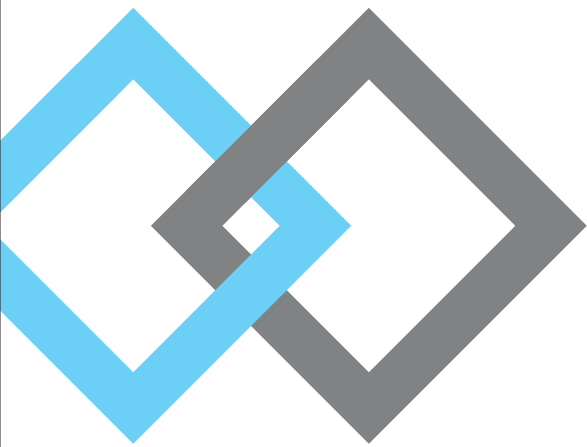




 askari Sovereign Cash Fund



# Vision

The leading quality investment advisor providing excellent returns in a dynamic market place, based on the superior expertise of a committed team of professionals who value

“Service to the Customer”

Askari Investment Management Limited

Good people ■ Sound advice ■ Great returns

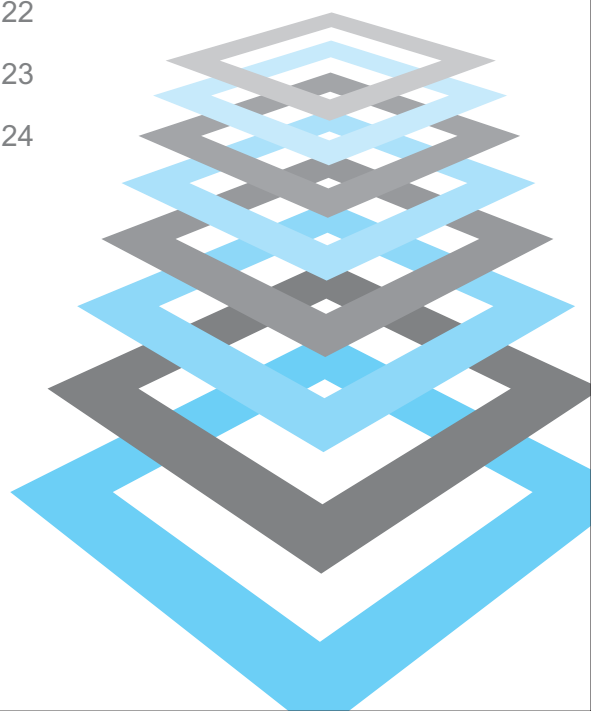
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## **askari Sovereign Cash Fund**

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## Information about the Management Company

### Registered Office

Askari Investment Management Ltd.  
Office No. 2/W, Kashmir Plaza, Jinnah Avenue,  
Blue Area, Islamabad.

### Head Office

Askari Investment Management Ltd.  
20-C Khayaban-e-Nishat,  
Ittehad Commercial Area,  
Phase VI, DHA, Karachi.  
UAN : 111-246-111  
Email : info@askariinvestments.com

### Board of Directors

- Lt. Gen. (R.) Tahir Mehmood – Chairman
- Mr. Shahid Hafeez Azmi
- Mr. Muhammad Naseem- FCA
- Mr. Muhammad Rafiquddin Mekhari
- Maj Gen (R) Mukhtar Ahmed
- Mr. Sufian Mazhar
- Mr. Tahir Aziz
- Mr. Adnan Ahmed Siddiqui – CEO

### Executive Committee

- Mr. Muhammad Rafiq Uddin Mekhari - Chairman
- Mr. Shahid Hafeez Azmi
- Mr. Tahir Aziz
- Mr. Adnan Ahmed Siddiqui – CEO

### Audit Committee

- Mr. Muhammad Naseem- FCA (Chairman)
- Mr. Shahid Hafeez Azmi
- Mr. Muhammad Rafiq Uddin Mekhari
- Mr. Tahir Aziz

### HR Committee

- Maj Gen (R) Mukhtar Ahmed (Chairman)
- Mr. Muhammad Naseem- FCA
- Mr. Tahir Aziz

### Chief Financial Officer:

- Zeeshan

### Company Secretary:

- Zeeshan

## Fund's Information

### Bankers

- Askari Bank Limited
- MCB Bank Limited
- Habib Metropolitan Bank Limited
- National Bank of Pakistan
- Standard Chartered Bank Pakistan Limited
- Faysal Bank Limited
- BankAL Habib Limited
- United Bank Limited
- Habib Bank Limited
- Bank Al Falah Limited
- Allied Bank Limited
- BankAlfalah Limited (Islamic Banking)

### Trustee

- **Central Depository Company of Pakistan Limited**  
CDC House, 99-B, Block B, S.M.C.H.S,  
Main Shahrah-e-Faisal , Karachi  
Tel: (92-21) 111- 111 -500

### Auditors

- **A.F. Ferguson & Co.**  
Chartered Accountants  
State Life Building No. 1-C , I.I Chundrigar Road,  
P.O. Box 4716, Karachi-74000, Pakistan.  
Tel: (021) 3246682-6

### Legal Advisors

- **Mohsin Tayabaly & Company**  
**Advocates & Legal Consultants**  
2nd Floor, Dine Centre, PC-4, Block 9,  
Kehkashan, Clifton, Karachi
- **Bawaney & Partners**  
**Advocates & Investment & Corporate Advisers**  
404, 4th Floor Beaumont Plaza, 6-D-10,  
Beaumont Road, Civil Lines, Karachi-75530

### Registrar

- **Technology Trade (Pvt.) Ltd.**  
Dagja House: 241-C, P.E.C.H.S. Block-2,  
Shahrah-e-Quaideen, Karachi.  
Tel: (021) 34391316-7 & 9

# Directors' Report



## DIRECTORS' REPORT TO THE UNIT HOLDERS

On behalf of the Board of Directors of Askari Investment Management Limited ("the Management Company" or "the Company"), we are pleased to present the annual report of Askari Sovereign Cash Fund ("the Fund" or "ASCF") along with the Audited Financial Statements and Auditors' report thereon for the year ended June 30, 2012.

### Economic Overview

Pakistan economy in FY12 was engulfed by many challenges. GDP growth in FY12 rebounded to 3.7% from 3.0% in FY11 but was less than the target of 4.2%. Primary drivers for this growth were Agricultural and Service sectors, which recorded a 3.1% and 4.0% growth respectively. Whereas, impeding power shortages, poor domestic law & order situation and lack of investments resulted in a dismissal growth in Large-Scale Manufacturing sector of 1.1%.

The country marked significant improvement on the price front. The headline Consumer Price Index (CPI) based inflation declined to 11% in FY12 from 13.7% in FY11, lower than SBP target of 12%. This decline in inflation was in part due to relatively improved crop production in the country, leading towards a better supply situation and subdued international commodity prices, helping taming food inflation to 11% on average compared to 18% on average in FY11. In addition to this, high base impact and reshuffling of CPI weights supported the price softening. Whereas at the same time the core inflation as measured by Non-Food, Non-energy registered a 10.6% growth on average compared to 9.4% on average in FY11.

Nevertheless, this price easing prompted the SBP to cut the policy rate by 200 bps to 12% in the 1HFY12, in a bid to rejuvenate country's ailing private sector investments, but the objective was far less achieved. As per the National Accounts, the provisional numbers indicate that the private sector investments fell to 7.9% of the GDP during the FY12. Overall real investments declined to 12.5% of the GDP in FY12 from 13.1% of GDP previous year.

The fall in investments not just owes to poor domestic situation but it also reflects the global funding risk. The sovereign debt crisis in EU and growth fragilities in US, emerging economies and elsewhere, meant the overall global real growth slowdown to 3.5% in 2012 compared to 5.3% in 2010 as per the IMF. Hence the effect of this benign global growth can also be traced in country's deteriorating external accounts. The balance of payment which posted a deficit of USD 3.3bn in FY12 compared to a surplus of USD of 2.5bn in FY11.

This deterioration in country's balance of payment, in part, could be explained by widening current account deficit, which posted a deficit of USD ~4.5bn (1.9% of the GDP) in FY12 compared to a surplus of USD 214mn in FY11. Attributed to rising oil prices and a cumulative increase in consumption of the commodity, country's import bill reached USD 40bn in FY12, up 12% YoY. Whereas the slowdown in cotton prices, resulted in limited growth in textile sector exports, which eventually was reflected in contracting export receipts to USD 25bn, showing a decline of ~3%. The total trade deficit reached USD 15.4bn, which alone explains the 70% deterioration in current account balance. On a positive note rising workers remittance to USD 13.2bn, (+18%Y/Y) helped restrict further erosion.

Moreover, capital and financial inflows to finance the balance of payment also dried up. The financial accounts declined 36% to USD 1.4bn as the foreign direct investment fell to USD 810mn from 1,635mn last year and the Portfolio Investment posted a net outflow of USD 159mn compared to a net inflow of USD 338mn in FY11. Furthermore non-materialization 3G auction proceeds, Collation Support Fund (CSF) and outgoing foreign debt repayments - including USD ~900mn made to IMF during the FY12 - further complicated the situation. Country's Foreign exchange reserve depleted to USD ~15bn by Jun-12 from USD 18bn in the Jun-11, exerting a considerable pressure on Pakistani rupee which breached the 94 mark by Jun-12 against USD (~9% depreciation during the year).

Nonetheless this lack of external funding had even wider reaching consequences than initially envisaged. The financing of country's high fiscal deficit became a major challenge for the country during the FY12. High fiscal deficit of 6.6% of the GDP in FY11 was never a good starting point. The country in FY12 posted a fiscal deficit of 7.4% of the GDP, owing to sluggish tax

revenue collection of 10.3% of the GDP and high total expenditure of 20.3% of the GDP. As result the government budgetary borrowing requirement stepped up substantially. The government during FY12 borrowed nearly PKR 1.23trn to full fill its budgetary requirements. Moreover, 53% of this borrowing was met through commercial banks and the rest 47% or PKR 591.7bn were done through SBP. As result of this substantial borrowing from the commercial banks, private sector was crowded out. The credit extended to the private sector during the FY12, increased by a mere 6%, representing an addition of PKR 184bn. Not only has it crowded out private sector, but it also increased total public debt burden which as of 3QFY12 shot up by 12% from FY11 end to PKR 12.3trn. The total debt as of 3QFY12 stood at PKR 13.2trn or 68.5% of the GDP.

### Money Market Review

During the first half of the year, SBP cumulatively cut the policy rate by 200bps to bring it at 12.0%. As a result, yields have fallen across all tenures. Yields on 10yrs duration came down by 81bps to 13.28% as of year-end from 14.09% at the start of the year. At the same time, rates on 3M, 6M and 12M paper fell by 135, 136 and 140bps to 11.9%, 11.93% and 11.93%, respectively. The second half of the year saw increased volatility as yields fluctuated amid changing expectations on policy rate decisions.

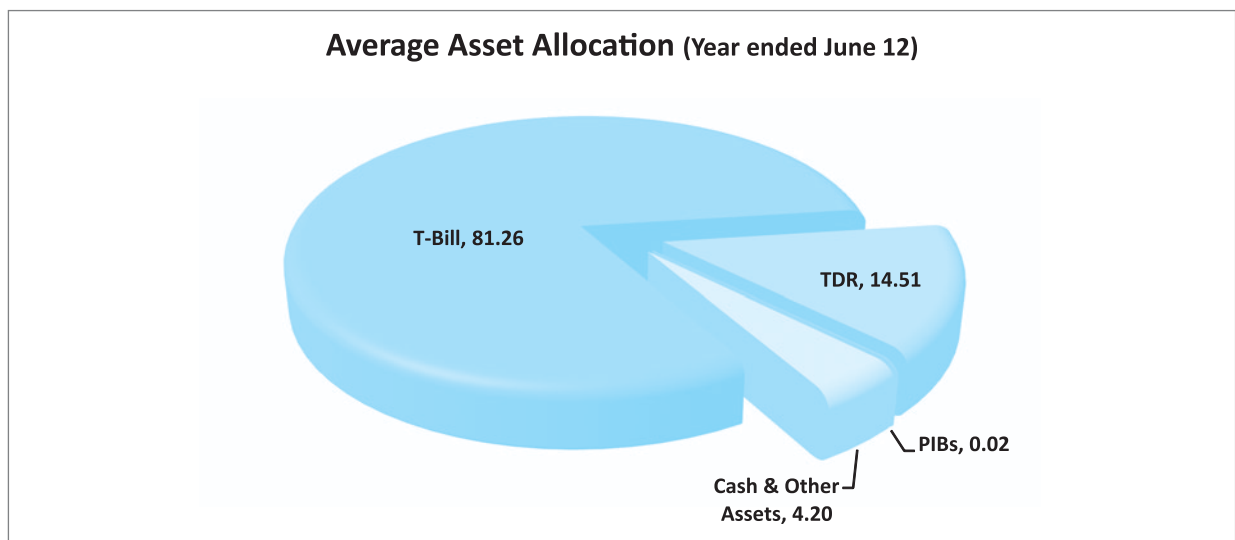
During the fiscal year 2012 the government also raised PKR 186.8bn through 4 auctions of GoP Ijarah Sukuk. The rising number of auctions and rising investor's participation is an indication of demand for this particular kind of instrument. Yield on GoP Ijarah Sukuk fell to 11.94% at year end auction held on 28-Jun-2012, owing to 6M T-bill re-pricing.

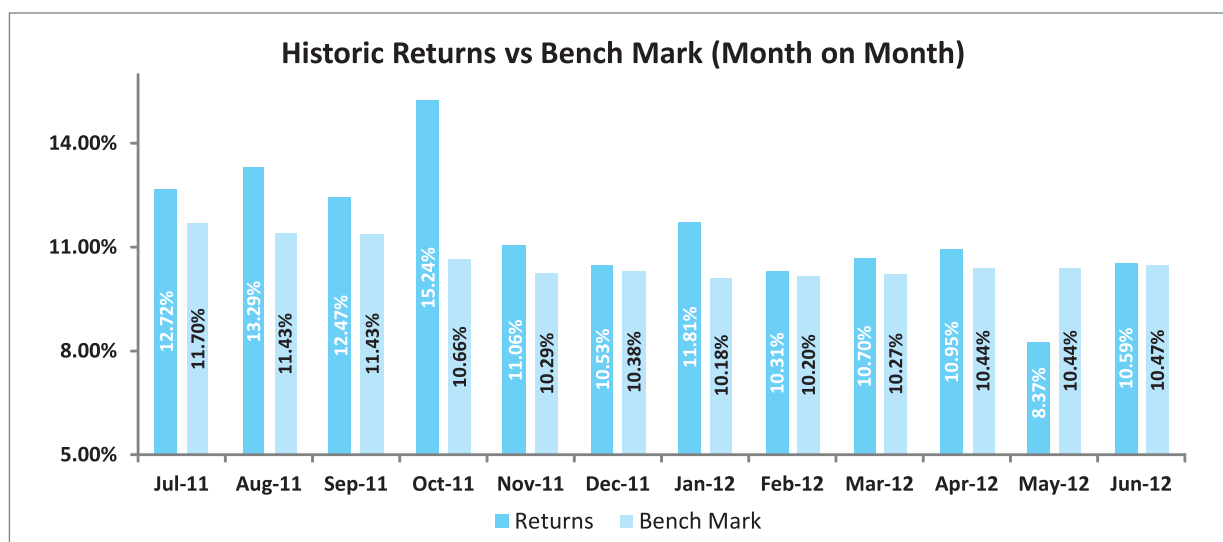
### Performance of the fund

ASCF generated a return of 11.47% for the year ended June 2012, 81 basis points higher than its benchmark. Return of the Fund was particularly impacted in the month of May, when the Fund made provision against Workers Welfare Fund (WWF). We would like to mention here that we have only created a provision against this levy and any favorable verdict by the court of law would result in its immediate reversal.

The Fund size increased by ~55% YoY to PKR 9.94billion, after touching a high of PKR 20.30billion. Major asset class of the Fund remained Treasury Bills, where the Fund was invested 81% on average. During the year, SBP reduced the discount rate by 200 bps to 12%, which resulted in declining yield on short term papers. Active duration management of the portfolio helped the Fund in maintaining its one of the top performance in its category. During the year the Fund was invested on average 15% of Fund size in TDRs of AA rated banks, and availed those opportunities when the rates of return were higher than the yields on treasury securities.

ASCF has the flexibility to shift 30% of its asset to AA (and above) rated banks when they offer better rates and may stay liquid with AAA quality T-Bills to enjoy safety and highest liquidity profile.





### Future Outlook

Following the cut in the discount rate by 150bps to 10.5% on August 10, 2012, the yields across various maturities have slipped between 150-200 bps. With policy rate between 10-10.5%, ASCF is expected to deliver a return of around 9% during this fiscal year.

### Details required by the Code of Corporate Governance:

ASCF was listed on the Islamabad Stock Exchange (Guarantee) Ltd on October 13, 2009 after its launch in September 2009 and Askari Investment Management Limited, as its Management Company, is committed to observe the Code of Corporate Governance as applicable.

The details as required by the Code of Corporate Governance regarding the pattern of unit holding of the Fund as on June 30, 2012 is as follows:

Category	Shareholding	Percentage of Shareholding
<b>Associated companies, undertakings and related parties</b>		
ASKARI INVESTMENT MANAGEMENT LTD	915	0.00%
ASKARI GENERAL INSURANCE CO. LTD.	361,753	0.37%
ASKARI BANK LIMITED EMPLOYEES PROVIDENT FUND	306,416	0.31%
<b>Mutual Fund</b>	-	0.00%
<b>Directors and their spouse and minor children</b>	-	0.00%
<b>Executives</b>	7,238	0.01%
<b>Public sector companies and corporations</b>	45,049,935	45.83%
<b>Banks, DFIs, NBFCs, Insurance companies, Takafuls, Modrabas and Pension funds</b>	42,976,486	43.72%
<b>Shareholders holding five percent or more voting rights</b>	-	0.00%
<b>Other Individual Shareholders</b>	9,603,199	9.77%
	<b>98,305,942</b>	<b>100.00%</b>



**The Board of Directors of the Management Company state that:**

1. The financial statements, prepared by the Management Company, present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holders' fund.
2. Proper books of accounts have been maintained by the Fund.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations, 2008), requirements of the trust deed and directives issued by the Securities and Exchange Commission of Pakistan have been followed in the preparation of the financial statement and any deviation there from has been disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

During the year, no trades in the units of the Fund were carried out by the Directors, CEO and their spouses and minor children. Trades of CFO and Company Secretary and his spouse and minor children, of the Management Company are as under:

	<b>No of Units</b>
Investment	1,974
Bonus	21
Redemption	1995

Meetings of the Board of Directors were held once in every quarter. During the year five board meetings were held.

Detail Attendance at these meetings is disclosed in the Financial Statements.

Key operating and financial data of the Fund for the current and prior periods is as follows:

	<b>Jun-12</b>	<b>Jun-11</b>	<b>Jun-10</b>
	----- Rupees -----		
Net Assets as June 30th	9,940,581,779	6,389,900,643	1,165,983,375
Net Asset Value per unit as of June 30th	101.1188	100.6900	108.3262
Net Income for the period	1,268,193,072	488,568,560	91,612,042
Distribution during the period*	1,201,995,267	534,398,679	1,991,887

\*This excludes dividend distribution approved after the period-end.

On July 06, 2012, the Board of Directors of the Management Company approved a final distribution at the rate of Rs 0.8827 per unit (Par value of Rs. 100 per Unit) out of the accounting income for the year ended June 30, 2011. This distribution has been made in compliance with Regulation 63 of the NBFC Regulations, 2008, and to avail the income tax exemption for the Fund as available under Clause 99 of the Second Schedule to the Income Tax Ordinance, 2001.

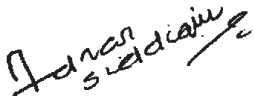
### Auditors

The Board of Directors on the recommendation of the Audit Committee has approved the re-appointment of M/s A.F. Ferguson & Co. - Chartered Accountants as the auditors of the Fund for the financial year ending June 30, 2013.

### Acknowledgement

We would like to join our colleagues on the Board, management team and employees of the Company, in thanking first and foremost the investors for their vote of confidence in Askari Sovereign Cash Fund. Additionally we would like to thank Askari Bank Limited, the Securities and Exchange Commission of Pakistan, the Trustee of the Fund and the Stock Exchange for their continued guidance and support.

For and on Behalf of the Board of Directors of the Management Company



Chief Executive Officer

September 26, 2012

Karachi.

# Fund Manager's Report



## FUND MANAGER'S REPORT

Askari Sovereign Cash Fund (ASCF) is an open-end money market Fund. The objective of the Fund is to provide investors a money market instrument with high level of liquidity, stability in earning and very high level of credit. The Fund targets to deliver rolling returns closer to a mix of Treasury Bills (70%) + Bank Deposits (30%) - fund expenses on short term basis.

### Economic Overview

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This deterioration in country's balance of payment, in part, could be explained by widening current account deficit, which posted a deficit of USD ~4.5bn (1.9% of the GDP) in FY12 compared to a surplus of USD 214mn in FY11. Attributed to rising oil prices and a cumulative increase in consumption of the commodity, country's import bill reached USD 40bn in FY12, up 12% YoY. Whereas the slowdown in cotton prices, resulted in limited growth in textile sector exports, which eventually was reflected in contracting export receipts to USD 25bn, showing a decline of ~3%. The total trade deficit reached USD 15.4bn, which alone explains the 70% deterioration in current account balance. On a positive note rising workers remittance to USD 13.2bn, (+18%Y/Y) helped restrict further erosion.

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### Money Market Review

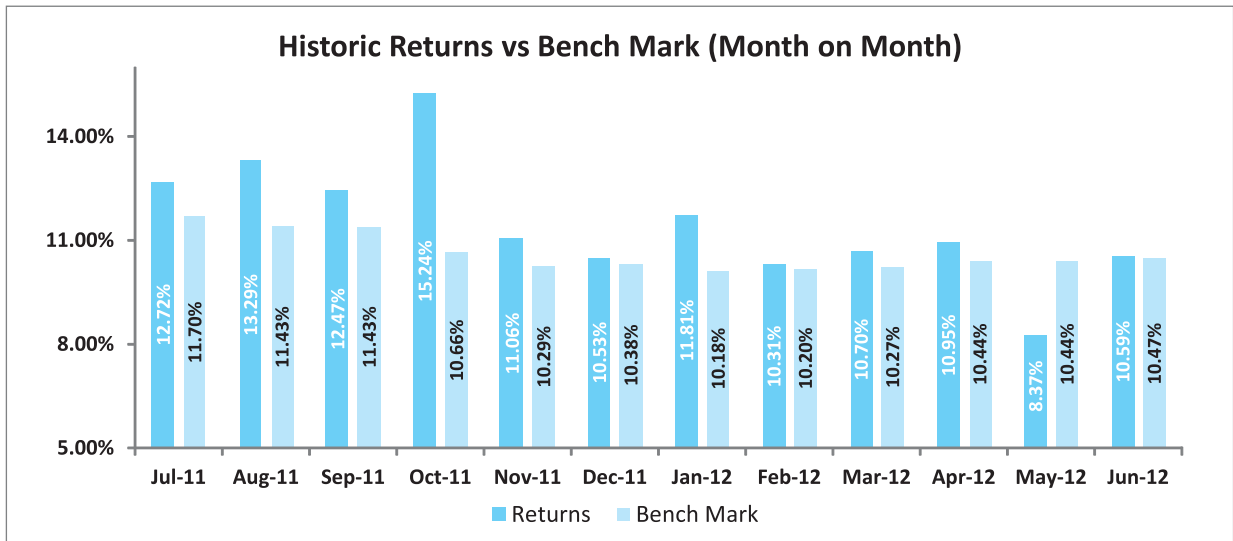
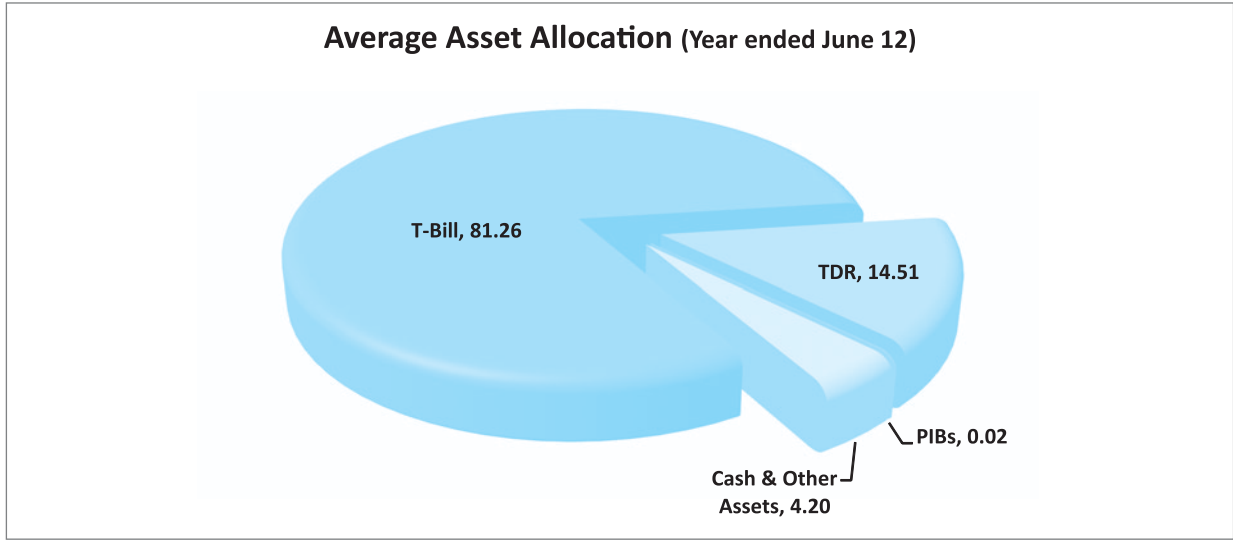
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**Future Outlook**

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**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED****Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)

**TRUSTEE REPORT TO THE UNIT HOLDERS****ASKARI SOVEREIGN CASH FUND****Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V  
of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Askari Sovereign Cash Fund (the Fund) are of the opinion that Askari Investments Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: October 22, 2012





**A. F. FERGUSON & CO.**

**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Askari Investment Management Limited**, the Management Company of **Askari Sovereign Cash Fund**, to comply with the Listing Regulation No. 35 (Chapter XI) of the Islamabad Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Regulation 35 (x) of the Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

Chartered Accountants

Dated: October 23, 2012

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872  
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924  
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (799) 315320, +93 (799) 315320



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented by the Board of Directors of Askari Investment Management Limited (“the Management Company”), the Management Company of Askari Sovereign Cash Fund (“the Fund”) to comply with the Code of Corporate Governance contained in Regulation no. 35 of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Askari Sovereign Cash Fund is an open end mutual fund and is listed on Islamabad Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, Askari Investment Management Limited, on behalf of the Fund, has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes

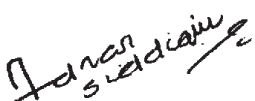
Category	Names
Independent Directors	<ol style="list-style-type: none"> <li>1. Mr. Muhammad Naseem</li> <li>2. Mr. Shahid Hafiz Azmi</li> <li>3. Mr. Sufian Mazhar</li> </ol>
Executive Directors	<ol style="list-style-type: none"> <li>1. Mr. Adnan Ahmed Siddiqui - Chief Executive Officer</li> </ol>
Non - Executive Directors	<ol style="list-style-type: none"> <li>1. Lt. Gen. (Retd.) Tahir Mehmood</li> <li>2. Maj. Gen. (Retd.) Mukhtar Ahmed</li> <li>3. Mr. M. R. Mehkari</li> <li>4. Mr. Tahir Aziz</li> </ol>

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company. The requirement of serving as a director of seven listed companies is applicable from the date of next elections of directors.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring on the board on January 19, 2012 and February 3, 2012 were filled up by the directors within 90 days.
5. Subsequent to the year end, the Management Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. No new appointment of Chief Executive Officer and executive director was made during the year. Two non-executive directors Lt. Gen. (Retd.) Tahir Mehmood and Maj. Gen. (Retd.) Mukhtar Ahmed were appointed to fill the casual vacancies which arose during the year.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As required by the code, all the directors of the Management Company are required to attend the training program for directors by the year 2016 and atleast one director will attend the training program each year during the period from June 30, 2012 to June 30, 2016. However, the directors of the Management Company have been briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the Management Company.

10. The board has approved appointment of Chief Financial Officer and Company Secretary. The board has approved the remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. The internal audit function has been outsourced to a professional firm and a full time employee has been designated to act as a coordinator between the firm and the Board.
11. The Directors' Report relating to the Fund for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors of the Management Company and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the board and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
18. The Management Company has outsourced the internal audit function to M. Yousuf Adil Saleem & Co. Chartered Accountants who are considered to be suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund. The firm and all its partners are also in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Fund's units, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transaction that were made on terms equivalent to those that prevail in the arm's length transactions only if such term can be substantiated.
24. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



**Adnan Ahmed Siddiqui**  
Chief Executive

Dated: October 23, 2012  
Karachi



**A. F. FERGUSON & CO.**

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Askari Sovereign Cash Fund**, which comprise the statement of assets and liabilities as at June 30, 2012, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management Company's responsibility for the financial statements

The Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2012, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

#### OTHER MATTERS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

  
Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: October 18, 2012

Karachi

**A. F. FERGUSON & CO.**, Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872  
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924  
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

# Financial Statements

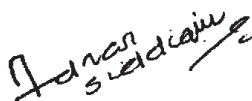



**ASKARI SOVEREIGN CASH FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2012**

	Note	June 30, 2012	June 30, 2011
----- (Rupees) -----			
<b>ASSETS</b>			
Bank balances	4	176,432,663	95,672,470
Investments	5	8,321,569,813	4,014,444,300
Term deposits and money market placements	6	1,500,000,000	2,337,833,253
Prepayments and other receivables	7	2,675,710	4,337,431
Preliminary expenses and floatation costs	8	906,516	1,311,118
<b>Total assets</b>		<b>10,001,584,702</b>	<b>6,453,598,572</b>
<b>LIABILITIES</b>			
Payable to the Management Company	9	10,079,421	5,549,015
Payable to the Trustee	10	739,381	517,795
Payable to Securities and Exchange Commission of Pakistan	11	8,595,752	2,406,944
Payable against redemption of units		2,319,577	13,361,129
Accrued and other liabilities	12	39,268,792	1,406,747
Dividend payable		-	40,456,299
<b>Total liabilities</b>		<b>61,002,923</b>	<b>63,697,929</b>
<b>NET ASSETS</b>		<b>9,940,581,779</b>	<b>6,389,900,643</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>9,940,581,779</b>	<b>6,389,900,643</b>
<b>Contingencies and commitments</b>	13		
----- (Number of units) -----			
<b>Number of units in issue</b>		<b>98,305,942</b>	<b>63,461,109</b>
----- (Rupees) -----			
<b>Net asset value per unit</b>		<b>101.1188</b>	<b>100.6900</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Askari Investment Management Limited  
(Management Company)

  
Chief Executive

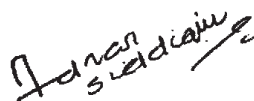
  
Director


**ASKARI SOVEREIGN CASH FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Note	For the year ended June 30, 2012	For the year ended June 30, 2011
	------(Rupees)-----	
<b>Income</b>		
Income from government securities	1,154,987,442	342,322,772
Capital gain on sale of investments	11,920,367	2,269,236
Return on bank balances and term deposits	213,225,474	68,654,513
Income on reverse repurchase transactions	11,728,389	6,571,647
	1,391,861,672	419,818,168
Net unrealised loss on revaluation of investments classified as at fair value through profit or loss'	5.1 (1,640,815)	(83,412)
	1,390,220,857	419,734,756
<b>Expenses</b>		
Remuneration of the Management Company	9.1 114,610,603	33,307,578
Sindh sales tax on remuneration of the management company	18,337,647	-
Remuneration of the Trustee	10.1 9,622,727	3,749,599
Annual fee - Securities and Exchange Commission of Pakistan	11.1 8,595,752	2,406,944
Amortisation of deferred formation costs	8 404,602	403,495
Securities transaction costs	2,066,690	1,162,983
Auditors' remuneration	14 435,057	360,355
Printing and stationery charges	287,048	84,833
Legal and professional charges	50,000	119,047
Settlement and Bank charges	1,043,396	270,886
Fees and subscriptions	184,976	185,000
	155,638,498	42,050,720
<b>Net income from operating activities</b>	1,234,582,359	377,684,036
Element of income and capital gains included in prices of units issued less those in units redeemed - net (Provision) for contribution /Reversal of provision to the Workers' Welfare Fund	12.1 71,332,322 (37,721,609)	109,052,919 1,831,605
<b>Net income for the year before taxation</b>	1,268,193,072	488,568,560
<b>Taxation</b>	15 -	-
<b>Net income for the year after taxation</b>	1,268,193,072	488,568,560
<b>Earnings per unit</b>	16	

The annexed notes from 1 to 30 form an integral part of these financial statements.

**For Askari Investment Management Limited  
(Management Company)**

  
**Chief Executive**

  
**Director**


**ASKARI SOVEREIGN CASH FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	For the year ended June 30, 2012	For the year ended June 30, 2011
	----- (Rupees) -----	
<b>Net income for the year after taxation</b>	1,268,193,072	488,568,560
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>1,268,193,072</u>	<u>488,568,560</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Askari Investment Management Limited  
 (Management Company)

  
 Chief Executive

  
 Director

**ASKARI SOVEREIGN CASH FUND**  
**DISTRIBUTION STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Undistributed income brought forward**

Realized Income  
 Unrealized loss

Net income for the year after taxation

Final Distribution of Rs 0.3522 per unit on July 6, 2011 for the year ended June 30, 2011 (2010 : 8.15 per unit on July 6, 2010)

- Cash Distribution  
 - Bonus Units

First Interim Distribution of Rs 2.7726 per unit on September 26, 2011 for the year ending June 30, 2012 ( 2011 : Rs. 1.45 per unit on October 22, 2010)

- Cash Distribution  
 - Bonus Units

Second Interim Distribution of Rs 1.0576 per unit on October 27, 2011 for the year ending June 30, 2012 (2011 : Rs. 4.3744 per unit on January 05, 2011)

- Cash Distribution  
 - Bonus Units

Third Interim Distribution of Rs 2.0030 per unit on December 26, 2011 for the year ending June 30, 2012 (2011 : Rs 2.5700 per unit on April 25, 2011)

- Cash Distribution  
 - Bonus Units

Fourth Interim Distribution of Rs 1.0234 per unit on January 25, 2012 for the year ending June 30, 2012 (2011 : Rs. 2.9223 per unit on June 27, 2011)

- Cash Distribution  
 - Bonus Units

Fifth Interim Distribution of Rs 1.0221 per unit on February 27, 2012

- Cash Distribution  
 - Bonus Units

Sixth Interim Distribution of Rs 0.8755 per unit on March 25, 2012 for the year ending June 30, 2012 (2011 : Nil units)

- Cash Distribution  
 - Bonus Units

Seventh interim Distribution of Rs 0.8075 per unit on April 25, 2012 for the year ending June 30, 2012 (2011 : Nil units)

- Cash Distribution  
 - Bonus Units

Eight interim Distribution of Rs 0.6678 per unit on May 25, 2012 for the year ending June 30, 2012 (2011 : Nil units)

- Cash Distribution  
 - Bonus Units

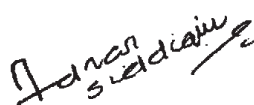
**Undistributed income carried forward**

Undistributed income comprising:

- Realized Income  
 - Unrealized Loss

	June 30, 2012	June 30, 2011
	-----Rupees-----	
	43,873,448	89,794,112
	(83,412)	(173,957)
	<u>43,790,036</u>	<u>89,620,155</u>
	1,268,193,072	488,568,560
	(4,910,160)	(22,881,834)
	(17,440,843)	(64,841,768)
	<u>(22,351,003)</u>	<u>(87,723,602)</u>
	(51,390,965)	(6,420,854)
	(139,227,133)	(23,316,084)
	<u>(190,618,098)</u>	<u>(29,736,938)</u>
	(18,567,516)	(20,408,286)
	(51,561,199)	(78,171,914)
	<u>(70,128,715)</u>	<u>(98,580,200)</u>
	(39,885,060)	(25,630,163)
	(99,926,165)	(90,487,583)
	<u>(139,811,225)</u>	<u>(116,117,746)</u>
	(93,307,842)	(40,740,944)
	(60,973,941)	(161,499,249)
	<u>(154,281,783)</u>	<u>(202,240,193)</u>
	(113,558,770)	-
	(67,650,613)	-
	<u>(181,209,383)</u>	-
	(103,362,213)	-
	(58,057,729)	-
	<u>(161,419,942)</u>	-
	(101,399,698)	-
	(58,770,204)	-
	<u>(160,169,902)</u>	-
	(82,993,060)	-
	(39,012,156)	-
	<u>(122,005,216)</u>	-
	<u>109,987,841</u>	<u>43,790,036</u>
	111,628,656	43,873,448
	(1,640,815)	(83,412)
	<u>109,987,841</u>	<u>43,790,036</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.



Chief Executive

For Askari Investment Management Limited  
 (Management Company)



Director



**ASKARI SOVEREIGN CASH FUND**  
**STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	For the year ended June 30, 2012	For the year ended June 30, 2011
	------(Rupees)-----	
Net assets at the beginning of the year	6,389,900,643	1,165,983,375
Issue of 343,078,380 units (2011: 100,085,854 units)	34,566,931,189	10,231,711,105
Redemption of 314,139,612 units (2011: 51,543,630 units)	(31,603,735,519)	(5,271,227,397)
Issue of 5,906,065 bonus units (2011: 4,155,253 units)	592,619,983	418,316,598
	3,555,815,653	5,378,800,306
Element of income and capital gain included in prices of units issued less those in units redeemed - net - transferred to income statement	(71,332,322)	(109,052,919)
Net Realized gain on sale of Investments	11,920,367	2,269,236
Net unrealized loss on revaluation of investments classified as 'at fair value through profit or loss' -note 5.1	(1,640,815)	(83,412)
Other net income for the year	1,257,913,520	486,382,736
Total comprehensive income for the year	1,268,193,072	488,568,560
Final Distribution of Rs 0.3522 per unit on July 6, 2011 for the year ended June 30, 2011 (2010 : 8.15 per unit on July 6, 2010)		
- Cash Distribution	(4,910,160)	(22,881,834)
- Bonus Units	(17,440,843)	(64,841,768)
	(22,351,003)	(87,723,602)
First Interim Distribution of Rs 2.7726 per unit on September 26, 2011 for the year ending June 30, 2012 ( 2011 : Rs. 1.45 per unit on October 22, 2010)		
- Cash Distribution	(51,390,965)	(6,420,854)
- Bonus Units	(139,227,133)	(23,316,084)
	(190,618,098)	(29,736,938)
Second Interim Distribution of Rs 1.0576 per unit on October 27, 2011 for the year ending June 30, 2012 (2011 : Rs. 4.3744 per unit on January 05, 2011)		
- Cash Distribution	(18,567,516)	(20,408,286)
- Bonus Units	(51,561,199)	(78,171,914)
	(70,128,715)	(98,580,200)
Third Interim Distribution of Rs 2.0030 per unit on December 26, 2011 for the year ending June 30, 2012 (2011 : Rs 2.5700 per unit on April 25, 2011)		
- Cash Distribution	(39,885,060)	(25,630,163)
- Bonus Units	(99,926,165)	(90,487,583)
	(139,811,225)	(116,117,746)
Fourth Interim Distribution of Rs 1.0234 per unit on January 25, 2012 for the year ending June 30, 2012 (2011 : Rs. 2.9223 per unit on June 27, 2011)		
- Cash Distribution	(93,307,842)	(40,740,944)
- Bonus Units	(60,973,941)	(161,499,249)
	(154,281,783)	(202,240,193)
Fifth Interim Distribution of Rs 1.0221 per unit on February 27, 2012 for the year ending June 30, 2012 (2011 : Nil units)		
- Cash Distribution	(113,558,770)	-
- Bonus Units	(67,650,613)	-
	(181,209,383)	-
Sixth Interim Distribution of Rs 0.8755 per unit on March 25, 2012 for the year ending June 30, 2012 (2011 : Nil units)		
- Cash Distribution	(103,362,213)	-
- Bonus Units	(58,057,729)	-
	(161,419,942)	-
Seventh interim Distribution of Rs 0.8075 per unit on April 25, 2012 for the year ending June 30, 2012 (2011 : Nil units)		
- Cash Distribution	(101,399,698)	-
- Bonus Units	(58,770,204)	-
	(160,169,902)	-
Eight interim Distribution of Rs 0.6678 per unit on May 25, 2012 for the year ending June 30, 2012 (2011 : Nil units)		
- Cash Distribution	(82,993,060)	-
- Bonus Units	(39,012,156)	-
	(122,005,216)	-
Net assets at the end of the year	9,940,581,779	6,389,900,643

The annexed notes from 1 to 30 form an integral part of these financial statements.

*Adnan Siddiqui*

Chief Executive

**For Askari Investment Management Limited**  
**(Management Company)**

*Abir*

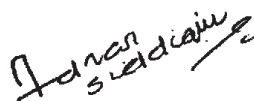
Director


**ASKARI SOVEREIGN CASH FUND**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Note	For the year ended June 30, 2012	For the year ended June 30, 2011
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before taxation	1,268,193,072	488,568,560
<b>Adjustments for :</b>		
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	1,640,815	83,412
Amortisation of formation costs	404,602	403,495
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(71,332,322)	(109,052,919)
	(69,286,905)	(108,566,012)
	1,198,906,167	380,002,548
<b>(Increase) / decrease in assets</b>		
Investments - net	(4,308,766,328)	(3,172,312,452)
Receivables against term deposit and money market placements	837,833,253	(2,017,833,253)
Prepayments and other receivables	1,661,721	(3,902,500)
	(3,469,271,354)	(5,194,048,205)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	4,530,406	5,490,257
Payable to the Trustee	221,586	308,230
Payable to Securities and Exchange Commission of Pakistan	6,188,808	1,733,517
Accrued and other liabilities	37,862,045	(2,992,328)
	48,802,845	4,539,676
<b>Net cash outflow on operating activities</b>	(2,221,562,342)	(4,809,505,981)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units	34,566,931,189	10,231,765,712
Payments against redemption of units	(31,614,777,071)	(5,274,546,124)
Dividends paid	(649,831,583)	(75,625,782)
<b>Net cash inflow from financing activities</b>	2,302,322,535	4,881,593,806
<b>Net increase in cash and cash equivalents during the year</b>	80,760,193	72,087,825
Cash and cash equivalents at the beginning of the year	95,672,470	23,584,645
<b>Cash and cash equivalents at the end of the year</b>	176,432,663	95,672,470

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Askari Investment Management Limited  
(Management Company)

  
Chief Executive

  
Director

**ASKARI SOVEREIGN CASH FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Askari Sovereign Cash Fund (the Fund) was established under a Trust Deed executed between Askari Investment Management Limited (a wholly owned subsidiary of Askari Bank Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee on June 11, 2009 and was approved by the Securities and Exchange Commission of Pakistan (the SECP) as a Notified Entity on June 25, 2009 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Office No. 2/W, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad with its Head Office situated at 20-C, Khayaban-e-Nishat, Phase VI, DHA, Karachi.
- 1.3** The Fund is an open end mutual fund. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Islamabad Stock Exchange (Guarantee) Limited.
- 1.4** The objective of the Fund is to provide the investors with a high level of liquidity along with extremely low credit and price volatility. The Fund primarily invests in government securities and other authorized investments enabling the investors to manage their liquidity efficiently.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM3+' to the Management Company in June 2012. As per the rating scale of PACRA, this rating denotes that the asset manager meets high investment industry standards and benchmarks.
- 1.6** The Fund has been assigned a stability rating of 'AA+(f)' by PACRA in June 2012. The rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.
- 1.7** Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These 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 (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:**

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2011:

- a) IFRS 7, 'Financial Instruments: Disclosures' This amendment is effective from January 1, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any significant impact on the Fund's financial statements, other than certain additional disclosures.

- b) IFRS 7, 'Financial instruments: Disclosures' This amendment is effective from July 1, 2011. The amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have any impact on the Fund's financial statements during the current year.
- c) IAS 1, 'Presentation of financial statements' (effective January 1, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment does not have any impact on the Fund's financial statements as currently no items are being reported in other comprehensive income.
- d) IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. 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 revised standard does not have any impact on the Fund's financial statements.

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

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

- a) IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment will not have any effect on the Fund's financial statement as presently no items are being reported in other comprehensive income.
- b) IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 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 these financial statements.

### 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements relate to classification and valuation of investments (notes 3.2 and 5).

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

### 2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents include bank balances, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: 'at fair value through profit or loss', 'loans and receivables' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

##### a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss (b) loans and receivables or (c) held to maturity investments.

##### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

##### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement.

##### 3.2.4 Subsequent measurement

Subsequent to initial recognition, the investment of the Fund in government securities designated by the management as 'at fair value through profit or loss' and 'available for sale' are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the Income Statement.

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the 'Income Statement' when financial assets carried at amortised cost are derecognised or impaired, and through amortisation process.

### 3.2.5 Impairment

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

### 3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

## 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## 3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

## 3.5 Formation costs

Formation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from September 30, 2010 in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

## 3.6 Securities under repurchase / resale agreements

Transactions of purchase under resale arrangement (reverse-repo) of marketable and government securities, including the securities purchased under continuous funding system, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amount paid under these agreements are included as receivable balances. The difference between purchase and resale price is treated as income and accrued over the life of the reverse-repo agreement.

All reverse repo / continuous funding system transactions are accounted for on the settlement date.

## 3.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.8 Taxation

#### Current

The income of the Fund is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders.

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

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

### 3.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received during business hours of that date. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company as processing fee. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the redemption applications are received during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

### 3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The "element of income/ (loss) and capital gains/ (losses) in prices of units issued less those in units redeemed " account is credited with the amount representing net income/ (loss) and capital gains/ (losses) accounted for in the net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income/ (loss) and capital gains/ (losses) in prices of units issued less those in units redeemed" account is debited with the amount representing net income/ (loss) and capital gains/ (losses) accounted for in the net asset value and included in the redemption price.

The net "element of income/ (loss) and capital gains/ (losses) in prices of units issued less those in units redeemed" during an accounting period is transferred to the Income Statement.

### 3.11 Net asset value per unit

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

### 3.12 Proposed distributions

Distributions declared subsequent to the period end reporting date are considered as non-adjusting events and are

recognised in the financial statements in the period in which such distributions are declared by the approval of the Board of Directors of the Management Company.

### 3.13 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealized gains / (losses) arising on revaluation of investments classified as 'Financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Profit on bank balances and term deposits is recognised on an accrual basis.
- Income on government securities is accrued using the effective interest method.

	Note	June 30, 2012	June 30, 2011
<b>4 BANK BALANCES</b>		----- (Rupees) -----	
Saving accounts	4.1	<u>176,432,663</u>	<u>95,672,470</u>

- 4.1 These savings accounts carry profit at the rates ranging from 5.00% to 11.90% (June 30, 2011: 5.00% to 11.75%) per annum. Deposits in savings accounts include Rs. 151,521,031 (June 30, 2011: Rs. 93,991,371 ) maintained with Askari Bank Limited, a connected person.

	Note	June 30, 2012	June 30, 2011
<b>5 INVESTMENTS</b>		----- (Rupees) -----	
<b>At fair value through profit or loss - held for trading</b>			
Government securities - Market Treasury Bills	5.1	<u>8,321,569,813</u>	<u>4,014,444,300</u>



## 5.1 Investment in government securities - 'at fair value through profit or loss

Issue date	Tenor	Face Value			Balance as at June 30, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at July 1, 2011	Purchases during the year	Sales/matured during the year	As at June 30, 2012	Carrying Value	Market value			Appreciation / (diminution)
-----Rupees-----										
<b>Market Treasury Bills</b>										
January 27, 2011	1 Year	-	500,000,000	500,000,000	-	-	-	-	-	
February 10, 2011	6 Month	-	300,000,000	300,000,000	-	-	-	-	-	
February 10, 2011	1 Year	-	1,050,000,000	1,050,000,000	-	-	-	-	-	
February 24, 2011	1 Year	-	1,500,000,000	1,500,000,000	-	-	-	-	-	
March 10, 2011	6 Month	-	250,000,000	250,000,000	-	-	-	-	-	
March 10, 2011	1 Year	-	1,000,000,000	1,000,000,000	-	-	-	-	-	
March 24, 2011	6 Month	26,300,000	-	26,300,000	-	-	-	-	-	
March 24, 2011	1 Year	-	5,753,000,000	5,753,000,000	-	-	-	-	-	
April 7, 2011	6 Month	50,000,000	10,000,000	60,000,000	-	-	-	-	-	
April 7, 2011	1 Year	-	75,000,000	75,000,000	-	-	-	-	-	
April 21, 2011	6 Month	248,410,000	85,000,000	333,410,000	-	-	-	-	-	
April 21, 2011	1 Year	-	1,300,000,000	1,300,000,000	-	-	-	-	-	
May 5, 2011	3 Month	80,000,000	-	80,000,000	-	-	-	-	-	
May 5, 2011	6 Month	274,000,000	1,750,500,000	2,024,500,000	-	-	-	-	-	
May 5, 2011	1 Year	-	423,000,000	423,000,000	-	-	-	-	-	
May 19, 2011	3 Month	608,000,000	1,225,000,000	1,833,000,000	-	-	-	-	-	
May 19, 2011	6 Month	648,900,000	2,839,195,000	3,488,095,000	-	-	-	-	-	
May 19, 2011	1 Year	-	494,800,000	494,800,000	-	-	-	-	-	
June 2, 2011	3 Month	435,000,000	20,000,000	455,000,000	-	-	-	-	-	
June 2, 2011	6 Month	360,000,000	500,000,000	860,000,000	-	-	-	-	-	
June 2, 2011	1 Year	-	300,000,000	300,000,000	-	-	-	-	-	
June 16, 2011	3 Month	115,000,000	-	115,000,000	-	-	-	-	-	
June 16, 2011	6 Month	1,345,000,000	2,244,000,000	3,589,000,000	-	-	-	-	-	
June 16, 2011	1 Year	-	2,595,000,000	2,595,000,000	-	-	-	-	-	
June 30, 2011	1 Year	-	900,000,000	900,000,000	-	-	-	-	-	
July 14, 2011	6 Month	-	2,015,000,000	2,015,000,000	-	-	-	-	-	
July 14, 2011	1 Year	-	500,000,000	500,000,000	-	-	-	-	-	
July 28, 2011	3 Month	-	300,000,000	300,000,000	-	-	-	-	-	
July 28, 2011	6 Month	-	3,186,430,000	3,186,430,000	-	-	-	-	-	
July 28, 2011	1 Year	-	800,000,000	300,000,000	500,000,000	496,074,399	495,947,500	(126,899)	4.99%	
August 11, 2011	3 Month	-	555,000,000	555,000,000	-	-	-	-	-	
August 11, 2011	6 Month	-	2,002,000,000	2,002,000,000	-	-	-	-	-	
August 11, 2011	1 Year	-	7,610,000,000	5,460,000,000	2,150,000,000	2,123,390,224	2,122,944,400	(445,824)	21.36%	
August 25, 2011	6 Month	-	825,000,000	825,000,000	-	-	-	-	-	
August 25, 2011	1 Year	-	750,000,000	750,000,000	-	-	-	-	-	
September 8, 2011	3 Month	-	30,000,000	30,000,000	-	-	-	-	-	
September 8, 2011	6 Month	-	1,900,000,000	1,900,000,000	-	-	-	-	-	
September 22, 2011	6 Month	-	1,375,000,000	1,375,000,000	-	-	-	-	-	
October 6, 2011	3 Month	-	125,000,000	125,000,000	-	-	-	-	-	
October 6, 2011	6 Month	-	2,764,000,000	2,764,000,000	-	-	-	-	-	
October 20, 2011	3 Month	-	360,000,000	360,000,000	-	-	-	-	-	
October 20, 2011	6 Month	-	1,853,020,000	1,853,020,000	-	-	-	-	-	
November 3, 2011	3 Month	-	635,000,000	635,000,000	-	-	-	-	-	
November 3, 2011	6 Month	-	4,357,000,000	4,357,000,000	-	-	-	-	-	
November 3, 2011	1 Year	-	500,000,000	500,000,000	-	-	-	-	-	
November 17, 2011	3 Month	-	2,799,000,000	2,799,000,000	-	-	-	-	-	
November 17, 2011	6 Month	-	2,670,000,000	2,670,000,000	-	-	-	-	-	
December 1, 2011	3 Month	-	1,868,000,000	1,868,000,000	-	-	-	-	-	
December 1, 2011	6 Month	-	535,000,000	535,000,000	-	-	-	-	-	
January 12, 2012	3 Month	-	525,000,000	525,000,000	-	-	-	-	-	
January 12, 2012	6 Month	-	415,000,000	330,000,000	85,000,000	84,698,111	84,695,870	(2,241)	0.85%	
January 26, 2012	3 Month	-	1,967,500,000	1,967,500,000	-	-	-	-	-	
January 26, 2012	6 Month	-	2,172,500,000	1,710,500,000	462,000,000	458,407,886	458,255,490	(152,396)	4.61%	
February 9, 2012	3 Month	-	1,512,000,000	1,512,000,000	-	-	-	-	-	
February 9, 2012	6 Month	-	365,000,000	-	365,000,000	360,555,885	360,406,840	(149,045)	3.63%	
February 23, 2012	3 Month	-	940,000,000	940,000,000	-	-	-	-	-	
March 8, 2012	3 Month	-	5,955,000,000	5,955,000,000	-	-	-	-	-	
March 22, 2012	3 Month	-	8,800,000,000	8,800,000,000	-	-	-	-	-	
April 5, 2012	3 Month	-	6,554,910,000	6,554,910,000	-	-	-	-	-	
April 19, 2012	3 Month	-	1,631,000,000	1,631,000,000	-	-	-	-	-	
May 3, 2012	3 Month	-	3,220,000,000	1,258,000,000	1,962,000,000	1,946,460,033	1,946,097,990	(362,043)	19.58%	
May 17, 2012	3 Month	-	3,017,895,000	1,550,000,000	1,467,895,000	1,449,623,913	1,449,423,009	(200,904)	14.58%	
May 17, 2012	6 Month	-	225,000,000	225,000,000	-	-	-	-	-	
May 31, 2012	3 Month	-	1,100,000,000	100,000,000	1,000,000,000	983,169,388	982,983,000	(186,388)	9.89%	
June 14, 2012	3 Month	-	1,100,000,000	1,000,000,000	100,000,000	97,866,050	97,858,800	(7,250)	0.98%	
June 28, 2012	3 Month	-	500,000,000	168,500,000	331,500,000	322,964,739	322,956,914	(7,826)	3.25%	
<b>Total - June 30, 2012</b>		<b>4,190,610,000</b>	<b>105,429,750,000</b>	<b>101,196,965,000</b>	<b>8,423,395,000</b>	<b>8,323,210,628</b>	<b>8,321,569,813</b>	<b>(1,640,815)</b>	<b>83.71%</b>	<b>100.00%</b>
<b>Total - June 30, 2011</b>		<b>855,000,000</b>	<b>45,073,360,000</b>	<b>41,737,750,000</b>	<b>4,190,610,000</b>	<b>4,014,527,712</b>	<b>4,014,444,300</b>	<b>(83,412)</b>	<b>62.82%</b>	<b>100.00%</b>

	Note	June 30, 2012	June 30, 2011
------(Rupees)-----			
<b>6</b>	<b>TERM DEPOSITS AND MONEY MARKET PLACEMENTS</b>		
	Term deposits	1,500,000,000	2,000,000,000
	Money market placements - Reverse repurchase transaction	-	337,833,253
		<u>1,500,000,000</u>	<u>2,337,833,253</u>

**6.1** This represents term deposits with a commercial bank carrying profit at the rate of 12.25% (June 30, 2011: 13.75% to 13.95% ) per annum. These deposits will mature within 3 months (3 months).

	Note	June 30, 2012	June 30, 2011
------(Rupees)-----			
<b>7</b>	<b>PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Profit receivable on bank balances	662,011	2,218,938
	Profit on term deposits	2,013,699	2,118,493
		<u>2,675,710</u>	<u>4,337,431</u>

**8** **PRELIMINARY EXPENSES AND FLOATATION COSTS**

	Opening balance	1,311,118	1,714,613
	Less: amortised during the year	(404,602)	(403,495)
	Closing balance	<u>906,516</u>	<u>1,311,118</u>

**9** **PAYABLE TO MANAGEMENT COMPANY**

	Management fee	<u>10,079,421</u>	<u>5,549,015</u>
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**9.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. During the current year, the Management Company has charged remuneration at the rate of 1 percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

**9.2** During the current period, the Sindh Revenue Board levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

	Note	June 30, 2012	June 30, 2011
------(Rupees)-----			
<b>10</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee	<u>739,381</u>	<u>517,795</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. As per agreed terms of the Trust Deed, the Trustee was entitled to a remuneration, to be paid monthly in arrears, as per the following tariff structure:

Amounts of funds under management (Average NAV)	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.6 million or 0.17% per annum of Net Asset Value whichever is higher
Exceeding Rs. 1,000 million upto Rs. 5,000 million	Rs. 1.7 million plus 0.085% per annum of Net Asset Value exceeding Rs. 1,000 million
Exceeding Rs. 5,000 million	Rs. 5.1 million plus 0.07% per annum of Net Asset Value exceeding Rs. 5,000 million

	Note	June 30, 2012 ------(Rupees)-----	June 30, 2011
<b>11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee	11.1	<u>8,595,752</u>	<u>2,406,944</u>

- 11.1** Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as money market scheme is required to pay as an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the scheme. The Fund has been classified as money market scheme by the Management Company.

	Note	June 30, 2012 ------(Rupees)-----	June 30, 2011
<b>12 ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		350,000	250,000
Brokerage and settlement charges		476,010	666,360
Legal and professional fee		85,000	35,000
Printing charges		131,964	59,620
Withholding tax payable		221,275	312,678
Zakat payable		-	8,089
Other payables		282,934	75,000
Payable to the Management Company		-	-
Provision for contribution to Workers' Welfare Fund	12.1	<u>37,721,609</u>	<u>-</u>
		<u>39,268,792</u>	<u>1,406,747</u>

- 12.1** 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 light of this, Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party. Keeping in view the prevalent conditions on this matter, the Management Company had made a provision for WWF contribution in the annual financial statements of the Fund for the year ended June 30, 2010.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR also took up the matter with FBR for their withdrawal. Based on the positive developments and a legal advice taken by the Management Company thereon, provision for WWF made in the books of accounts of the Fund was reversed on October 7, 2010 and no further provision was maintained in the books of accounts.

Further, a fresh Constitutional Petition has been filed with the Honorable High Court of Sindh by a CIS/mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds/voluntary pension funds being pass through vehicles/entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

Subsequent to June 30, 2011, 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.

During the year ended June 30, 2012, a show cause notice has been issued to one of the Fund managed by the Management Company by Deputy Commissioner Inland Revenue stating that the Fund is liable to pay WWF under section 4 of the Workers' Welfare Fund Ordinance, 1971. Although the Management Company is hopeful that the case will be decided in its favour, it has taken a decision to provide for WWF and accordingly has recognised the aggregate amount of unrecorded provision for WWF amounting to Rs 37.722 million as at June 30, 2012 (including Rs 26.118 million in respect of the current year). The provision has been made without prejudice to pending application in the High Court of Sindh.

### 13 CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2012 (2011: Nil).

### 14 AUDITORS' REMUNERATION

	June 30, 2012	June 30, 2011
	------(Rupees)-----	
Annual audit fee	250,000	200,000
Half yearly review fee	100,000	85,000
Fee for review of statement of compliance with the Code of Corporate Governance	50,000	50,000
(Reversal) / Other certifications	-	(15,000)
Out of pocket expenses	35,057	40,355
	<u>435,057</u>	<u>360,355</u>

### 15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company has distributed the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

### 16 EARNINGS PER UNIT (EPU)

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

### 17 CASH AND CASH EQUIVALENTS

	Note	June 30, 2012	June 30, 2011
		------(Rupees)-----	
Bank balances	4	176,432,663	95,672,470
		<u>176,432,663</u>	<u>95,672,470</u>

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

**Financial assets**

Bank balances	-	176,432,663	176,432,663
Investments	8,321,569,813	-	8,321,569,813
Term deposits and money market placements	-	1,500,000,000	1,500,000,000
Prepayments and other receivables	-	2,675,710	2,675,710
	<u>8,321,569,813</u>	<u>1,679,108,373</u>	<u>10,000,678,186</u>

As at June 30, 2012		
Financial assets at fair value through profit or loss	Loans and receivables	Total
------(Rupees)-----		
-	176,432,663	176,432,663
8,321,569,813	-	8,321,569,813
-	1,500,000,000	1,500,000,000
-	2,675,710	2,675,710
<u>8,321,569,813</u>	<u>1,679,108,373</u>	<u>10,000,678,186</u>

**Financial liabilities**

Payable to the Management Company	-	10,079,421	10,079,421
Payable to the Trustee	-	739,381	739,381
Payable against redemption of units	-	2,319,577	2,319,577
Accrued and other liabilities	-	1,325,908	1,325,908
Dividend payable	-	-	-
	<u>-</u>	<u>14,464,287</u>	<u>14,464,287</u>

As at June 30, 2012		
Financial liabilities at fair value through profit or loss	At amortised cost	Total
------(Rupees)-----		
-	10,079,421	10,079,421
-	739,381	739,381
-	2,319,577	2,319,577
-	1,325,908	1,325,908
-	-	-
<u>-</u>	<u>14,464,287</u>	<u>14,464,287</u>

**Financial assets**

Bank balances	-	95,672,470	95,672,470
Investments	4,014,444,300	-	4,014,444,300
Term deposits and money market placements	-	2,337,833,253	2,337,833,253
Prepayments and other receivables	-	4,337,431	4,337,431
	<u>4,014,444,300</u>	<u>2,437,843,154</u>	<u>6,452,287,454</u>

As at June 30, 2011		
Financial assets at fair value through profit or loss	Loans and receivables	Total
------(Rupees)-----		
-	95,672,470	95,672,470
4,014,444,300	-	4,014,444,300
-	2,337,833,253	2,337,833,253
-	4,337,431	4,337,431
<u>4,014,444,300</u>	<u>2,437,843,154</u>	<u>6,452,287,454</u>

**Financial liabilities**

Payable to the Management Company	-	5,549,015	5,549,015
Payable to the Trustee	-	517,795	517,795
Payable against redemption of units	-	13,361,129	13,361,129
Accrued and other liabilities	-	1,085,980	1,085,980
Dividend payable	-	40,456,299	40,456,299
	<u>-</u>	<u>60,970,218</u>	<u>60,970,218</u>

As at June 30, 2011		
Financial liabilities at fair value through profit or loss	At amortised cost	Total
------(Rupees)-----		
-	5,549,015	5,549,015
-	517,795	517,795
-	13,361,129	13,361,129
-	1,085,980	1,085,980
-	40,456,299	40,456,299
<u>-</u>	<u>60,970,218</u>	<u>60,970,218</u>

## 19 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

**19.1** Connected persons / related parties include Askari Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Askari Bank Limited being the holding company of the Management Company, Askari General Insurance Company Limited being an associate company of the Management Company, Askari Investment Management Employees Provident Fund, Askari High Yield Scheme (formerly Askari Income Fund), Askari Asset Allocation Fund, Askari Islamic Asset Allocation Fund Askari Islamic Income Fund, Askari Equity Fund and Askari Sovereign Yield Enhancer being funds under common management and directors and officers of the Management Company.

**19.2** Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

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

**19.4** Remuneration payable to the Trustee is determined in accordance with the Trust Deed.

**19.5** Details of transactions with connected persons are as follows:

	For the year ended June 30, 2012	For the year ended June 30, 2011
	------(Rupees)-----	
<b>Askari Investment Management Limited - Management Company</b>		
Remuneration for the year	114,610,603	33,307,578
Sindh sales tax to the management company	18,337,647	-
Payments made against reimbursable expenses	-	2,055,268
Payments made on behalf of the Fund	-	51,271
Issue of 494,171 units (2011: Nil) units	49,905,187	-
Redemption of 498,227 units (2011: Nil) units	50,076,931	-
Issue of 4,971 Bonus units (2011: Nil) units	498,798	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the year	9,622,727	3,749,599
<b>Askari Bank Limited (Holding company of the Management Company)</b>		
Issue of 159,054,298 units (2011: Nil) units	16,000,000,000	-
Redemption of 159,559,374 units (2011: 504,896) units	15,980,719,317	52,214,901
Issue of Nil Bonus units (2011: Nil) units	-	-
Cash distribution paid	342,661,562	18,185,354
Profit on bank balances	9,303,011	9,725,782
Bank charges	201,962	236,300
<b>Askari General Insurance Company Limited (Group Company)</b>		
Issue of 148,638 units (2011: 340,786) units	15,000,000	34,500,000
Issue of 53,255 bonus units (2011: 24,531)	5,344,712	2,469,911
Redemption of 205,456 units (2011: Nil) units	20,649,161	-
<b>Askari Investment Management Employees Provident Fund</b>		
Issue of Nil units (2011: 9,607) units	-	1,000,000
Redemption of 477 units (2011: 9,593) units	48,388	980,000
Issue of 19 bonus units (2011: 444) Units	1,933	44,437

	For the year ended June 30, 2012	For the year ended June 30, 2011
	------(Rupees)-----	
<b>Askari Bank Limited -Employees Provident Fund</b>		
Issue of 299,332 units (2011: Nil units)	30,000,000	-
Issue of Bonus units 7,083 (2011: Nil units)	709,160	-
<b>Key Management Personnel</b>		
Issue of 62,197 units (2011: Nil units)	6,263,623	-
Redemption / transferred out of 47,076 units(2011:Nil units)	4,542,403	-
Issue of Bonus units 2,118 (2011: Nil units)	212,522	

#### 19.6 Amounts outstanding as at year end

	June 30, 2012	June 30, 2011
	------(Rupees)-----	
<b>Askari Investment Management Limited (Management Company)</b>		
Remuneration payable	8,689,155	5,549,015
Sindh sales tax payable to management company	1,390,265	-
Outstanding 915 units (2011: Nil units)	92,501	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable	739,381	517,795
<b>Askari Bank Limited (Holding company of the Management Company)</b>		
Investment held in the Fund Nil units (June 30, 2011: 505,076 units)	-	50,856,074
Bank balances	151,521,031	93,991,371
Profit receivable on bank deposits	340,551	2,104,045
<b>Askari General Insurance Company Limited (Group Company)</b>		
Investment held in the Fund 361,753 units (June 30, 2011: 365,316 units)	36,580,018	36,783,709
<b>Askari Bank Limited Employees Provident Fund</b>		
Outstanding units 306,416 (2011: Nil units)	30,984,439	-
<b>Askari Investment Management Employees Provident Fund</b>		
Outstanding units Nil (2011: 458 units)	-	46,071
<b>Key Management Personnel</b>		
Outstanding units 7,238 (2011: Nil units)	731,862	-

## 20 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to various risks including market risk, credit risk and liquidity risk arising from the financial instruments it holds.

### 20.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

### 20.1.1 Currency risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all the transactions are carried out in Pak Rupees.

### 20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instruments and is not exposed to cash flow interest rate risk.

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2012, the Fund holds market treasury bills which are classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association on June 30, 2012, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 8,412,640 (2011: Rs12,283,500). In case of 100 basis points decrease in rates announced by Financial Markets Association on June 30, 2012, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 8,431,736 (2011: Rs. 12,371,576).

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's MROR sensitivity related to financial assets and financial liabilities as at June 30, 2012 can be determined from the following:

As at June 30, 2012					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up-to one year	More than one year		
(Rupees)					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5.00% to 11.90%	176,432,663	-	-	176,432,663
Investments	11.94% to 12.64%	8,321,569,813	-	-	8,321,569,813
Term deposits and money market placements	12.05 % to 13.95%	1,500,000,000	-	-	1,500,000,000
Prepayments and other receivables	-	-	-	2,675,710	2,675,710
		9,998,002,476	-	2,675,710	10,000,678,186
<b>Financial liabilities</b>					
Payable to the Management Company	-	-	-	10,079,421	10,079,421
Payable to the Trustee	-	-	-	739,381	739,381
Payable against redemption of units	-	-	-	2,319,577	2,319,577
Accrued and other liabilities	-	-	-	1,325,908	1,325,908
Dividend payable	-	-	-	-	-
		-	-	14,464,287	14,464,287
<b>On-balance sheet gap</b>		9,998,002,476	-	(11,788,577)	9,986,213,899
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		9,998,002,476	-	(11,788,577)	9,986,213,899
<b>Cumulative interest rate sensitivity gap</b>		9,998,002,476	9,998,002,476	9,998,002,476	



As at June 30, 2011					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
----- (Rupees) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5.00% to 11.75%	95,672,470	-	-	95,672,470
Investments	13.74% to 14.25%	1,242,286,911	2,772,157,389	-	4,014,444,300
Term deposits and money market placements	13.22% to 13.95%	2,337,833,253	-	-	2,337,833,253
Prepayments and other receivables	-	-	-	4,337,431	4,337,431
		3,675,792,634	2,772,157,389	-	6,452,287,454
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	5,549,015	5,549,015
Payable to the Trustee		-	-	517,795	517,795
Payable against redemption of units		-	-	13,361,129	13,361,129
Accrued and other liabilities		-	-	1,085,980	1,085,980
Dividend payable		-	-	40,456,299	40,456,299
		-	-	60,970,218	60,970,218
<b>On-balance sheet gap</b>		3,675,792,634	2,772,157,389	(56,632,787)	6,391,317,236
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		3,675,792,634	2,772,157,389	(56,632,787)	6,391,317,236
<b>Cumulative interest rate sensitivity gap</b>		3,675,792,634	6,447,950,023	6,447,950,023	

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as on June 30, 2012.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in loans and receivables, government securities and balances with banks. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

As at June 30, 2012, the Fund's balance in term deposit receipts and with bank have been placed with banks and Financial Institutions having following short term credit ratings:

**Bank balances**

Name of the bank	Balance as at June 30, 2012	Rating agency	Published rating	Percentage of total balances
<b>Rupees in '000</b>				
Askari Bank Limited	151,521	PACRA	A1+	85.88%
Standard Chartered Bank (Pakistan) Limited	9,828	PACRA	A1+	5.57%
Bank Alfalah Limited	6,953	PACRA	A1+	3.94%
Habib Metropolitan Bank Limited	2,498	PACRA	A1+	1.42%
Bank Al-Habib Limited	2,198	PACRA	A1+	1.25%
Habib Bank Limited	1,405	JCR-VIS	A-1+	0.80%
United Bank Limited	1,369	JCR-VIS	A-1+	0.78%
MCB Bank Limited	258	PACRA	A1+	0.15%
Faysal Bank Limited	225	PACRA	A1+	0.13%
Allied Bank Limited	169	PACRA	A1+	0.10%
National Bank of Pakistan	9	JCR-VIS	A-1+	0.01%
	176,433			100.00%
<b>Term Deposit Receipts</b>				
Bank Alfalah Limited	1,500,000	JCR-VIS	A-1+	100.00%
	1,500,000			100.00%

The maximum exposure of credit risk before any credit enhancement as at June 30, 2012 is the carrying amount of the financial assets.

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mostly concentrated in government securities.

**20.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to the periodic settlement of securities and to daily cash redemptions, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's investment in government securities is considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year.

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2012				
	Upto three months	More than three months and up to one year	More than one year	Total
----- Rupees -----				
<b>Financial assets</b>				
Bank balances	176,432,663	-	-	176,432,663
Investments	8,321,569,813	-	-	8,321,569,813
Term deposits and money market placements	1,500,000,000	-	-	1,500,000,000
Prepayments and other receivables	2,675,710	-	-	2,675,710
	<u>10,000,678,186</u>	<u>-</u>	<u>-</u>	<u>10,000,678,186</u>

As at June 30, 2012				
	Upto three months	More than three months and up to one year	More than one year	Total
----- Rupees -----				
<b>Financial liabilities</b>				
Payable to the Management Company	10,079,421	-	-	10,079,421
Payable to the Trustee	739,381	-	-	739,381
Payable against redemption of units	2,319,577	-	-	2,319,577
Accrued and other liabilities	1,325,908	-	-	1,325,908
	<u>14,464,287</u>	<u>-</u>	<u>-</u>	<u>14,464,287</u>

As at June 30, 2011				
	Upto three months	More than three months and up to one year	More than one year	Total
----- Rupees -----				
<b>Financial assets</b>				
Bank balances	95,672,470	-	-	95,672,470
Investments	1,242,286,911	2,772,157,389	-	4,014,444,300
Term deposits and money market placements	2,337,833,253	-	-	2,337,833,253
Prepayments and other receivables	4,337,431	-	-	4,337,431
	<u>3,680,130,065</u>	<u>2,772,157,389</u>	<u>-</u>	<u>6,452,287,454</u>

As at June 30, 2011				
	Up to three months	More than three months and up to one year	More than one year	Total
----- Rupees -----				
<b>Financial liabilities</b>				
Payable to the Management Company	5,549,015	-	-	5,549,015
Payable to the Trustee	517,795	-	-	517,795
Payable against redemption of units	13,361,129	-	-	13,361,129
Accrued and other liabilities	1,085,980	-	-	1,085,980
Dividend payable	40,456,299	-	-	40,456,299
	<u>60,970,218</u>	<u>-</u>	<u>-</u>	<u>60,970,218</u>

## 21 UNIT HOLDER'S FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the Statement of Movement in Unit Holders' Funds.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity which would be augmented by short-term borrowings or disposal of investments where necessary.

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the close of trading on the period end date. The estimated fair value of all other financial assets and liabilities is not considered significantly different from book values as the items are either short term in nature or periodically repriced.

IFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments of the Fund carried at fair value are categorised as follows:

	Level 1	Level 2	Level 3	Total
	------(Rupees)-----			
Investment in government securities - at fair value through profit or loss	-	8,321,569,813	-	8,321,569,813

## 23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of investment committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Adnan Siddiqui	Chief Executive officer	MBA	21
2	Basharat Ullah	CIO	MBA	19
3	Mustafa Kamal	Fund Manager	MBA	9
4	Zeeshan Qudoos	CFO	ACA	10
5	Tariq Hashmi	Head of Business Development	BA (USA)	25
6	M. Farrukh	Senior Compliance Officer	CMA (Finalist)	12

- 23.1 Mr. Mustafa Kamal is the Manager of the Fund. He is also the fund manager of Askari High Yield Scheme (Formerly Askari Income Fund) and Askari Islamic Income Fund.

## 24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2012
1 Invest and Finance Securities Limited	16.66%
2 Global Securities Pakistan Limited	13.92%
3 JS Global Capital Limited	12.43%
4 C&M Management	8.93%
5 BMA Capital Management Limited	6.92%
6 ICON Securities (Private) Limited	6.37%
7 Pearl Securities	6.41%
8 Invest One Markets	5.67%
9 KASB Securities Limited	4.85%
10 Invisor Securities (Private) Limited	5.20%

	2011
1 Global Securities Pakistan Limited	22.81%
2 Invest and Finance Securities Limited	16.73%
3 Invest Capital Securities (Private) Limited	14.75%
4 JS Global Capital Limited	10.74%
5 KASB Securities Limited	9.80%
6 Elixir Securities Pakistan (Private) Limited	7.68%
7 BMA Capital Management Limited	7.05%
8 Invisor Securities (Private) Limited	5.46%
9 ICON Securities (Private) Limited	2.87%
10 Atlas Capital Market Limited	2.11%

## 25 PATTERN OF UNIT HOLDINGS

-----As at June 30, 2012-----				
Category	Number of unit holders	Number of units held	Investment amount	Percentage of total investment
(Rupees)				
Individuals	491	9,696,581	980,506,920	9.86%
Associated companies / directors	3	669,084	67,656,991	0.68%
Insurance companies	6	8,011,716	810,135,343	8.15%
Banks / DFIs	5	29,619,319	2,995,070,865	30.13%
Retirement funds	20	1,078,854	109,092,454	1.10%
Welfare social organisation	8	1,017,087	102,846,647	1.03%
Others	56	48,213,301	4,875,272,559	49.04%
	589	98,305,942	9,940,581,779	100%

-----As at June 30, 2011-----				
Category	Number of unit holders	Number of units held	Investment amount	Percentage of total investment
(Rupees)				
Individuals	456	6,397,417	644,156,077	10.08%
Associated companies / directors	3	870,850	87,685,908	1.37%
Insurance companies	4	5,522,967	556,107,685	8.70%
Banks / DFIs	6	14,484,819	1,458,476,785	22.83%
Retirement funds	5	135,581	13,651,654	0.21%
Welfare social organisation	2	206,864	20,829,141	0.33%
Others	52	35,842,611	3,608,993,393	56.48%
	528	63,461,109	6,389,900,643	100.00%

## 26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 39th, 40th, 41st, 42nd and 43rd Board meetings were held on July 06, 2011, August 18, 2011, October 13, 2011, February 6, 2012 and April 18, 2012 respectively. Information in respect of attendance by Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Mr. Lt Gen.(R) Imtiaz Hussain	3	3	-	
2	Mr. Shahid Hafeez Azmi	5	3	2	39th & 43rd meeting
3	Mr. Muhammad Naseem	5	5	-	
4	Mr. Mohammad Rafiquddin Mehkari	5	5	-	
5	Mr. Maj Gen.(R) Saeed Ahmed Khan	3	3	-	
6	Mr. Tahir Aziz	5	4	1	39th meeting
7	Mr. Sufian Mazhar	5	3	2	39th & 41st meeting
8	Mr. Adnan Siddiqui	5	5	-	
9	Mr. Lt Gen.(R) Tahir Mahmood	2	2	-	
10	Mr. Maj Gen.(R) Mukhtar Ahmed	1	1	-	

Note: Mr. Lt. Gen. (R) Imtiaz Hussain and Mr. Maj. Gen. (R) Saeed Ahmed Khan has resigned on January 19, 2012 and February 3, 2012 respectively and in their place Mr. Lt Gen.(R) Tahir Mahmood and Mr. Maj Gen.(R) Mukhtar Ahmed have been appointed on February 6, 2012.

## 27 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in the meeting held on July 6, 2012 have approved a final distribution of Rs 0.8827 per unit for the year ended June 30, 2012 (2011: Rs 0.3522 per unit). The financial statements of the Fund for the year ended June 30, 2012 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2013.

## 28 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

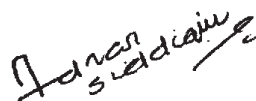
## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2012 by the Board of Directors of the Management Company.

## 30 GENERAL

### 30.1 Figures have been rounded off to the nearest rupees.

For Askari Investment Management Limited  
(Management Company)



Chief Executive



Director

