

managed by



THE FUND SEES TO GENERATE REASONABLE RETURNS CONSISTENT WITH LOW RISK FROM A PORTFOLIO CONSTITUTED OF HIGH QUALITY SHORT TERM INSTRUMENTS INCLUDING CASH DEPOSITS AND GOVERNMENT SECURITIES.

THE FUND WILL MAINTAIN A HIGH DEGREE OF LIQUIDITY WITH WEIGHTED AVERAGE TIME TO MATURITY OF NET ASSETS NOT EXCEEDING 90 DAYS.

KASB CASH FUND

ANNUAL REPORT
June 30, 2013

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FUND INFORMATION

Management Company

KASB Funds Limited

Registered Office:

9th Floor, Trade Centre, I.I. Chundrigar Road, Karachi-74200, Pakistan

Principal Office

5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi-74200, Pakistan

UAN: (92-21) 111 535 535

Fax: (92-21) 3263 9188

URL: www.kasbfunds.com

Board of Directors of KASB Funds Limited

Mr. Robert John Richard Owen - Chairman

Mr. Amer Magbool - Chief Executive

Mr. Qaiser P. Mufti

Mr. Muzaffar Ali Shah Bukhari

Chief Financial Officer

Syed Adnan Abdali

Company Secretary

Syed Adnan Abdali

Audit Committee

Mr. Robert John Richard Owen

Mr. Qaiser P. Mufti

Mr. Muzaffar Ali Shah Bukhari

Trustee

MCB Financial Services Limited

3rd Floor, Adamjee House,

I.I. Chundrigar Road, Karachi.

Fund Rating

AA+(f) by JCR-VIS

Bankers to the Fund

Bank Alfalah Limited

Allied Bank Limited

KASB Bank Limited

Faysal Bank Limited

Auditors

KPMG Taseer Hadi & Co. - Chartered Accountants, First Floor, Shiekh Sultan Trust Building No. 2, Beaumont Road, P.O. Box 8517, Karachi.

Legal Advisor

Bawaney & Partners

Room No. 404, 4th Floor, Beaumont Plaza,

6-cl-10, Beaumont Road, Civil Lines,

Karachi-75530

Registrar

KASB Funds Limited

5th Floor, Trade Centre, I.I. Chundrigar

Road, Karachi-74200, Paksitan

Distributors

KASB Funds Limited

KASB Bank Limited

KASB Securities Limited

IGI Investment Bank Limited

Standard Chartered Bank (Pakistan) Limited

Management Company Rating

Rated AM3 by JCR-VIS

MISSION STATEMENT

The Fund aims to generate reasonable returns consistent with low risk from a portfolio constituted of high quality short term instruments including cash deposits and government securities.

KASB CASH FUND

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2013

The Board of Directors of KASB Funds Limited (KFL), the Management Company of KASB Cash Fund (KCF, the Fund), is pleased to present the Annual Report, together with the audited financial statements of the Fund for the year ended June 30, 2013.

Financial Highlights

	FY 2013	FY 2012
Net Income (Rs. in million)	122.653	78.487
Net Assets as at June 30 (Rs. in million)	1,109.578	1,112.461
NAV per Unit as on June 30 (Rs.)**	102.7792*	104.4926
Return (%)	9.17	11.59

* Ex-NAV after final distribution.

** Par value of each unit is Rs. 100.

Economic Environment

Pakistan's economical woes continued to trouble its economic managers who struggled unsuccessfully to contain its fiscal deficit within the target and exceeded to 8.8% of GDP backed by continued high subsidies, discretionary developmental expenditures and increasing cost of domestic debt servicing. Almost all macro fiscal targets such as tax revenue, subsidies were missed and reached to new highs. Current Account Deficit, however, was relatively tamed at around 1% of GDP.

The country has yet been unable to craft its way out of the quagmire of electricity and gas shortages which have bogged economic growth for some time now. Energy shortages are increasing leading to lower production and consequently hampering exports and increasing imports, while rising unemployment and rapid deterioration in the overall quality of life is giving way to wide spread social unrest. As per some opinions, the continued electricity shortage has affected GDP growth by 2% in FY13.

During the year, mammoth IMF repayment of over kept pressuring the Rupee against the Dollar forcing Central Bank to time and again intrude in the market to contain the depreciation. The central bank, as on June 30th 2012, was USD 10.8bn which came down by 45% to USD 6bn by June 30th, 2013. This decline together with some optimism in US economy led Rupee to depreciate by more than 6% against the green back.

CPI inflation was perhaps the most comforting figure with 7.4% in FY13 as against 11% in FY12. This significant decline helped central bank to focus on growth and consequently to decrease the discount rate by 3% (from 12% in FY12 to 9% in FY13)

Capital Markets

The domestic equity market ended the year with an attractive return of 52%, after recording a modest gain of 10.4% in last year. The drastic change in fortunes was caused by attractive stock valuations, foreign investor's entry into the market and optimistic expectations from upcoming elected setup. The average daily volume also remained healthy in FY13 with 201m shares as against 130m shares last year. Foreign investors poured USD 569m in the outgoing year as compared to an outflow of USD 189m in the previous year.

Investment Strategy

The investment strategy is to provide competitive and consistent returns through investing in low risk investments such as T-bills and placements in high rated commercial banks. The Fund also maintains sufficient liquidity in order to meet the redemptions at earliest for its investors. The overall asset allocation of the Fund stood at 72.09% in T-bills, 13.31% in placements and 14.6% for Cash/Cash equivalent at year end.

Fund Performance

For the year ended June 30, 2013 the Fund earned a return of 9.17% as against the benchmark return of 6.72% and the Net Asset Value per unit of the fund at the close of the period stood at Rs. 102.7792. The net income for the year ended June 30, 2013 is Rs 122.653 million.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2013

Income Distribution

The Board of Directors of KASB Funds Limited approved the final dividend distribution of Rs. 1.15 per unit to the unit holders this is in addition of Rs. 8.16 per unit of interim dividend distribution of the Fund for the year ended June 30, 2013.

As the Fund has distributed among the unit holders not less than ninety per cent of its accounting income for the period ended June 30, 2013, as reduced by capital gains whether realized or unrealized, therefore, its income will not be subject to income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

Sale and redemption of units

The fund size of KCF was Rs. 1,122,461 million on June 30, 2012. During the year, units worth Rs. 1,648,492 million were issued and units with a value of Rs. 1,752,988 million were redeemed. As on June 30, 2013, the total number of outstanding units was 10,795,753 with a value of Rs. 1,109,578 million.

Code of Corporate Governance

The Board of Directors states that:

- a) The Financial Statements prepared by the Management Company, present fairly the state of affairs of the Fund and results of its operations, cash flows and movement in unit holder's fund.
- b) Proper books of accounts of the Fund have been maintained.
- c) Appropriate accounting policies have been adopted for preparation of financial statements of the Fund and accounting estimates are based on reasonable and prudent judgments.
- d) Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2006 (the NBFC Regulations 2006) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed in the preparation of the financial statements of the Fund. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2006 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Regulations 2006 and the said directives shall prevail.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts about the Fund's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements;
- i) Key operating and financial data is enclosed.
- j) The statement as to the value of investment of provident fund is not applicable in the case of Fund as those expenses are borne by the Management Company.
- k) The detailed pattern of unit holding, as required by the code of corporate governance is disclosed in note 23.1.

Meetings of the Directors

Statement showing attendance of the directors in the meetings of the Board of Directors for the year ended June 30, 2013 is disclosed in note 23.3 of the financial statements.

During the year, no trades were carried out in the units of the Fund by the Directors, CEO, Company Secretary & CFO, and their spouses and minor children, of the Management Company other than those disclosed in note 19 of these financial statements.

Pattern of Holding

As on June 30, 2013 the pattern of holdings (units) presents a diversified investor base. Detailed pattern is disclosed in note 23.1 of the financial statements.

Future Outlook

Going forward, fate of issuance of 3G license, a much needed and awaited Etisalat payment, further reimbursement of Coalition Support Fund, conditions behind IMF loan and further aid from other international development banks will likely decide the future course of market.

KASB CASH FUND

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2013

Auditors

The Board of Directors on recommendation of Audit Committee re-appointed M/s KPMG Taseer Hadi & Co. Chartered Accountants as Auditors of the Fund for the year ended June 30, 2014.

Acknowledgement

The Board of Directors of the Management Company thanks the Fund's valued investors, the Securities and Exchange Commission of Pakistan, The State Bank of Pakistan, Central Depository Company of Pakistan Limited (the Trustee) for their confidence, continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board

August 27, 2013
Karachi

Amer Maqbool
Chief Executive



KASB CASH FUND

PERFORMANCE TABLE

	FY 2013	FY 2012	FY 2011
Net Asset as of June 30	1,109,578,366	1,122,460,816	591,811,366
net asset value per share or certificate as of June 30	102.7792	104.4926	103.3587
Selling price for units as of June 30	103.8174	105.5481	104.4027
Repurchase price for units as of June 30	102.7792	104.4926	103.3587
highest selling price	106.21	108.13	104.4
highest repurchase price	105.1527	107.0524	103.36
lowest selling price	103.4	101.12	101.25
lowest repurchase price	101.919	100.2822	100.34
Distributions:			
<i>Interim</i>			
1st	2.8	4	2.5
2nd	0.7	3	2
3rd	0.72	NIL	2
4th	0.65	NIL	1.5
5th	0.6	NIL	NIL
6th	0.67	NIL	NIL
7th	0.61	NIL	NIL
8th	0.65	NIL	NIL
9th	0.76	NIL	NIL
Final	1.15	2.6	3.25
Average annual return of the Collective Investment Scheme:			
For the period of one year	9.17%	11.59%	11.74%
For the period of two years	21.86%	24.72%	21.62%
For the period of three years	36.17%	35.75%	21.62%
Since Inception (date of launch)	48.21%	35.75%	21.62%
Weighted average portfolio duration (in case of income and money market fund)	29 days	18 days	75 days
total return of the Collective Investment Scheme, breakdown into:			
Capital growth			
Income distributions			

ANNUAL FUND MANAGERS' REPORT

1. Type & Category of Fund

Open-end Money Market

2. Inception Date

August 12, 2009

3. Investment objective

The Fund seeks to generate reasonable returns consistent with low risk from a portfolio constituted of high quality short term instruments including cash deposits and government securities.

4. Accomplishment of objective

The Fund is achieving its objective of generating regular income by investing in low duration cash deposits and government securities within the guidelines provided under NBFC rules.

5. Benchmark

20% Avg. Daily Saving A/C Rates + 80% Avg. Of 3 Months Deposit Rate of AA & Above Rated Scheduled Bank.

6. Performance Return

	KCF Return	Benchmark return
Since inception	12.41%	7.32%
1 Year	9.17%	6.72%
Last 6 months	8.27%	6.48%
Last 3 months	8.31%	6.60%
For the month	8.48%	6.59%

7. Strategies and policies employed during the period

In order to finance the fiscal deficit, we witnessed heavy borrowing from the government. Due to this heavy borrowing the yields of the government papers remained quite volatile during the year. SBP slashed the discount rate by 300Bps during FY13 from 12% to 9%. In the first half of FY13 the fund was primarily invested in T-bills and in the later part of the year the allocation was shifted more towards placements keeping inline with the macroeconomic developments and expectations in change in policy rate.

8. Weighted Asset allocation

Asset Allocation	June 30, 2013	June 30, 2012
T-bills	17.59%	72.09%
Placements	79.72%	13.31%
Cash & cash equivalents	1.31%	14.6%

9. Significant changes in asset allocation during the period

In the first half of FY13 the fund mainly consisted of T-bills and the portfolio kept consistently inline with the changes in the secondary market yields and policy rate expectations. To avoid high Tbill volatility and to provide consistent returns the fund shifted its allocation more towards placements in latter part of the year.

10. Fund Performance

While the benchmark (20% daily saving account rate + 80% 3-Month deposit rate) of the Fund posted an annualized return of 7.32%, the Fund recorded an annualized return of 12.41% since inception thereby outperforming its benchmark by 5.09% while the three months return for the benchmark and the Fund was recorded at 6.60% and 8.31% respectively.

The AUM of the Fund were PKR 1.12 billion (NAV per unit: Rs 104.4635) on June 30, 2012 and at the end of the period the AUM of the Fund stood at PKR 1.11 billion (NAV per unit: Rs 102.7792).

11. Review of the market(s) invested in during the period

Pakistan's economic performance proved to be a mixture of sorts during the period under review. GDP growth was recorded at 3.7%, while fiscal deficit stood at 8.5% of GDP (including a one off subsidy amounting to 1.9% of GDP). The current account ran into a deficit of 1.9% of GDP, as against a surplus of 0.11% last year, even though foreign remittances continued on their growth trajectory and attained a high level of \$13 billion during the year.

On the positive side, CPI inflation was recorded at an average of 7.4% during the year, remaining well within the government's inflation target. Keeping in view these trends in inflation, the central bank reduced the policy rate by 300 basis points to boost the private credit off take amidst high fiscal deficit and resulting printing of money. However, the private sector continues to be crowded out due to the high government borrowing needs, liquidity constraints in the market, and risk aversion by lenders amid high propensity of banks to lend to the government.

ANNUAL FUND MANAGERS' REPORT

12. Fund performance by market(s) and by instruments

For details, please refer to the full yearly accounts.

13. Distribution

The Fund distributed Rs 9.31 during FY13, as per the following details:

Date of Distribution	Amount of Distribution (PKR)
22-Oct-12	2.8
22-Nov-12	0.7
24-Dec-12	0.72
23-Jan-13	0.65
22-Feb-13	0.6
25-Mar-13	0.67
22-Apr-13	0.61
22-May-13	0.65
24-Jun-13	0.76
30-Jun-13	1.15

14. Significant changes in the state of affairs

In FY13 witnessed some major political changes. Prime Minister Syed Yousaf Raza Gillani was ousted by Supreme Court of Pakistan and Mr. Raza Pervez Ashraf was sworn as the new Prime Minister of Pakistan. Pakistan Muslim League Nawaz was elected as the new government for the next 5 years in the elections held on 11th May 2013.

15. Breakdown of unit holdings by size

Breakdown of unit holdings by size is same as in the director's report.

16. Unit Splits

There were no unit splits during the period.

17. Circumstances materially affecting the interests of the unit holders

No material impact on unit holder's interest

18. Soft Commission

The management company received soft commission from the brokers in the form of research reports which were sent in both soft and hard copies.

TRUSTEE REPORT TO THE UNIT HOLDERS OF KASB CASH FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

KASB Cash Fund, an open-end scheme established under a Trust Deed dated June 08, 2009 executed between KASB Funds Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on June 03, 2009.

1. KASB Funds Limited, the Management Company of KASB Cash Fund, has in all material respects, managed KASB Cash Fund during the year ended June 30, 2013 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

For the purpose of information, the attention of unit holders is drawn towards note 14 to the financial statements, which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to WWF in Honorable High Court of Sindh.

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited
Karachi: September 30, 2013



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No 35 of the Listing Regulations of the 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.

KASB Funds Limited (the Management Company), an unlisted public company, manages the affairs of KASB Cash Fund (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present, the Board includes:

Category	Names
Independent Non-Executive	Mr. Qaiser P. Mufli
Independent Non-Executive	Mr. Robert C. Richard Owen
Chief Executive Officer Non-independent	Mr. Amer Maqbool
Non-Executive Directors Non-independent	Mr. Muzaffar Ali Shah Bukhari

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

2. The directors have confirmed that none of them are serving as a director in more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. There was no casual vacancy occurred in the Board during the year.
5. 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 a vision / mission statement, an overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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. The Management Company has conducted an orientation course for its directors to apprise them of their duties and responsibilities.
10. During the year, there was no change of the Company Secretary and Chief Financial Officer (CFO).
11. During the year the Board has outsourced the internal audit function to firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
12. The Directors' report relating to the Fund for the year ended June 30, 2013 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
14. The Directors, CEO, and executives do not hold any interest in the units of the Fund other than those disclose in pattern of unit holders of the Fund.
15. The Fun has complied with all the applicable corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the Chairman of the Committee who is an independent director. The related party transaction were placed before the Audit Committee meeting held to approve annual accounts and were approved by the Board with necessary justification for non arm's length transaction (if any) and pricing methods for transaction that were made to terms equivalent to those that prevail in the arm's length transaction only if such terms can be substantiated.
17. The meetings of the Audit Committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
18. The Board has formed a Human Resource and Remuneration committee. It comprises of three members including the Chairman of the Committee who is a non-executive director.
19. The board has set up an effective internal audit function which comprises of personnel who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the company.
20. 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 and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. 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 IFAC guidelines in this regard.
22. 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(s).
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles enshrined in the the Code have been complied with.

For and on behalf of Board of Directors

REVIEW REPORT TO THE UNIT HOLDERS OF KASB CASH FUND "THE FUND" ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("Statement of Compliance") prepared by the Board of Directors of KASB Funds Limited, ("the Management Company") of the Fund to comply with the Listing Regulations of Karachi Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company, of the Fund. 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 Fund'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 Management Company's personnel and review of various documents prepared by the Management 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the Management Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price 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 Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2013.

Date: August 27, 2013

**KPMG Taseer Hadi & Co.
Chartered Accountants**

Karachi



KASB CASH FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of KASB Cash Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30

June 2013, and the related income statement, distribution statement, statement of movement in Unit Holders; Fund, 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 of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the 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 auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditors' 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 state of the Fund's affairs as at 30 June 2013, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of matter

We draw attention to note 14 to the accompanying financial statements which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers' Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements.

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: August 27, 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

KASB Cash Fund
Statement of Assets and Liabilities
As at June 30, 2013

	<i>Note</i>	2013	2012
		(Rupees in '000)	
Assets			
Balances with banks	4	514,601	310,627
Placements	5	390,000	-
Investments	6	196,400	812,084
Income receivable	7	14,051	1,700
Prepayments and other receivables	8	699	661
Preliminary expenses and floatation costs	9	766	1,468
Total assets		1,116,517	1,126,540
Liabilities			
Payable to Management Company	10	1,610	1,367
Payable to Trustee	11	154	149
Payable to Securities and Exchange Commission of Pakistan	12	1,029	540
Accrued expenses and other liabilities	13	4,146	2,023
Total liabilities		6,939	4,079
Net assets		1,109,578	1,122,461
Unit holders' funds		1,109,578	1,122,461
Contingencies and commitments	14		
		(Number of units)	
Number of units in issue	15	10,795,753	10,742,014
		(Rupees)	
Net assets value per unit		102.7792	104.4926

The annexed notes 1 to 24 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

KASB Cash Fund

Income Statement

For the year ended June 30, 2013

	Note	2013 (Rupees in '000)	2012
Income			
Income from government securities		76,227	59,382
Income from placements		21,475	7,330
Income from term deposit receipts		29,651	10,300
Profit on bank deposits		9,265	11,675
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'	6.3	59	(33)
Capital gain on sale of investments		1,044	538
Total income		137,721	89,192
Expenses			
Remuneration of Management Company	10	12,607	6,692
Remuneration of Trustee	11	2,123	1,329
Annual fee - Securities and Exchange Commission of Pakistan	12	1,029	540
Transaction costs on securities		145	131
Bank charges		71	9
Professional charges		40	40
Fees and subscription		242	230
Auditors' remuneration	16	317	441
Amortization of preliminary expenses and floatation costs		702	695
Printing and other expenses		121	120
Total expenses		17,397	10,227
		120,324	78,965
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		2,329	(478)
Net income for the year		122,653	78,487
Earnings per unit	17		

The annexed notes 1 to 24 form an integral part of these financial statements.

**For KASB Funds Limited
(Management Company)**

Chief Executive

Director

KASB Cash Fund
Distribution Statement
For the year ended June 30, 2013

	2013	2012
	(Rupees in '000)	
Undistributed income - brought forward		
- Realised gains	29,087	19,073
- Unrealised losses	(33)	(222)
	29,054	18,851
Net income for the year	122,653	78,487
<i>Distributions to unit holders of the Fund</i>		
Final distribution at the rate of Rs. 2.6 per unit for the year ended June 30, 2012 (June 30, 2011: Rs. 3.25 per unit)		
- Issue of bonus units	(22,047)	(17,666)
- Cash Dividend	(5,882)	(943)
Interim distributions during the year	22	
- Issue of bonus units	(87,191)	(45,229)
- Cash dividend	(22,829)	(4,446)
	(137,949)	(68,284)
Undistributed income - carried forward	13,758	29,054
Undistributed income - carried forward		
- Realised gains	13,699	29,087
- Unrealised gains / (losses)	59	(33)
	13,758	29,054

The annexed notes 1 to 24 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

KASB Cash Fund

Statement of Movement in Unit Holders' Funds

For the year ended June 30, 2013

	2013 (Rupees in '000)	2012
Net assets at the beginning of the year	1,122,461	591,811
Issue of 16,035,260 units (2012: 12,483,281 units)	1,648,492	1,298,458
Issue of 1,067,526 bonus units (2012: 608,560 bonus units)	109,238	62,895
Redemption of 17,049,047 units (2012: 8,075,625 units)	(1,752,988)	(841,384)
	4,742	519,969
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(2,329)	478
Net income for the year (excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gain on sale of investments)	121,550	77,982
Capital gain on sale of investments	1,044	538
Net unrealised appreciation / (diminution) in fair value of investments classified as at 'fair value through profit or loss'	59	(33)
	122,653	78,487
Final distribution at the rate of Rs. 2.6 per unit for the year ended June 30, 2012 (June 30, 2011: Rs. 3.25 per unit)		
- Issue of bonus units	(22,047)	(17,666)
- Cash dividend	(5,882)	(943)
Interim distributions during the year		
- Issue of bonus units	(87,191)	(45,229)
- Cash dividend	(22,829)	(4,446)
	(137,949)	(68,284)
Net assets at the end of the year	1,109,578	1,122,461
	(Rupees)	
Net asset value per unit as at the beginning of the year	104.4926	103.3587
Net asset value per unit as at the end of the year	102.7792	104.4926

The annexed notes 1 to 24 form an integral part of these financial statements.

**For KASB Funds Limited
(Management Company)**

Chief Executive

Director

KASB Cash Fund
Cash Flow Statement
For the year ended June 30, 2013

	2013	2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	122,653	78,487
<i>Adjustments for non cash and other items:</i>		
Net unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss'	(59)	33
Net realised element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(2,329)	478
Amortisation of preliminary expenses and floatation costs	702	695
	120,967	79,693
Decrease / (increase) in assets		
Placements	(390,000)	-
Investments	615,743	(377,204)
Income receivable	(12,351)	(138)
Prepayments and other receivables	(38)	17
	213,354	(377,325)
Increase / (decrease) in liabilities		
Payable to Management Company	243	1,052
Payable to Trustee	5	53
Payable to Securities and Exchange Commission of Pakistan	489	128
Accrued expenses and other liabilities	2,123	120
	2,860	1,353
Net cash generated / (used in) from operating activities	337,181	(296,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(28,711)	(5,389)
Net (payments) / receipts from redemption and sale of units	(104,496)	457,074
Net cash (used in) / generated from financing activities	(133,207)	451,685
Net increase in cash and cash equivalents during the year	203,974	155,406
Cash and cash equivalents at beginning of the year	310,627	155,221
Cash and cash equivalents at end of the year	514,601	310,627

The annexed notes 1 to 24 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

KASB Cash Fund

Notes to the Financial Statements

For the year ended June 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Cash Fund ("the Fund") was established under a Trust Deed executed on June 8, 2009 between KASB Funds Limited as Management Company and MCB Financial Services Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 3, 2009 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In conformity with Circular 7 of 2009 dated March 6, 2009 issued by the SECP, the Fund has been assigned "Money Market" category.

The Management Company of the Fund has been licensed to undertake asset management and investment advisory services as non-banking finance company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) issued by the SECP. The registered office of the Management Company is situated at 9th Floor, Trade Centre, I. I. Chundrigar Road, Karachi, Pakistan. JCR-VIS has assigned management quality rating of AM3 to the Management Company and has downgraded the Fund Stability Rating (FSR) of the Fund at AA(f).

The SECP vide letter no. SCD/PR&DD/AMCW/CAML& KFL/333/2010 dated July 15, 2011 has sanctioned the Scheme of Arrangement of acquisition and simultaneous merger of Crosby Asset Management (Pakistan) Limited ("CAMPL") with and into KASB Funds Limited ("KFL") in terms of Section 282L of the Companies Ordinance, 1984 and the rights to manage Crosby Dragon Fund, Crosby Phoenix Fund and AMZ Plus Income Fund have been transferred to KFL with effect from July 20, 2011.

The Fund is an open-end money market fund and is listed on the Karachi Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund seeks to generate reasonable returns consistent with low risk from a portfolio constituted of high quality short term investments including cash deposits and government securities.

Title of the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, 2003, the NBFC Regulations, 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, 2008 and the said directives shall prevail.

2.2 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective. However, the amendments or interpretations did not have any material effect on the financial statements of the Fund.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

A number of new Standards, amendments to Standards and interpretations are effective for annual periods beginning on or after 1 July 2013. None of these are expected to have a significant effect on the financial statements of the Fund except the following set out below:

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014).
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013).
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets are measured at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about assumption and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Investments stated at fair value

The Management Company has determined fair value of certain investments by using quotations from active market valuation done by Financial Markets Association of Pakistan. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore can not be determined with precision.

Other assets

Judgment is also involved in assessing the realisability of the assets balances.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently in the preparation of these financial statements. At present, the Fund has no item to be reported in other comprehensive income, hence total comprehensive income equals reported net income for the year as well as for comparative period.

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) 'At fair value through profit or loss'

An instrument is classified as 'at fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

All derivatives in a net receivable position (positive fair value) are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities held for trading.

b) 'Available-for-sale'

'Available for sale' financial assets are non-derivative that are either designated in this category or not classified in any other category.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

d) Financial liabilities

Financial liabilities, other than those as 'at fair value through profit or loss', are measured at amortized cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not as 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments as 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets as 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit Holders' Funds until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Funds are included in the Income Statement. The financial instruments classified as loans and receivables are subsequently measured at amortized cost less provision for impairment, if any.

Fair value measurement principles

The fair value of the investments in government securities is determined by reference to the quotations obtained from the PKRV sheet on the Reuters page.

Securities under repurchase/ resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities 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. Amounts paid under these agreements are recognised as receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the agreement. All reverse repo transactions are accounted for on the settlement date.

Impairment

Financial assets not carried as 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment.

A financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of assets and that loss events had an impact on the future cash flows of that assets and that can be estimated reliably. An impairment loss in respect of financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Any subsequent decrease in impairment loss on debt securities classified as 'available-for-sale' is recognised in Income Statement.

The Board of Directors of the Management Company has formulated a comprehensive policy for marking provision against non performing investments in compliance with Circular 13 of 2009 issued by SECP.

Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred on in which the Fund neither transfers nor retain substantially all the risks and rewards of ownership and does not retain control of the financial assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount 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 to realise the assets and settle the liabilities simultaneously.

3.2 Unit holders' funds

Unit holders' funds representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund assets.

3.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on 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 investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests 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.

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

3.5 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.

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortized over a period of five years commencing from the last day of the IPO period as per the Trust Deed of the Fund.

3.7 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Taxation

Current

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 ninety percent of its accounting income of the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the Fund's unit holders.

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 assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund intends to avail the tax exemption 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. Accordingly, no deferred tax asset or liability or current tax has been recognised in these financial statements.

3.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets as 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on government securities and debt securities is recognised on time proportion basis using the effective interest rate method.
- Profit on bank deposit is recognised on time proportion basis using effective interest rate method.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

3.10 Expenses

All expenses including Management fee, Trustee fee and SECP annual fee are recognized in the Income Statement on an accrual basis.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of deposit accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.12 Other assets

Other assets are stated at cost less impairment losses, if any

3.13 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4 BALANCES WITH BANKS

		2013	2012
		(Rupees in '000)	
In saving accounts	4.1	14,601	160,627
In term deposit receipt	4.2	<u>500,000</u>	<u>150,000</u>
		<u><u>514,601</u></u>	<u><u>310,627</u></u>

4.1 These saving accounts carry profit at the rate of 6% to 8.35% per annum (2012: 10.5% to 11.9% per annum).

4.2 This term deposit receipt carries profit at the rate of 9.70% per annum (2012: 12.25% per annum) and having maturity of 16 days (2012: 18 days).

5. PLACEMENTS

This represents placement with a Saudi Pak Industrial and Agricultural Investment Company Limited and carries profit at the rate of 13.42% (June 30, 2012: nil) and having maturity of 20 days (June 30, 2012: nil).

6. INVESTMENTS

2013
(Rupees in '000)

2012

'At fair value through profit or loss'

- Fixed income securities 6.2 196,400 812,084

6.1 The cost of the above investments as at June 30, 2013 amounted to Rs. 196.341 million (2012: 812.117 million).

6.2 Fixed income securities - 'at fair value through profit or loss' - held for trading

6.2.1 Government securities

Issue date	As at July 1, 2012	Purchases during the year	Sales during the year	Maturities during the year	As at June 30, 2013	Market value as at June 30, 2013	Market value as a percentage of total investments
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------(Number of certificates)-----

(Rupees in '000)

Government securities - treasury bills

June 30, 2013

1 Year (Tenor)

August 11, 2011	-	260,000	-	260,000	-	-	-
August 25, 2011	-	225,000	200,000	25,000	-	-	-
September 8, 2011	-	250,000	-	250,000	-	-	-
October 6, 2011	-	239,000	-	239,000	-	-	-
October 20, 2011	-	597,000	-	597,000	-	-	-
November 3, 2011	-	540,000	-	540,000	-	-	-
February 9, 2012	-	40,000	-	40,000	-	-	-
August 9, 2012	-	500,000	500,000	-	-	-	-
July 26, 2012	-	230,000	52,500	-	177,500	176,449	89.84
						<u>176,449</u>	

6 Months (Tenor)

January 26, 2012	-	410,000	20,000	390,000	-	-	-
April 5, 2012	-	20,000	-	20,000	-	-	-
May 3, 2012	-	43,000	-	43,000	-	-	-
May 17, 2012	-	110,000	-	110,000	-	-	-
May 31, 2012	-	20,000	20,000	-	-	-	-
July 12, 2012	-	175,000	175,000	-	-	-	-
July 26, 2012	-	930,000	740,000	190,000	-	-	-
August 9, 2012	-	700,000	250,000	450,000	-	-	-
September 6, 2012	-	1,135,000	785,000	350,000	-	-	-
October 4, 2012	-	300,000	300,000	-	-	-	-
October 18, 2012	-	200,000	200,000	-	-	-	-
November 1, 2012	-	692,000	602,000	90,000	-	-	-
November 15, 2012	-	470,000	470,000	-	-	-	-
January 24, 2013	-	190,000	190,000	-	-	-	-
August 23, 2012	-	760,000	460,000	300,000	-	-	-
September 20, 2012	-	370,000	370,000	-	-	-	-

Issue date	As at July 1, 2012	Purchases during the year	Sales during the year	Maturities during the year	As at June 30, 2013	Market value as at June 30, 2013	Market value as a percentage of total investments
	------(Number of certificates)-----					(Rupees in '000)	
3 Months (Tenor)							
April 19, 2012	815,000	-	-	815,000	-	-	-
May 3, 2012	-	265,000	-	265,000	-	-	-
May 17, 2012	-	530,000	-	530,000	-	-	-
May 31, 2012	-	240,000	50,000	190,000	-	-	-
June 14, 2012	-	1,015,000	20,000	995,000	-	-	-
June 28, 2012	-	890,000	200,000	690,000	-	-	-
July 26, 2012	-	70,000	-	70,000	-	-	-
August 9, 2012	-	121,500	-	121,500	-	-	-
August 23, 2012	-	35,000	-	35,000	-	-	-
September 20, 2012	-	250,000	75,000	175,000	-	-	-
October 18, 2012	-	325,000	195,000	130,000	-	-	-
November 15, 2012	-	100,000	60,000	40,000	-	-	-
December 13, 2012	-	20,000	-	20,000	-	-	-
January 24, 2013	-	10,000	10,000	-	-	-	-
February 7, 2013	-	25,000	25,000	-	-	-	-
February 21, 2013	-	305,000	305,000	-	-	-	-
March 21, 2013	-	300,000	70,000	230,000	-	-	-
April 18, 2013	-	20,000	-	-	20,000	19,951	10.16
						<u>19,951</u>	
						<u>196,400</u>	

Issue date	As at July 1, 2011	Purchases during the year	Sales during the year	Maturities during the year	As at June 30, 2012	Market value as at June 30, 2012	Market value as a percentage of total investments
	------(Number of certificates)-----					(Rupees in '000)	
Government securities - treasury bills							
June 30, 2012							
1 Year (Tenor)							
September 9, 2010	-	30,000	-	30,000	-	-	-
September 22, 2011	-	100,000	100,000	-	-	-	-
March 10, 2011	-	350,000	-	350,000	-	-	-
April 7, 2011	-	150,000	-	150,000	-	-	-
April 21, 2011	-	125,000	-	125,000	-	-	-
June 16, 2011	-	825,000	-	825,000	-	-	-
						<u>-</u>	
6 Months (Tenor)							
March 24, 2011	100,000	-	-	100,000	-	-	-
April 7, 2011	35,000	18,000	-	53,000	-	-	-
April 21, 2011	70,000	45,000	70,000	45,000	-	-	-
May 5, 2011	65,000	-	-	65,000	-	-	-
May 19, 2011	-	100,000	-	100,000	-	-	-
June 2, 2011	-	100,000	100,000	-	-	-	-
June 30, 2011	75,000	-	75,000	-	-	-	-
July 14, 2011	-	170,000	-	170,000	-	-	-
August 11, 2011	-	115,000	115,000	-	-	-	-
September 8, 2011	-	50,000	50,000	-	-	-	-
September 22, 2011	-	100,000	100,000	-	-	-	-
October 6, 2011	-	230,000	230,000	-	-	-	-
October 20, 2011	-	50,000	50,000	-	-	-	-
November 3, 2011	-	175,000	100,000	75,000	-	-	-
November 17, 2011	-	275,000	275,000	-	-	-	-
December 1, 2011	-	25,000	-	25,000	-	-	-
February 24, 2011	-	30,000	-	30,000	-	-	-
						<u>-</u>	

Issue date	As at July 1, 2011	Purchases during the year	Sales during the year	Maturities during the year	As at June 30, 2012	Market value as at June 30, 2012	Market value as a percentage of total investments
	------(Number of certificates)-----					(Rupees in '000)	
3 Months (Tenor)							
April 21, 2011	105,000	-	-	105,000	-	-	-
May 19, 2011	-	60,000	-	60,000	-	-	-
June 2, 2011	-	50,000	50,000	-	-	-	-
July 14, 2011	-	45,000	-	45,000	-	-	-
July 28, 2011	-	75,000	75,000	-	-	-	-
August 11, 2011	-	88,000	-	88,000	-	-	-
January 26, 2012	-	500,000	-	500,000	-	-	-
February 9, 2012	-	305,000	-	305,000	-	-	-
February 23, 2012	-	270,000	140,000	130,000	-	-	-
March 8, 2012	-	400,000	375,000	25,000	-	-	-
March 22, 2012	-	35,000	35,000	-	-	-	-
April 19, 2012	-	1,638,000	823,000	-	815,000	812,084	100.00
April 5, 2012	-	325,000	325,000	-	-	-	-
May 17, 2012	-	155,000	155,000	-	-	-	-
May 3, 2012	-	960,000	960,000	-	-	-	-
						812,084	
						812,084	

6.3 Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'

	2013	2012
	(Rupees in '000)	
Fair value of investments	196,400	812,084
Less: Cost of investments	(196,341)	(812,117)
	59	(33)

7. INCOME RECEIVABLE

Income accrued on bank deposits	109	1,599
Income accrued on term deposit receipts and placements	13,942	101
	14,051	1,700

8. PREPAYMENTS AND OTHER RECEIVABLES

Prepaid brokerage	38	-
Others	661	661
	699	661

9. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	1,468	2,163
Less: Amortisation during the year / period	(702)	(695)
	766	1,468

10. PAYABLE TO KASB FUNDS LIMITED – MANAGEMENT COMPANY

Management fee payable	10.1	942	811
Sales load payable		668	556
		1,610	1,367

10.1 Under the provisions of 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 three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. During the year the Management Company has charged its remuneration at the rate of 0.80 percent per annum of the average annual net assets of the Fund. This includes Sindh Sales Tax at the rate of 16% on services rendered by management company, levied by the provisional government of Sindh. The amendment was effective from July 1, 2011. This also includes Federal Excise Duty on the remuneration of the management company, levied by the federal government of Pakistan, at the rate of 16% through enactment of Finance Bill, 2013 effective from June 13, 2013.

11. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the higher of Rs. 0.7 million or 0.2% per annum on amount up to Rs. 1.0 billion of average daily net assets of the Fund and Rs. 2.0 million plus 0.1% per annum on amount exceeding Rs. 1.0 billion of average daily net assets of the Fund.

12. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, 2008, 'money market scheme' is required to pay an amount equal to 0.075% of the average annual net assets of the Fund, as annual fee to the SECP.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		260	335
Credit rating fee payable		212	210
Brokerage payable		3	53
Unclaimed redemption payable		-	31
Provision for Worker's Welfare Fund	<i>14</i>	1,154	1,154
Dividend payable		2,237	-
Others		280	240
		4,146	2,023

14. CONTINGENCIES AND COMMITMENTS

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

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

Subsequent to the year ended 30 June 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. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

However constitutional petition filled by the CISs are still pending for adjudication. In view of impending decision on the petition the management company has not recognised WWF charge amounting to Rs. 4.801 million in aggregate pertaining to period from 26 November 2010 to 30 June 2013 in these financial statements.

15. NUMBER OF UNITS IN ISSUE	2013	2012
	(Units)	
Total outstanding at beginning of the year	10,742,014	5,725,798
Sales during the year	16,035,260	12,483,281
Bonus units issued	1,067,526	608,560
Redemption during the year	(17,049,047)	(8,075,625)
Total units in issue at the end of the year	<u>10,795,753</u>	<u>10,742,014</u>

Face value of the unit is Rs. 100 each.

16. AUDITORS' REMUNERATION	(Rupees in '000)	
Audit fee	200	275
Half yearly review	50	80
Other certifications and services	50	60
Out of pocket expense	17	26
	<u>317</u>	<u>441</u>

17. EARNINGS PER UNIT

Due to the specific nature of open ended collective investment schemes in respect of daily issuance and redemptions of units, determination of weighted average number of units for calculation of earnings per unit is not practical.

18. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the NBFC Regulations, 2008 and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to 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. Since the management intends to distribute the income earned by the Fund during the year to unit holders in the manner explained above, consequently, no provision for taxation has been made in these financial statements.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons include KASB Funds Limited being the Management Company, its related entities, Central Depository Company of Pakistan Limited being the Trustee of the Fund, other Funds managed by the Management Company and directors, key management personnel, officers of the Management Company, other associate companies and unit holders having more than 10% holding in the Fund.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations, 2008, and the Trust Deed respectively.

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

19.1 Transactions with related parties / connected persons during the year:	2013	2012
	(Rupees in '000)	
KASB Funds Limited		
Remuneration	10.1 <u><u>12,607</u></u>	<u><u>5,769</u></u>
Sales load	<u><u>668</u></u>	<u><u>2,301</u></u>
Investment in the Fund: nil units (2012: Nil units)	<u><u>-</u></u>	<u><u>-</u></u>
Redemption from the Fund: 95,046 units (2012: 545,964 units)	<u><u>9,712</u></u>	<u><u>55,710</u></u>
Bonus units: 4,288 units (2012: 37,961 units)	<u><u>441</u></u>	<u><u>3,803</u></u>
Conversion in the Fund: 118,446 units (2012: Nil units)	<u><u>12,150</u></u>	<u><u>-</u></u>
Transfer out from the Fund: 168,082 units (2012: 144,967 units)	<u><u>17,240</u></u>	<u><u>15,000</u></u>
KASB Funds Limited Employees' Provident Fund		
Redemption from the Fund: Nil units (2012: 12,291 units)	<u><u>-</u></u>	<u><u>1,280</u></u>
Bonus units: Nil units (2012: 2,828 units)	<u><u>-</u></u>	<u><u>289</u></u>
KASB Bank Limited		
Conversion in the Fund: Nil units (2012: 805,311 units)	<u><u>-</u></u>	<u><u>84,392</u></u>
Dividend paid	<u><u>11,755</u></u>	<u><u>5,360</u></u>
KASB Bank Limited Employees' Provident Fund		
Investment in the Fund: Nil units (2012: 96,260 units)	<u><u>174,929</u></u>	<u><u>10,000</u></u>
Redemption from the Fund: 105,904 units (2012: nil units)	<u><u>19,981</u></u>	<u><u>-</u></u>
Bonus units: 6,815 units (2012: 2,828 units)	<u><u>701</u></u>	<u><u>289</u></u>
KASB Securities Limited		
Brokerage	19.3 <u><u>204</u></u>	<u><u>74</u></u>
Redemption from the Fund: 97,437 units (2012: Nil units)	<u><u>10,000</u></u>	<u><u>-</u></u>
Conversion in the Fund: Nil units (2012: Nil units)	<u><u>-</u></u>	<u><u>-</u></u>
Bonus units: 74,977 units (2012: 71,155 units)	<u><u>7,729</u></u>	<u><u>7,246</u></u>
KASB Securities Limited Employees' Provident Fund		
Investment in the Fund: 108,695 units (2012: 97,192 units)	<u><u>11,180</u></u>	<u><u>10,000</u></u>
Redemption from the Fund: 103,521 units (2012: nil units)	<u><u>10,600</u></u>	<u><u>-</u></u>
MCB Financial Services Limited - Trustee		
Remuneration	11 <u><u>2,123</u></u>	<u><u>1,329</u></u>

		2013	2012
		(Rupees in '000)	
Sigma Corporation			
Investment in the Fund: 1,701,692 units (2012: 96,599 units)		<u>174,929</u>	<u>10,000</u>
Conversion out of the Fund: 1,286,357 units (2012: Nil units)		<u>132,185</u>	<u>-</u>
Redemption from the Fund: 192,630 units (2012: Nil units)		<u>19,981</u>	<u>-</u>
Bonus units: 73,252 units (2012: Nil units)		<u>7,533</u>	<u>-</u>
Allied Bank Limited			
Investment in the Fund: 682,385 units (2012: 1,069,160 units)		<u>70,000</u>	<u>110,000</u>
Dividend paid		<u>15,841</u>	<u>-</u>
Directors and Officers of the Management Company			
Investment in the Fund: 42,935 units (2012: 67,337 units)		<u>4,410</u>	<u>6,997</u>
Redemption from the Fund: 36,064 units (2012: 39,969 units)		<u>3,727</u>	<u>4,097</u>
Bonus units: 1,565 units (2012: 558 units)		<u>870</u>	<u>7</u>
Conversion in the Fund: 33,294 units (2012: 1,303 units)		<u>705</u>	<u>136</u>
Conversion out of the Fund: 39,368 units (2012: 315 units)		<u>2,554</u>	<u>33</u>
19.2 Balances with related parties / connected persons at year end:			
KASB Funds Limited			
Units held: Nil units (2012: 140,394 units)		<u>-</u>	<u>14,670</u>
Receivable from the Management Company	8	<u>661</u>	<u>661</u>
Payable to Management Company	10	<u>1,610</u>	<u>1,367</u>
KASB Bank Limited			
Units held: 1,092,502 units (2012: 1,092,502 units)		<u>112,286</u>	<u>114,158</u>
KASB Bank Limited Employees' Provident Fund			
Units held: Nil units (2012: 99,088 units)		<u>-</u>	<u>10,354</u>
KASB Securities Limited			
Brokerage payable		<u>3</u>	<u>53</u>
Units held: 732,445 units (2012: 754,905 units)		<u>75,280</u>	<u>78,882</u>
KASB Securities Limited Employees' Provident Fund			
Units Held: 111,486 (2012: 97,192 Units)		<u>11,458</u>	<u>10,156</u>
Sigma Corporation Limited			
Units Held: 392,555 units (2012: 96,599 Units)		<u>40,346</u>	<u>10,091</u>
Allied Bank Limited			
Units Held: 1,751,545 units (2012: 1,069,160 Units)		<u>180,022</u>	<u>111,688</u>
MCB Financial Services Limited - Trustee			
Payable to the Trustee	11	<u>154</u>	<u>149</u>
Directors and Officers of the Management Company			
Units held: 7,143 units (2012: 33,460 units)		<u>734</u>	<u>3,496</u>

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

20. RISK MANAGEMENT

The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies. The management of these risks is carried out by investment committee under policies approved by the Board of Directors.

The Fund primarily invests in money market instrument and government securities with an objective of optimizing the return to unit holders.

The Fund has exposure to the following risks from financial instruments:

- Market risk
- Credit risk and
- Liquidity risk

20.1 Market risk

Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate as a result of changes in market prices, such as interest rates, equity prices and foreign exchange rate. The objective of market risk management is to manage market risk exposure within acceptable parameters, while optimising the return.

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

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

Currency risk

Currency risk 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 transactions are carried out in Pak Rupees.

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 Fund holds fixed rate debt securities that expose the fund to fair value rate risk due to fluctuations in prevailing levels of market interest rates.

As at June 30, 2013 the investment in debt securities exposed to interest rate risk is detailed in Notes 5 and 6.2.

Sensitivity analysis for fixed rate instruments

In case of 100 basis points increase / decrease in rates announced by Financial Markets Association of Pakistan on June 30, 2013, with all other variables held constant, the net income for the year and net assets would be lower / higher by Rs. 0.83 million (2012: Rs. 0.61 million). The fluctuation in interest of 100 basis points is reasonably possible in current economic environment.

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of change in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. As at June 30, 2013 the Fund does not hold any investment exposed to price risk, accordingly there shall be no impact on the net assets of the Fund. Further, the Fund is expecting minimal price fluctuation on its investment in government securities for change in factors other than those arising from interest rate or currency risk.

20.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It principally arises from balances with banks, placements, investments, income receivables and other receivables.

Credit risk management

It is the Fund's policy to enter into financial contracts with reputable, diverse and creditworthy counterparties and wherever possible or deemed necessary obtain collaterals in accordance with internal risk management policies and investment guidelines designed for credit risk management. However, for testing an investment for impairment the management does not consider the value of collaterals or other credit enhancements and follow the guidelines provided by the SECP in terms of Circular 1 of 2009, Circular 33 of 2012, Circular 35 of 2012 and other clarification circulars issued by the SECP and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Investment Committee closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Exposure to credit risk

The Fund's maximum credit exposure, without taking into account collateral and other credit enhancement, at the balance sheet date is represented by the respective carrying amount of relevant financial asset i.e. balances with banks, placements, investments, income receivable and other receivables reported in Statement of Assets and Liabilities.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

Balances with banks

As at June 30, 2013, the Fund kept surplus liquidity with banks having credit rating ranging from AA to BBB. The rating to respective banks are assigned by reputable credit rating agencies. During the year, the rating of KASB Bank Limited was downgraded to BBB. The management company has obtained relaxation from SECP with respect of keeping surplus funds with banks not meeting criteria laid down by circular 7 of 2009. The SECP vide letter SCD/AMCW/MUFAP/451/ 2011 dated November 11, 2011 has granted exemption sought in this regard subject to keeping 0.25% of net assets with said bank. The respective limits were complied with at reporting date. The rating of the banks is monitored by the Fund Manager and Investment Committee.

Investment in fixed income securities

Investment in treasury bills do not expose the Fund to credit risk as the counterparty to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investments.

Investment in debt securities

Credit risk on debt investments is mitigated by making placements with financial institutions having sound credit rating. JCR-VIS Credit Rating Company Limited (JCR-VIS) has revised the medium to long-term entity rating of Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO) from 'AA+' (Double A Plus) to 'AA' (Double A) while maintaining the short-term rating at 'A-1+'. Since rating of the investee company is stable and investee company is the joint venture between the Government of Pakistan and Kingdom of Saudi Arabia therefore, management does not expect to incur any credit loss on such investment.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As at June 30, 2013 the Fund has investment in Letter of Placements (LoPs) with Saudi Pak Industrial and Agricultural Company Limited, the investment constitute 34% of total assets and 35% of net assets, apart from LoPs, the Fund has an investment in government securities to which the management believes it has no material credit exposure.

Past due and impaired assets

No financial asset carried at amortised cost or cost were past due or impaired either as at June 30, 2013 or June 30, 2012. The management has not quantified the value of collaterals held against debt securities as management does not incorporate collaterals or other credit enhancements into its credit risk management nor it considers the value of collateral while testing investments for impairment and follows the circulars issued by SECP for the purpose of making provision and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company.

20.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP. Hence, unit holders' fund appearing in Statement of Assets and Liabilities represent the continuous obligation of the Fund for redemption by its holders.

Management of liquidity risk

The Fund's policy to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units as and when due, without incurring undue losses or risking damage to the Fund's reputation. The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with a condition of repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

The Board of Directors of the Management Company is empowered to impose a redemption gate, should redemption level exceed 10% of the net assets value of the Fund in any redemption period. The liquidity position of the Fund is monitored by the Fund Manager and Risk and Compliance Department on daily basis. The aim of the review is to ascertain the amount available for investment and also ensure sufficient liquidity is maintained to meet redemption requests by analysing the historical redemption requests received by the Management Company.

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

	June 30, 2013			
	Up to three months	More than three months and up to one year	More than one year	Total
------(Rupees in '000)-----				
Payable to KASB Funds Limited - Management Company	1,610	-	-	1,610
Payable to MCB Financial Services Limited - Trustee	154	-	-	154
Accrued expenses and other liabilities	2,992	-	-	2,992
	<u>4,756</u>	<u>-</u>	<u>-</u>	<u>4,756</u>
	June 30, 2012			
	Up to three months	More than three months and up to one year	More than one year	Total
------(Rupees in '000)-----				
Payable to KASB Funds Limited - Management Company	1,367	-	-	1,367
Payable to MCB Financial Services Limited - Trustee	149	-	-	149
Accrued expenses and other liabilities	869	-	-	869
	<u>2,385</u>	<u>-</u>	<u>-</u>	<u>2,385</u>

20.4 Financial instruments by category

As at 30 June 2013, all the financial assets are carried on the Statement of Assets and Liabilities are categorised either as 'loans and receivables' or financial assets 'at fair value through profit or loss'. All the financial liabilities carried on the Statement of Assets and Liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

	30 June 2013		
	Loans and receivables	Assets at fair value through profit or loss	Total
------(Rupees in '000)-----			
Assets			
Balances with banks	514,601	-	514,601
Placements	390,000	-	390,000
Investments	-	196,400	196,400
Income receivable	14,051	-	14,051
Prepayments and other receivables	661	-	661
	<u>919,313</u>	<u>196,400</u>	<u>1,115,713</u>

30 June 2013			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
------(Rupees in '000)-----			
Liabilities			
Payable to Management Company	-	1,610	1,610
Payable to Trustee	-	154	154
Accrued expenses and other liabilities	-	2,990	2,990
	<u>-</u>	<u>4,754</u>	<u>4,754</u>

30 June 2012			
	Loans and receivables	Assets at fair value through profit or loss	Total
------(Rupees in '000)-----			
Assets			
Balances with banks	310,627	-	310,627
Placements	-	-	-
Investments	-	812,084	812,084
Income receivable	1,700	-	1,700
Preliminary expenses and floatation costs	661	-	661
	<u>312,988</u>	<u>812,084</u>	<u>1,125,072</u>

30 June 2012			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
------(Rupees in '000)-----			
Liabilities			
Payable to Management Company	-	1,367	1,367
Payable to Trustee	-	149	149
Accrued expenses and other liabilities	-	869	869
	<u>-</u>	<u>2,385</u>	<u>2,385</u>

20.5 Unit Holders' Funds risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, 2008, to maintain minimum fund size to Rs. 100 million at all time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holder's funds are to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

Investment in government securities as disclosed in note 6 to these financial statements is determined by reference to the quotations obtained from the PKRV sheet on the Reuters page. Therefore the fair value of debt securities are included within Level 2 of the fair value hierarchy as mentioned above.

22. DISTRIBUTIONS TO UNIT HOLDERS OF FUND

22.1 Interim distributions

Date of distributions	For the year ended June 30, 2013				
	Distribution per unit	No. of bonus units issued	Bonus	Cash	Total
			----- (Rupees) -----		
October 22, 2012	2.80	304,095	31,130	7,463	38,593
November 22, 2012	0.70	83,395	8,537	1,857	10,394
December 24, 2012	0.72	81,432	8,339	1,910	10,249
January 23, 2013	0.65	75,680	7,753	1,914	9,667
February 22, 2013	0.60	69,197	7,093	1,767	8,860
March 25, 2013	0.67	67,472	6,918	1,973	8,891
April 22, 2013	0.61	56,413	5,786	1,795	7,581
May 22, 2013	0.65	54,798	5,622	1,913	7,535
June 24, 2013	0.76	58,606	6,013	2,237	8,250
		851,088	87,191	22,829	110,020

Date of distributions	For the year ended June 30, 2012				
	Distribution per unit	No. of bonus units issued	Bonus	Cash	Total
			----- (Rupees) -----		
January 30, 2012	4.00	234,592	24,168	1,160	25,328
April 13, 2012	3.00	206,262	21,061	3,286	24,347
		440,854	45,229	4,446	49,675

22.2 Non-adjusting event after the balance sheet date

The Board of Directors of the Management Company has approved a final dividend distribution of Rs. 1.15 per unit for the year ended June 30, 2013 amounting to Rs. 12.415 million in total in their meeting held on July 4, 2013. The financial statements for the year ended June 30, 2013 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2014.

23. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers / dealers by percentage of commission paid, attendance at meetings of the Board of Directors of the Management Company and particulars of members of Investment Committee are as follows:

23.1 Pattern of unit holding

Unit holding pattern of the Fund as at June 30 is as follows:

Category	Number of unit holders		Investment amount		Percentage of total investment	
	2013	2012	2013	2012	2013	2012
	(Numbers)		(Rupees in '000)		(%)	
Individuals	386	321	399,829	434,374	36.04	38.70
Associated companies and directors	5	5	239,466	228,220	21.58	20.33
Retirement funds	8	10	31,692	43,195	2.86	3.85
Insurance Companies	1	-	3,765	-	0.34	-
Banks and DFIs	2	-	190,067	-	17.13	-
Others	13	16	244,735	416,672	22.06	37.12
Total	415	352	1,109,554	1,122,461	100	100

23.2 List of top ten brokers / dealers by percentage of commission paid

Broker Name	2013 (Percentage)
KASB Securities Limited	72.46%
First Capital Securities Corporation Limited	7.06%
Invest Capital Investment Bank Limited	7.04%
Global Securities Pakistan Limited	6.75%
Vector Capital	5.36%
Invest One Markets Limited	0.75%
BMA Capital Management Limited	0.12%
Summit Capital (Private) Limited	0.23%
Elixir Securities Pakistan (Private) Limited	0.12%
Pearl Securities Limited	0.12%
	2012 (Percentage)
KASB Securities Limited	55.16%
BMA Capital Management Limited	20.55%
Invest Capital Investment Bank Limited	8.38%
Global Securities Pakistan Limited	5.57%
Invest & Finance Securities (Private) Limited	4.77%
Invest One Markets Limited	2.42%
Pear Securities Limited	1.83%
Vector Capital	1.07%
Optimus	0.25%

23.3 Attendance at meetings of Board of Directors:

Name of the person	Designation	Meetings		
		Total	Attended	Leave granted
Mr. Robert John Richard Owen	Chairman	8	6	2
Mr. Muzaffar Ali Shah Bukhari	Director	8	7	1
Mr. Qaisar P. Mufti	Director	8	8	-
Mr. Amer Maqbool	Chief Executive and Director	8	8	-
Adnan Abdali	Chief Financial Officer and Company Secretary	8	8	-

Dates of the meetings of the board of directors

The 60th, 61st, 62nd, 63rd, 64th, 65th, 66th and 67th Board meetings were held on July 5, 2012, August 29, 2012, September 14, 2012, October 4, 2012, October 24, 2012, February 21, 2013, April 8, 2013 and April 29, 2013 respectively.

23.4 Details of members of investment committee

Name	Designation	Qualification	Experience (years)
Amer Maqbool	Chief Executive Officer	MBA	17
Hussain Jaffer Ali Khoja	Head of Investments	ACCA	10
Saqib Shah	Fund Manager	MBA	10
Syed Adnan Abdali	Chief Financial Officer	ACMA	9
Adnan Akhtar Mannan	Compliance Manager	ACCA	10

The Board of Directors in its 67th meeting held on April 29, 2013 has deferred its decision on composition of Investment Committee. However, Investment Committee is in operation with the anticipation that the board will ratify its decision retrospectively.

23.5 Other funds managed by the fund manager:

No other fund under management of KASB Funds Limited is managed by the fund manager.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 27 2013.

**For KASB Funds Limited
(Management Company)**

Chief Executive

Director