresponding period last year.

7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 22nd October 2009 by the Board of Directors of the Management Company.

8. GENERAL

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

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

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METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 30TH SEPTEMBER 2009**

	<i>Note</i>	Unaudited 30th September 2009	Audited 30th June 2009
(Rupees)			
ASSETS			
Bank Balances		2,694,552	232,785
Investments in government securities	5	98,019,390	517,099
Income receivable		919,033	15,111
Advances and prepayments		-	63
Total assets		<u>101,632,975</u>	<u>765,058</u>
LIABILITIES			
Payable to Management Company		-	185
Payable to Trustee		22,243	93
Payable to Securities and Exchange Commission of Pakistan		6,125	602
Accrued expenses and other liabilities		11,762	1,054
Total liabilities		<u>40,130</u>	<u>1,934</u>
NET ASSETS		<u>101,592,845</u>	<u>763,124</u>
Unit holders' funds		<u>101,592,845</u>	<u>763,124</u>
(Number of Units)			
Number of units in issue		<u>1,820,227</u>	<u>13,262</u>
(Rupees)			
Net Asset Value per unit		<u>55.81</u>	<u>57.54</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
Income		
Income from investments in government securities	925,858	9,047
Income from reverse repurchase transactions in government securities	31,500	-
Profit on bank deposits	26,126	1,937
Unrealised diminution in fair value of investments classified as - at fair value through profit or loss' - net	<u>(68,777)</u>	<u>-</u>
Total income	914,707	10,984
Expenses		
Remuneration of Management Company	44,859	508
Remuneration of Trustee	22,429	254
Securities and Exchange Commission of Pakistan - Annual fee	6,125	173
Brokerage	5,975	-
Printing and related charges	2,181	69
Fees and subscriptions	895	47
Legal and professional charges	256	71
Auditors' remuneration	2,104	349
Total expenses	84,824	1,471
Net income from operating activities	829,883	9,513
Element of income and realised capital gains during the period included in prices of units sold less those in units repurchased - net	<u>16,190,079</u>	<u>1,141</u>
Net income for the period	17,019,962	10,654

Earnings per unit (EPU) is not disclosed as the management is of the opinion that calculation of weighted average number of units is impracticable.

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009 (Rupees)	2008
Undistributed income brought forward	151,125	143,923
Net income for the period	17,019,962	10,654
Element of loss and unrealised capital losses included in prices of units sold less those in units repurchased - recognized in net assets	(6,505,123)	-
Final distribution of Rs 2.75 per unit in terms of bonus units for the year ended 30 th June 2009 (Date of distribution 6 th July 2009) (2008 : Rs 2.63 per unit)	(36,470)	(33,193)
	10,478,369	(22,539)
Undistributed income carried forward	10,629,494	121,384

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	17,019,962	10,654
Adjustments for:		
Element of income and realised capital gains during the period included in prices of units sold less those in units repurchased	(16,190,079)	(1,141)
Unrealised diminution in fair value of investments in government securities classified as 'at fair value through profit or loss'	68,777	-
	<u>898,660</u>	<u>9,513</u>
(Increase) / decrease in Assets		
Investments in government securities	(97,567,998)	8,549
Income receivable	(903,922)	(18,878)
Advances and prepayments	63	225
	<u>(98,471,857)</u>	<u>(10,104)</u>
(Decrease) / increase in Liabilities		
Payable to Management Company	(185)	1
Payable to Trustee	22,150	1
Payable to Securities and Exchange Commission of Pakistan - Annual fee	5,523	(519)
Accrued expenses and other liabilities	10,708	231
	<u>38,196</u>	<u>(286)</u>
Net cash used in operating activities	<u>(97,535,001)</u>	<u>(877)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issue of units	99,996,768	-
Payment against redemption of units	-	-
Net cash from financing activities	<u>99,996,768</u>	<u>-</u>
Net increase / (decrease) in balance with bank during the period	<u>2,461,767</u>	<u>(877)</u>
Cash and cash equivalents at beginning of the period	232,785	158,422
Cash and cash equivalents at end of the period	<u><u>2,694,552</u></u>	<u><u>157,545</u></u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)**

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30TH SEPTEMBER 2009**

	2009	2008
	(Rupees)	
Net assets at the beginning of the period	763,124	686,752
Issue of 1,806,300 units (2008 : nil units)	99,996,768	-
Redemption of nil units (2008 : nil units)	-	-
	99,996,768	-
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:		
- amount representing accrued income and realised capital gains during the period - transferred to the Income Statement	(16,190,079)	(1,141)
- amount representing unrealised capital losses - directly recognized in net assets	6,505,123	-
Net unrealised gain / (loss) in fair value of investments classified as 'Available for sale'	3,070	(3,426)
Final distribution of 665 (2008: 641) bonus units for the year ended 30 th June 2009	36,470	33,193
Net income for the period less distribution	10,478,369	(22,539)
Net assets at the end of the period	101,592,845	692,839

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

The MetroBank - Pakistan Sovereign Fund was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) formerly known as Arif Habib Investments Management Limited (AHIML) as Management Company and Habib Metropolitan Bank Limited as Trustee. The Trust Deed was executed on 24th December 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 7th January 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules). The Management Company of the Fund registered with SECP as a Non-Banking Finance Company, under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulation, 2008. The constitutive documents of the Fund (Trust Deed and Offering Document) were revised by the management company with the approval of the Trustee through Supplemental Deed dated 24th November 2005. Further, the revised offering document of the Fund was revised with effect from 13th December 2006. Furthermore, the trust deed was revised through second supplemental deed dated 21st May 2009.

The MetroBank - Pakistan Sovereign Fund is an open-ended mutual fund listed on the Islamabad Stock Exchange on. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned a management quality rating of AM2 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 30th September 2009 with pre-determined maturity date at 31st December 2012.

Name of sub-scheme	Maturity date of sub-scheme
MetroBank - Pakistan Sovereign Fund - (December 2012) [MSF 12/12]	31 st December 2012

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

Name of sub-scheme	Matured on
MetroBank - Pakistan Sovereign Fund - (December 2003) [MSF 12/03]	31 st December 2003
MetroBank - Pakistan Sovereign Fund - (December 2005) [MSF 12/05]	31 st December 2005
MetroBank - Pakistan Sovereign Fund - (December 2007) [MSF 12/07]	31 st December 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 sub-scheme is allowed to 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.

2. BASIS OF PRESENTATION

These un-audited 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 (IFRS) 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 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Regulations or the directives issued by the SECP prevail. These financial statements are presented in condensed form in accordance with International Accounting Standard, 34 "Interim Financial Reporting". These do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30th June 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30th June 2009.

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

4. RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the year ended 30th June 2009.

	30 th September 2009	30 th June 2009
Note	----- (Rupees) -----	
5. INVESTMENTS IN GOVERNMENT SECURITIES		
Investments 'Available for sale'	5.3. 511,107	517,099
Investments 'at fair value through profit or loss'	5.4. 97,508,283	-
	<u>98,019,390</u>	<u>517,099</u>
5.1. Net unrealised appreciation in fair value of investments classified as 'Available for Sale'		
Market value of investments	511,107	517,099
Cost of investments	(559,130)	(568,192)
	<u>(48,023)</u>	<u>(51,093)</u>
Less: Net unrealised diminution in the fair value of investments at the beginning of the period	51,093	88,211
	<u>3,070</u>	<u>37,118</u>
5.2. Net unrealised diminution in fair value of investments classified as - 'at fair value through profit or loss'		
Market value of investments	97,508,283	-
Cost of investments	(97,577,060)	-
	<u>(68,777)</u>	<u>-</u>
5.3. Investments - 'available for sale'		

Issue date	Tenor	.....Face value (Rupees in Thousands).....				.....30 th September 2009 (Rupees).....			Percentage of net assets	Percentage of total investments
		Balance as at 1 st July 2009	Purchases during the period	Sales / Matured during the period	Balance as at 30 th September 2009	Cost	Market value	Appreciation / (Diminution)		
PAKISTAN INVESTMENT BOND										
18 April 2001	10 Years	500	-	-	500	559,130	511,107	(48,023)	0.50%	0.52%
TOTAL OF INVESTMENTS - 'AVAILABLE FOR SALE'						<u>559,130</u>	<u>511,107</u>	<u>(48,023)</u>		

5.4. Investments - 'at fair value through profit or loss'

Issue date	Tenor	.....Face value (Rupees in Thousands).....				.....30 th September 2009 (Rupees).....			Percentage of net assets	Percentage of total investments
		Balance as at 1 st July 2009	Purchases during the period	Sales / Matured during the period	Balance as at 30 th September 2009	Cost	Market value	Appreciation / (Diminution)		
PAKISTAN INVESTMENT BOND										
3 September 2009	3 Years	-	100,000	-	100,000	97,577,060	97,508,283	(68,777)	95.98%	99.48%
TOTAL OF INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS'						<u>97,577,060</u>	<u>97,508,283</u>	<u>(68,777)</u>		
TOTAL OF INVESTMENTS IN GOVERNMENT SECURITIES						<u>98,136,190</u>	<u>98,019,390</u>	<u>(116,800)</u>		

METROBANK - PAKISTAN SOVEREIGN FUND - DECEMBER 2012

6. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited) being the Management Company, Habib Metropolitan Bank Limited being the Trustee of the scheme and MSF Perpetual being the Scheme of the sub-scheme.

Remunerations to the management company and trustee are determined in accordance with the provisions of NBFC regulations and Trust Deed of the Fund. All other transactions with the related parties / connected persons are carried on agreed terms.

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

Transactions and balances with connected persons	30 th September	30 th September
	2009	2008 / 30 th June 2009
	----- (Rupees) -----	
Management Company		
Remuneration for the period	44,859	508
Balance at the end of the period / year	-	185
Bonus units 609 bonus units (2008: 586 units)	33,354	30,357
Units held 12,738 units (30 th June 2009: 12,129 units)	710,886	697,894
Habib Metropolitan Bank Limited - Trustee		
Trustee Fee		
Remuneration for the period	22,429	254
Balance at the end of the period / year	22,243	93
Deposits at the end of the period / year	2,694,552	232,785
Profit Receivable at the end of the period / year	24,269	956
Profit on bank deposits	26,126	1,937
MSF Perpetual		
Units issued 1,806,300 units (2008: nil)	99,996,768	-
Units held 1,806,300 (30 th June 2009: nil)	100,809,603	-

Balances are compared with 30th June 2009 while transactions are compared with corresponding period last year.

7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 22nd October 2009 by the Board of Directors of the Management Company.

8. GENERAL

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

For Arif Habib Investments Limited
(Formerly: Arif Habib Investment Management Limited)
(Management Company)

Chief Executive

Director