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THE INVESTMENT OBJECTIVE OF THE PORTFOLIO IS TO PROVIDE AN EFFICIENT INVESTMENT MEDIUM WHEREBY INVESTORS CAN PARTICIPATE IN A PORTFOLIO THAT WILL SEEK TO GENERATE HIGH LEVEL OF CURRENT INCOME, AS WELL AS THE POTENTIAL FOR CAPITAL GROWTH.

THE STRATEGY WILL INCLUDE TAKING POSITIONS BOTH IN SHORT AND LONG TERM AGENCIES BY TAKING ACTIVE TRADING AS WELL AS PASSIVE HOLD APPROACHES.

KASB INCOME OPPORTUNITY FUND

(formerly KASB Liquid Fund)

ANNUAL REPORT
June 30, 2012

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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 Maqbool - 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. Qaiser P. Mufti

Mr. Robert John Richard Owen

Mr. Muzaffar Ali Shah Bukhari

Trustee

Central Depository Company of Pakistan
Limited, CDC House, 99-B, Block 'B',
SMCHS, Main Shahra-e-Faisal, Karachi.

Fund Rating

BBB (f) By PACRA

Bankers to the Fund

KASB 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, Pakistan

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 Funds aims to provide an efficient investment medium whereby investors can participate in portfolio that will seek to generate high level of current income, as well as the potential for capital growth.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2012

The Board of Directors of KASB Funds Limited (KFL), the Management Company of KASB Income Opportunity Fund (KIOF, the Fund), is pleased to present the Seventh Annual Report, together with the audited financial statements of the Fund for the year ended June 30, 2012.

Financial Highlights

	FY 2012	FY 2011	Increase / (Decrease) (%)
Net Income / (loss) (Rs. in million)	57.516	(244.943)	123.48
Net Assets as at June 30 (Rs. in million)	379.979	363.876	4.943
NAV per Unit as on June 30 (Rs.) *	67.8792	52.9665	28.15
Return (%)	27.95	(38.10)	173.36

* Par value of each unit is Rs. 100.

Economic Environment

Pakistan's economy proved to trudge along on its now too familiar irregular path during financial year 2012 as well. Its financial woes continued to trouble its economic managers who struggled unsuccessfully to contain its fiscal deficit within the revised target of 5.5% and also to build on a current account surplus of 0.11% achieved in FY11. Instead, it registered a whopping consolidated fiscal deficit of 8.5% (including a one off subsidy amounting to 1.9% of GDP), and a current account deficit of 1.9% of GDP continued high subsidies, discretionary developmental expenditures and increasing cost of debt servicing.

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 (GDP grew by a trivial 3.7% as against 4.1% last year). 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.

Amid an inconclusive end to the IMF program in Sep-11 and a worsening external account, Pakistan's forex reserves lost the attained stability gained in FY11. The first tranche of repayments of the Stand-By Arrangement loan to the IMF was also made in Feb-2012. As a result, the PKR lost 9.9% in FY12 against the USD and exerted further pressure on the reserves (Rs 14.6bln) already dwindling due to a higher oil import bill due to increasing reliance on thermal electricity and a bulging current account deficit.

However all is not dark on the horizon as positives are also visible in tax collection and extension of record run of remittances (USD 13bln) which have enormously helped in narrowing the current account deficit to 1.9%. Further, CPI inflation averaged 11.1% in FY12, remaining well within the government's inflation target of target of 12% for the year. This decline in headline inflation, caused due to improved supply and high base effect coupled with a restraint in government borrowing, led the Central Bank to cut the policy rate by 200bps, which will boost private credit off take.

Capital & Commodities Market

The domestic equity market ended the year with a modest return of 10.4%, after recording a loss of 9% in the first half, thus outperforming most of its regional peers in the period. The drastic change in fortunes was caused by the introduction of the CGT relief package which promised numerous benefits to the investors, including freezing of CGT rates at current levels, calculation and collection of CGT by a central body (NCCPL), doing away with withholding tax on sale and the investor being absolved of the answerability of the source of the invested funds in the market.

Sectorally, cements were the main performers of the market, broadly outperforming the index owing to hefty increase in sector profitability owing to higher cement prices, substantial growth in volumes and reduction in costs due to lower coal prices and innovative cost reduction strategies, in addition to reduction in finance cost in a decreasing interest rate environment.

On the fixed income side, the continuous challenges faced by the economy have rendered repayment ability of the companies weaker. Therefore, the investors remained over cautious and refrained from investing further in corporate debts which resulted in very low activity in the TFC market. Thus lack of liquidity for corporate debt continues to prevail amid pricing volatility. A few instruments were restructured during the quarter as most of the companies that were having financial difficulties in the lean economic patch have managed to negotiate restructuring agreements with its investors. The Market continues to be risk averse as investors find yields of government papers attractive, resulting in very few trades in TFCs/Sukuks. Both primary and secondary market of govt. papers remained active throughout the year as the govt. remained the biggest borrowers in the economy and liquidity from commercial banks was diverted mainly to this channel.

Investment Strategy

The primary objective of the Fund is to provide an efficient investment medium whereby investors can participate in a portfolio that will seek to generate high level of current income, as well as the potential for capital growth. The Fund investments in fixed income transactions in the capital market. Over all asset allocation of the Fund stood at 67.6 % for TFCs / Sukuks; 18.4% for placements; 4.1 % for government securities and cash balance percentage is 9.9%.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2012

Fund Performance

For the year ended June 30, 2012 the Fund earned a return of 27.95% as against the benchmark return of 12.45% and the Net Asset Value per unit of the fund at the close of the year stood at Rs.67.892. The net income for the year ended June 30, 2012 was Rs 57.516 million.

Income Distribution

The Board of Directors of KASB Funds Limited approved the dividend distribution of Rs. 0.3 per unit to the unit holders of the Fund for the year ended June 30, 2012.

As the Fund has distributed among the unit holders not less than ninety per cent of its accounting income for the year ended June 30, 2012, 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 KIOF was Rs.363.876 million on June 30, 2011. During the year, units worth Rs. 65.494 million were issued and units with a value of Rs. 154.490 million were redeemed. As on June 30, 2012, the total number of outstanding units was 5,597,872 with a value of Rs. 379.979 million.

Code of Corporate Governance

The Fund is committed to high standards of corporate governance and the Board of Directors of the Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Karachi Stock Exchange.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

The Board of Directors states that:

- a) The Financial Statement prepared by the Management Company, present fairly the state of affairs of the fund and result of its operations, cash flows and movement in unit holders fund;
- b) Proper books of accounts of the Fund have been maintained during the year;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements of the fund and accounting estimates are based on reasonable and prudent judgments;
- d) Approved accounting standards comprising of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinances, 1984, the requirement 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 Securities and Exchanged 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, 2003 the NBFC Regulations, 2008, and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Regulations 2008 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 going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, except for the following:
 - Dissemination of 'Code of Conduct'; and
 - Formation of Human Resource and Remuneration (HR&R) Committee (however the same has been formed subsequent to year end).
- h) Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements;
- i) Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements;
- 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; hence no disclosure has been made in the Directors' Report of the Management Company;
- k) The detailed pattern of unit holding, as required by the Code of Corporate Governance is enclosed;
- l) The Management Company has planned to conduct orientation course for its directors, where necessary, in the near future to appraise them with their duties and responsibilities;

As detailed in note no.1 of these financial statements of KASB Funds Limited has acquired Crosby Asset Management (Pakistan) Limited with effect from July 20, 2011.

Meetings of the Directors

Statement showing attendance of the directors in the meetings of the Board of Directors for the year ended June 30, 2012 is disclosed in note 25.3 of the financial statements.

The trades in the units of the Fund carried out by the Directors, CEO, Company Secretary & CFO and their spouses, close relatives and minor children of the Management Company are as under:

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the year ended June 30, 2012

Serial No	Trades By	Designation	Investment (No. Of Units)	Redemption (No. of Units)
01	Mr. Amer Maqbool	CEO	4,570	Nil

Pattern of Holding

The pattern of holdings (units) presents a diversified investor base. As on June 30, 2012 associated companies held 60.04% out of total units; banks and financial institutions held 31.98% units; individuals held 7.96% units and 0.02% units held by other entities. Detailed pattern is also annexed.

Future Outlook

Improvement in relations with the US and resultant realization of pending funds is expected to augur well for the economy. However, higher discretionary spending and subsidies keeping in view election year considerations will serve to keep the nozzle tight on fiscal pressures.

The SBP, in a surprise act, curtailed the policy rate by 150bps in the latest monetary policy review during August 2012 to support the private sector credit effected the decision on the basis of subdued headline inflation numbers during FY13. The average headline inflation for FY13 currently stands at 9.3% which again raises the hopes of a further cut in the policy rate going forward.

Auditors

The Audit Committee of the Board of Directors recommended the re-appointment of M/s KPMG Taseer Hadi & Co. - Chartered Accountants as auditors of KASB Income Opportunity Fund for the financial year ending June 30, 2013. The Board has approved the appointment.

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) and the management of Karachi Stock Exchange for their continued cooperation, guidance and support. The Directors also appreciate the efforts put in by the management team.

October 04, 2012
Karachi

For and on behalf of the Board

Amer Maqbool
Chief Executive

DETAILS OF PATTERN OF HOLDING(UNITS)

As at June 30, 2012

	Units held	
	Numbers	Percentage
Associated Companies		
KASB Bank Limited	3,361,101	60.04
Banks and Financial Institutions	1,790,228	31.98
Individuals	445,810	7.96
Other Corporate Sector Entities	733	0.07
	5,597.872	100.00

PERFORMANCE TABLE

	2012	2011	2010
Total net asset value as at June 30 (Rs. '000)	379,979	363,876	959,401
Net asset value per unit as at June 30 (Rs.)	67.8793	52.9665	85.5835
Selling price for units as at June 30 (Rs.)	67.8793	52.9665	85.5835
Repurchase price for units as at June 30 (Rs.)	67.8793	52.9665	85.5835
Repurchase price with contingent back-end load for units as at June 30 (Rs.)	67.5399	52.7017	85.1556
Final dividend distribution per unit (Rs.)	0.30	-	-
Date of final distribution	July 05, 2012	-	-
Highest selling price per unit (Rs.)	67.8793	87.0286	100.3559
Highest repurchase price per unit (Rs.)	67.8793	87.0286	100.3559
Highest repurchase price with contingent back-end load per unit (Rs.)	67.5399	86.5935	99.8541
Lowest selling price per unit (Rs.)	51.8691	52.9665	85.4358
Lowest repurchase price per unit (Rs.)	51.8691	52.9665	85.4358
Lowest repurchase price with contingent back-end load per unit (Rs.)	51.6098	52.7017	85.0086
Annualized return (%)	27.95	-38.10	-13.86
Weighted average portfolio duration	602 days	43 days	97 days

Return since inception is 2.40%

Launch date of the Fund is May 9, 2006

Disclaimer:

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.



ANNUAL FUND MANAGERS' REPORT

1. Type & Category of Fund

Open-end Income

2. Inception Date

May 09, 2006

3. Investment objective

The Investment objective of the portfolio is to provide an efficient investment medium whereby investors can participate in a portfolio that will seek to generate high level of current income, as well as the potential for capital growth.

4. Accomplishment of objective

The fund is achieving its objective of generating regular income by investing in fixed income instruments within the guidelines provided under NBFC rules.

5. Benchmark

6 Month KIBOR (Karachi Interbank Offer Rate)

6. Performance Return

	KLF Return	Benchmark return
Since inception	2.40%	11.29%
1 Year	-13.86%	12.44%
Last 6 months	-6.72%	12.35%
Last 3 months	-22.69%	12.28%
For the month	-50.73%	12.36%

7. Strategies and policies employed during the period

Due to continued liquidity pressure in the markets and risk aversion by the participants, the corporate debt market remained highly depressed resulting in trades mainly concentrated towards govt. backed TFCs/Sukuks and top rated banking instruments. In the presence of very few buyers, the prices of majority of TFCs declined significantly during the year, however, on paper, it remained stable due to the pricing mechanism used by mutual funds. The fund remained focused in offloading TFCs and to restructure non-performing corporate debt. As a result most of instruments held in the fund with credit concerns have been restructured during the year.

8. Weighted Asset allocation (June 30, 2012)

Asset Allocation	30th June 2012	30th June 2011
TFCs & Sukuks	64.43%	79.20%
Cash	9.43%	7.6%
Placement with NBFCs	3.49%	2.30%
T-Bills	3.88%	NIL
Others/(Payable)	18.77%	10.90%

9. Significant changes in asset allocation during the period

As compared to the last year the fund's overall exposure towards TFCs / Sukuk investments declined to 64.43% from 79.20% mainly due to outperformance of some cement sector TFCs resulting in major prepayments. The decline in TFC exposure was significant considering that the fund faced a net redemption of PKR 117m during the year. Cash and near cash situation also improved to 13.31% against 7.6% last year.

10. Fund Performance

The Fund managed to give a return of 27.95% as against benchmark return of 12.45% mainly due to restructuring of a Leasing company Certificate of Investment (COI) and outperformance of cement based TFCs. The focus on restructuring finally paid off as the fund, through restructuring, received considerable cash to ease its liquidity woes. Going forward, the short term returns of the fund can be affected by price volatility, however, in the longer term the returns look to benefit from performance of a few troubled debt instruments which have been restructured.

The AUM of the fund were PKR 364 million (NAV per unit: Rs 52.9665) on June 30, 2011 and at the end of the period the AUM of the fund stood at PKR 380 million (NAV per unit: Rs 67.8793).

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

FY12 proved to be a mixed bag for the country's economy where; GDP grew by mere 3.7% as against 4.1% last year; current account entered into deficit of 1.9% of GDP from 0.11% surplus last year; tax targets of PKR 1.9trn were largely met; remittances grew by 17% to USD 13bn; 11% aggregate CPI was achieved for the year with December 2011 CPI coming in single digit of 9.7%; Printing of money by SBP of PKR 1.8trn to meet mammoth fiscal deficit of 7.7% of GDP; Discount rate cut of 2% by SBP to bring policy rate to 12%; Initiation of IMF repayment dragging the reserves to USD 14.6bn.

ANNUAL FUND MANAGERS' REPORT

For the year ended June 30, 2012

Despite some of these positives, the country's economical worries are far from over as it faces huge gas/electricity shortages leading to lower production and consequently hampering exports and boosting imports; Lowest regional Tax to GDP ratio of 9%; Twin deficit to the tune of 9% of GDP i.e. USD 20bn approx each year. On the political side, upcoming elections and ongoing legal disputes will likely play its role in instigating the uncertainty further.

Central Bank, during the year, reduced the policy rate by 200 basis points to boost the private credit off take amidst high fiscal deficit and resulting printing of money.

Lack of liquidity for corporate debt continues to prevail amid pricing volatility. A few instruments were restructured during the quarter as most of the companies that were having financial difficulties in a lean economic patch have managed to negotiate a restructuring with its investors. Market continues to be risk averse as investors find government papers yield attractive resulting in very few trades in TFCs/Sukuks.

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

For details, please refer to the full yearly accounts.

13. Distribution

Distribution	Amount of Distribution (PKR)	NAV (PKR)	Ex-NAV of Fund (PKR)
Final	0.3 per unit		

14. Significant changes in the state of affairs

During the period under review the liquidity crunch and risk aversion increased significantly in the market. Government has been relying heavily on the banking sector to finance its fiscal deficit by providing higher returns on the govt. papers, resulting in the non-availability of loan to private sector. As a result, leasing and investment banks were not able to pay off the fund's lending on time. The Fund entered into negotiations with these leasing companies and investment banks and settled some of the outstanding amount against mix of assets including cash.

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.

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 INCOME OPPORTUNITY FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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

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

We would like to draw unit holders attention towards the fact that the Fund has investment in Sukuk Certificates (Sukuk) issued by Kohat Cement Company Limited (KCCL) which is classified as performing by Mutual Fund Association of Pakistan (MUFAP). According to the requirements of Circular 1 of 2009 dated January 6, 2009 issued by the Securities and Exchange Commission of Pakistan, suspension of accrual of profit can be made against a non-performing security. However, the Management Company has suspended accrual of profit during the period of financial information on the Sukuk amounting Rs.10.175 million resulting in understatement of net assets of the Fund.

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

Karachi, October 18, 2012

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2012

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 Karachi Stock Exchange Limited 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. The Board of Directors (the Board) of KASB Funds Limited (the Management Company), an unlisted public company, manages the affairs of KASB Income Opportunity 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 Directors	Mr. Qaisar P. Mufti Mr. Robert C. Richard Owen
Executive Director	Mr. Amer Maqbool
Non-Executive Directors	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. Mr. Syed Muhammad Rehmanullah has not been re-elected on Board at elections held in October 2011.
5. 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.
6. 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.
7. 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.
8. The Management Company has planned to conduct an orientation course for its directors, in the near future to apprise them of their duties and responsibilities.
9. The Board has approved the appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including the remuneration and terms and conditions of employment.
10. The Directors' report relating to the Fund for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
12. The Directors, CEO, and executives do not hold any interest in the units of the Fund other than disclosed in the pattern of unit-holding.
13. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
14. 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.
15. 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.
16. 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.
17. 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.
18. The statutory auditors of the Fund 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.
19. 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).
20. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
21. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transaction that were made on terms equivalent to those that prevail in the arm's length transactions only if such term can be substantiated.
22. We confirm that all other material principles contained in the Code have been complied with except for:
 - " the development of Code of Conduct towards which reasonable progress is being made by the Management Company to seek compliance by the end of next accounting year; and
 - " the formation of Human Resource and Remuneration Committee which has been formed on October 04, 2012.

For and on behalf of the Board

**Amer Maqbool
Chief Executive Officer**

Karachi, October 4, 2012

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE 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 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 and placement of such transactions before the audit committee. 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 2012. We draw attention to paragraph 22 of the annexed Statement of Compliance which highlights that the requirements of clauses (v)(a) and (xxv) of the Code of Corporate Governance 2012 with respect to the formulation of Code of Conduct and formation of Human Resource and Remuneration Committee have not been complied with. However, the Board of Directors of the Management Company has formed the Human Resource and Remuneration Committee in their meeting held on 4 October 2012.

Date: 4 October 2012

Karachi

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of KASB Income Opportunity Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2012, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in Unit Holders' Fund and cash flow statement for the year ended 30 June 2012, and a summary of significant accounting policies and other explanatory notes.

Management'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 disclosures 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully explained in note 6.2.2 and 6.4.9 to the financial statements, the Fund has suspended accrual of interest against certain investments which is not in accordance with requirement of International Accounting Standard (IAS) 18 "Revenue" and the requirement of Circular 3 of 2010 issued by the Securities and Exchange Commission of Pakistan (SECP) read in conjunction with related clarification issued by SECP vide letter no. NBFC-11/MF/253/2011 dated 1 June 2011. Had the Fund has recognized interest income, the reported net assets as at 30 June 2012 would have been higher by Rs. 11.864 million and the net income for the year then ended would have been higher by same amount with corresponding effect on accumulated losses carried forward.

Qualified Opinion

In our opinion, except for the effects of the matter stated in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2012 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 financial statements relating to provision for Workers' Welfare Fund (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF in Honourable Sind High Court. In view of the matter more fully discussed in the above note, provision against WWF amounting to Rs. 1.15 million in aggregate is not being maintained by the Fund. Our opinion is not qualified in respect of this matter.

Other matters

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.

The financial statements of the Fund for the year ended 30 June 2011 were audited by another firm of auditors who vide their report dated 15 September 2011 expressed unmodified opinion on the financial statements of the Fund for the year ended 30 June 2011.

Date: 4 October 2012

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2012

	Note	2012	2011
		----- (Rupees in '000)-----	
Assets			
Balances with banks	4	36,338	28,228
Certificates of investment- net of provision	5	13,448	8,299
Investments	6	263,204	292,727
Investment in term finance facilities	7	53,837	-
Income receivable	8	18,239	39,771
Deposits and other receivables	9	225	413
Total assets		385,291	369,438
Liabilities			
Payable to KASB Funds Limited - Management Company	10	731	43
Payable to Central Depository Company of Pakistan Limited - Trustee	11	59	55
Payable to Securities and Exchange Commission of Pakistan	12	294	536
Accrued expenses and other liabilities	13	4,228	4,928
Total liabilities		5,312	5,562
Net assets		379,979	363,876
Unit holders' funds		379,979	363,876
Contingencies and commitments			
	14		
		(Number of units)	
Number of units in issue	15	5,597,872	6,869,939
		(Rupees)	
Net asset value per unit		67.8793	52.9665

The annexed notes 1 to 26 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

INCOME STATEMENT

For the year ended June 30, 2012

	Note	2012	2011
----- (Rupees in '000) -----			
Income			
Income from term finance and sukuk certificates		55,895	84,928
Income from government securities		2,472	191
Income from placements		-	1,610
Profit on bank deposits		6,559	2,933
Income from certificates of investment		3,578	-
Capital loss on sale of investments		(21,387)	(55,848)
Reversal of provision against non-performing placements	16	59,915	-
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss'		2,172	36,178
Total income		109,204	69,992
Expenses			
Remuneration of KASB Funds Limited - Management Company	10.1	7,849	14,283
Sindh sales tax on management fee	10.2	1,256	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11	672	1,340
Annual fee - Securities and Exchange Commission of Pakistan	12	294	536
Transaction cost on securities		37	261
Bank charges		200	235
Professional charges		737	577
Fees and subscription		240	240
Auditors' remuneration	17	455	457
Amortisation of preliminary expenses and floatation costs		-	513
Printing and other expenses		313	144
Financial charges		-	679
Provision against non-performing investments	6.2.1 & 6.7	10,922	229,774
Provision against non-performing placements		-	48,050
Provision against non-performing certificates of investment		-	2,075
Provision for doubtful income receivable	6.2.1 & 6.4.6	10,124	11,237
Total expenses		33,099	310,401
Net realised element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(18,589)	(4,534)
Net income / (loss) for the year		57,516	(244,943)
Earnings / (loss) per unit	18		

The annexed notes 1 to 26 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2012

Note	2012	2011
	----- (Rupees in '000) -----	
Net income / (loss) for the year	57,516	(244,943)
Other comprehensive income		
Net unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale' during the year	28,994	(14,312)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution)	4,185	35,178
Other comprehensive income for the year	33,179	20,866
Total comprehensive income for the year	90,695	(224,077)

Other comprehensive income

Net unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale' during the year

Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution)

Other comprehensive income for the year

Total comprehensive income for the year

The annexed notes 1 to 26 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

DISTRIBUTION STATEMENT

For the year ended June 30, 2012

Note	2012	2011
	----- (Rupees in '000)-----	
Accumulated losses - brought forward	19 (363,333)	(153,568)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	4,185	35,178
Net income / (loss) for the year	57,516	(244,943)
	61,701	(209,765)
Accumulated losses - carried forward	(301,632)	(363,333)

The annexed notes 1 to 26 form an integral part of these financial statements.

Chief Executive

For KASB Funds Limited
(Management Company)

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

For the year ended June 30, 2012

Note	2012	2011
	----- (Rupees in '000) -----	
Net assets at beginning of the year	363,876	959,401
Contributions and redemptions by the unit holders		
Issue of 1,145,971 units (2011: 13,689 units)	65,494	1,144
Redemption of 2,418,038 units (2011: 4,353,862 units)	(154,490)	(341,948)
	(88,996)	(340,804)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed:		
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	18,589	4,534
- amount representing unrealised (income) / loss and capital (gains) / losses - transferred to Distribution Statement	(4,185)	(35,178)
	14,404	(30,644)
Total comprehensive income for the year		
Net income / (loss) for the year (excluding net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss' and capital loss)	76,731	(225,273)
Capital loss for the year	(21,387)	(55,848)
Net unrealised appreciation in fair value of investments classified as at fair value through profit or loss'	2,172	36,178
Net unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale' during the year	28,994	(14,312)
Net unrealised element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amounts representing unrealised appreciation / (diminution)	4,185	35,178
	90,695	(224,077)
Net assets as at the end of the year	<u>379,979</u>	<u>363,876</u>
	(Rupees)	
Net asset value per unit as at the beginning of the year	<u>52.9665</u>	<u>85.5835</u>
Net asset value per unit as at the end of the year	<u>67.8793</u>	<u>52.9665</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

CASH FLOW STATEMENT

For the year ended June 30, 2012

	2012	2011
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	57,516	(244,943)
<i>Adjustments for non cash and other items:</i>		
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss'	(2,172)	(36,178)
Provision against non-performing investments	10,922	229,774
Provision against non-performing placements	-	48,050
Reversal of provision against non-performing placements	(59,915)	-
Provision against non-performing certificates of investment	-	2,075
Provision for doubtful income receivable	10,124	11,237
Net realised element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	18,589	4,534
Amortisation of preliminary expenses and floatation costs	-	513
	35,064	15,062
Decrease / (increase) in assets		
Placements	-	12,500
Certificates of investment - net of provision	(5,149)	-
Investments	99,558	385,180
Investment in term finance facilities	(53,837)	-
Income receivable	21,532	(25,448)
Deposits and other receivables	188	3,562
	62,292	375,794
(Decrease) / increase in liabilities		
Payable to KASB Funds Limited - Management Company	688	(1,489)
Payable to Central Depository Company of Pakistan Limited - Trustee	4	(115)
Payable to Securities and Exchange Commission of Pakistan	(242)	(707)
Borrowing against redemption of units	-	(25,000)
Accrued expenses and other liabilities	(700)	(159)
	(250)	(27,470)
Net cash generated from operating activities	97,106	363,386
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments from sale and redemption of units	(88,996)	(340,804)
Net increase in cash and cash equivalents during the year	8,110	22,582
Cash and cash equivalents at beginning of the year	28,228	5,646
Cash and cash equivalents at end of the year	36,338	28,228

The annexed notes 1 to 26 form an integral part of these financial statements.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Income Opportunity Fund ("the Fund") was established under a Trust Deed executed between KASB Funds Limited (KFL) as Management Company and Central Depository Company of Pakistan Limited as Trustee. The Trust Deed was executed on February 20, 2006 and the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 17, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund has been assigned 'Aggressive Fixed Income' category under the categorization criteria issued by SECP.

The Management Company of the Fund has been licensed to undertake asset management and investment advisory services as Non-Banking Finance Company under the 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. The JCR-VIS has assigned management quality rating of AM3 to the Management Company and PACRA has assigned a BBB(f) stability rating to the Fund.

During the year, 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 fund and is listed on the Karachi Stock Exchange Limited.

The objective of the Fund is to provide an efficient investment medium whereby levels of risk and high liquidity by investors can participate in a portfolio that will seek to generate high level of current income, as well as the potential for capital growth. Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a 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

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements, other than increased disclosures in certain cases:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1: Presentation of Financial Statements) effective for annual periods beginning on or after July 1, 2012.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32: Financial Instruments: Presentation) effective for annual periods beginning on or after January 1, 2014.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7: Financial Instruments: Disclosures) effective for annual periods beginning on or after January 1, 2013.
- Annual Improvements 2009 - 2011 effective for annual period beginning on or after January 1, 2013. The new cycle of improvements contain amendments to five standards. However, those amendments do not have any affect on the financial statements of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 significant areas of estimation uncertainty and critical judgments in applying accounting policies that have most significant effect on the amount recognised in the financial statements are as follows:

Investments stated at fair value & derivative financial instruments

The management company has determined fair value of certain investments by using quotations from active market valuation done by Mutual Fund Association of Pakistan and 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 asset balances.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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'. This includes receivable against sale of investments, placements, certificates of investment and other receivables and are carried at amortised cost using effective yield method, less impairment losses, if any.

d) Financial liabilities

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised 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 instruments.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets.

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 '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 '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 '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

Basis of valuation of Term Finance / Sukuk Certificates

Investment in debt securities are valued at the rates determined and notified by Mutual Funds Association of Pakistan (MUFAP) as per the methodology prescribed by SECP via Circular 1 of 2009 and Circular 3 of 2010. Circular 1 of 2009 also specifies a criteria for application of discretionary discount to yield of any debt security calculated by MUFAP and contain criteria for the provisioning of non-performing debt securities.

Investment in thinly and non-traded debt securities with maturity upto six months are valued at their amortised cost in accordance with the requirements of Circular 1 of 2009.

Basis of valuation of Government Securities

The fair value of the investments in government securities is determined by reference to the quotations obtained from active market valuation done by Financial Markets Association of Pakistan.

The fair value of the investments in GoP Ijarah sukuk certificates is determined by using the market rates from Reuters page.

Securities under repurchase / resale agreements and lending under margin trading system

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognized in the Statement of Assets and Liabilities however, the amount paid under the agreements are recognized as receivable in respect of MTS. Profit is recognized on accrual basis using the effective interest rate method. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of a MTS contract is 60 days out of which 25% exposure will be automatically released at expiry of every 15th day from the date of contract.

Impairment

Financial assets not carried '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 asset 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 making 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 asset 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 day. 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 on units for which the distributors receive redemption applications during business hours on 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 it is represented by income earned during the year is recognized in income statement and to the extent it is represented by unrealized appreciation / (diminution) arising during the year on 'available for sale securities' is included in distribution statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

3.5 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 amortised over a period of five years commencing from the last day after the close of the IPO period as per the Trust Deed of the Fund.

3.6 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.

3.7 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 that 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.
- Income on reverse repurchase transactions, lending under margin trading system, term finance facilities and debt securities is recognised on a time proportion basis using effective interest rate method.
- Unrealised gains / (losses) arising on valuation of investments classified as financial assets 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- Profit on bank deposit is recognised on time proportion basis using effective interest rate method.
- Dividend income is recognised when the right to receive the dividend is established.
- 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 deposits 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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 BANK

	2012	2011
	----- (Rupees in '000)-----	
In current account	-	6
In saving account	4.1 <u>36,338</u>	<u>28,222</u>
	<u>36,338</u>	<u>28,228</u>

4.1 This saving account carries mark-up at the rate of 10.5% per annum (2011: 5.0% to 12.0% per annum).

5. CERTIFICATES OF INVESTMENT - NET OF PROVISION (unsecured)

Due to continuous delays in payments by one of the counter party, the Fund has recognised provision amounting to Rs. 2.08 million against the investment and suspended further accrual of markup in light of provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount including evaluation of settlement options offered by the counterparty.

The above is without prejudice to the Fund's claim against the above financial institution for the entire exposure and unrecognised markup and other charges etc.

6. INVESTMENTS

'At fair value through profit or loss'

Designated on initial recognition

- Government Securities	6.1	14,941	-
- Fixed income and other debt securities	6.2	17,609	32,925
- Advance against Pre Initial Public Offer investments	6.3	-	-
		<u>32,550</u>	<u>32,925</u>
'Available for sale'			
- Fixed income and other debt securities	6.4	<u>230,654</u>	<u>259,802</u>
		<u>263,204</u>	<u>292,727</u>

The cost of the above investments as at June 30, 2012 amounted to Rs. 830.114 million (2011: Rs. 876.836 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

6.1 Fixed income securities - 'at fair value through profit or loss' - Government Securities

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
----- (Rupees in '000) -----							
Treasury bills							
1 Year							
May 19, 2011	-	55,000	-	55,000	-	-	-
November 3, 2011	-	70,000	70,000	-	-	-	-
November 17, 2011	-	90,000	90,000	-	-	-	-
6 Months							
April 7, 2011	-	42,000	10,000	32,000	-	-	-
April 21, 2011	-	35,000	-	35,000	-	-	-
August 11, 2011	-	100,000	-	100,000	-	-	-
September 8, 2011	-	100,000	-	100,000	-	-	-
January 12, 2012	-	15,000	-	-	15,000	14,941	0.06
						14,941	0.06
3 Months							
February 9, 2012	-	75,000	75,000	-	-	-	-
						-	-
						-	-
						14,941	0.06

6.2 Fixed income and other debt securities - designated as 'at fair value through profit or loss' on initial recognition

Name of the investee company	As at July 1, 2011	Purchases during the year	Sales during the year	As at June 30, 2012	Market / carrying value as at June 30, 2012	Market / carrying value as a percentage of total investments
----- (Number of certificates) -----						
(Rupees in '000)						
Term Finance Certificates						
Pace Pakistan Limited	6,21	1,000	-	1,000	-	-
Trust Investment Bank Limited		10,000	-	10,000	17,609	4.63
					17,609	

6.2.1 On August 14, 2011, Pace Pakistan Limited has defaulted on account of payment of profit and principal due amounting to Rs. 0.391 million and Rs. 0.001 million respectively. However, the amount of principal has been subsequently paid by the borrower. The Fund has recognised full provision against principal amounting to Rs. 4.994 million and accrued profit amounting to Rs. 0.390 million. Moreover, the Fund has suspended further accrual of profit thereagainst in accordance with the provisioning policy of the Fund and applicable SECP circular. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

6.2.2 On January 14, 2012, Trust Investment Bank Limited (TIBL) has defaulted in payment of mark-up and principal due, which was subsequently paid by TIBL on January 24, 2012 and February 3, 2012 respectively. The investment has been classified as performing by Mutual Fund Association of Pakistan (MUFAP). However, the management has suspended accrual of mark-up thereagainst which is in contravention of the requirement of IAS 18 "Revenue" and the requirement of Circular 3 of 2010 issued by the Securities and Exchange Commission of Pakistan (SECP) read in conjunction with related clarification issued by SECP vide letter no. NBFC-11/MF/253/2011 dated 1 June 2011. Had the Fund has recognized interest income, the reported net assets as at 30 June 2012 would have been higher by Rs. 1.252 million and the net income would have been higher by same amount with corresponding effect on accumulated loss carried forward.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

- 6.4.1** On June 4, 2010, Azgard Nine Limited (ANL) has defaulted on account of payment of principal and profit amounting to Rs. 22.18 million and Rs. 16.22 million respectively. The Fund has recognized full provision against its investment and accrued profit in terms of provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above provision is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

- 6.4.2** On July 18, 2009, Gharibwal Cement Limited (GCL) has defaulted on account of payment of profit and principal due amounting to Rs. 3.67 million and Rs. 0.008 million respectively. However, the amount of principal has been subsequently paid by the GCL on August 11, 2009. The Fund has recognized full provision against its investment and accrued profit in terms of provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

- 6.4.3** On November 15, 2008, New Allied Electronics Industries (Private) Limited (NAEIL) has defaulted on account of payment of mark-up and principal due amounting to Rs. 2.41 million and Rs. 5.42 million respectively. However, subsequently the Fund has received partial payments against the outstanding mark-up. The Fund has recognized full provision against its investment and accrued profit in terms of provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

- 6.4.4** On August 12, 2010, Al-Zamin Leasing Modaraba (AZLM) defaulted on the amount of mark-up and principal amounting to Rs. 0.71 million and Rs. 1.46 million respectively. However, principal and mark-up due on August 12, 2010 and September 12, 2010 were received subsequently on October 11, 2010 and October 28, 2010 respectively. The Fund has recognized full provision against its investment and accrued profit in terms of provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

- 6.4.5** On December 29, 2011, Eden Housing Limited (EHL) has defaulted on account of payment of mark-up and principal amounting to Rs. 0.69 million and Rs. 1.22 million respectively. However, both principal and profit due was subsequently received. The Fund has recognised partial provision amounting to Rs. 7.386 million against its investment and has suspended further accrual of mark-up thereagainst in accordance with the requirement of provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

- 6.4.6** During the year, owing to financial difficulties, Maple Leaf Cement Factory Limited has defaulted in payment of interest due on September 3, 2011, December 3, 2011, March 3, 2012 and June 3, 2012. The Fund has made provision against principal and Rs. 9.734 million against accrued profit. The Fund has suspended further accrual of markup there against, in light of provisioning policy of the Fund duly approved by the Board of Directors of the Management Company and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount, provisioning policy of the Fund.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised markup and other charges etc.

- 6.4.7** On October 25, 2008, New Allied Electronics Industries (Private) Limited (NAEIL) had paid full mark-up amounting to Rs. 0.42 million, however, no payment was made against the principal due amounting to Rs. 0.63 million. The Fund has recognised full provision against its investment and has suspended further accrual of mark-up thereagainst in accordance with the provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

6.4.8 On December 3, 2008, New Allied Electronics Industries (Private) Limited (NAEL) had defaulted on payment of mark-up amounting to Rs. 3.25 million. However, subsequently the Fund had received partial payments against the outstanding mark-up. The Fund has recognized full provision against its investment and accrued profit in terms of provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

6.4.9 On September 14, 2011, Kohat Cement Company Limited has entered into a restructuring agreement according to which the payment of interest for first four quarters commencing September 20, 2011 will be deferred and retired through payments made from quarter beginning September 20, 2014 to the quarter ending June 20, 2016. The investment has been classified as performing by Mutual Fund Association of Pakistan (MUFAP). However, the management has not recognized the deferred interest income on the basis of effective interest method during the year ended June 30, 2012 which is not in compliance with the requirement of IAS 18 "Revenue" and Circular 3 of 2010 read in conjunction with related clarification issued by the Securities and Exchange Commission of Pakistan (SECP) vide letter no. NBFC-II/MF/253/2011 dated June 1, 2011. Had the Fund has recognized interest income, the reported net assets as at June 30, 2012 and the net income for the year would have been higher by Rs. 10.612 million with corresponding effect on accumulated loss carried forward.

6.4.10 The Fund acquired 8,470 sukuku of Agritech Limited from KASB Islamic Income Opportunity Fund, a related party, in last financial year. Agritech Limited had defaulted in payment of mark up due on August 06, 2010 and was classified as non-performing at the time of acquisition by the Fund. The amount of investment has been fully provided by the Fund in accordance with the provisioning policy of the Fund and applicable SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for recovery of the amount.

The above is without prejudice to the Fund's claim against the above company for the entire exposure and unrecognised mark-up and other charges etc.

6.5 SIGNIFICANT TERMS AND CONDITIONS OF TERM FINANCE AND SUKUK CERTIFICATES

Significant terms and conditions of Term Finance and Sukuk Certificates outstanding as at June 30, 2012 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Pace Pakistan Limited	4,992	6 months KIBOR + 2%	February 15, 2008	February 15, 2008
Trust Investment Bank Limited	1,874	6 months KIBOR + 1.85%	July 04, 2008	July 04, 2008
Avani Hotels Limited	4,246	1 year KIBOR + 2.5%	April 30, 2009	October 30, 2014
Kohat Cement Limited	1,510	6 months KIBOR + 2.5%	December 20, 2007	December 20, 2007
Security Leasing Corporation Limited	1,622	1 month KIBOR + 2%	June 01, 2007	June 01, 2012
Eden Builders Limited	2,188	3 month KIBOR + 2.3%	September 08, 2008	March 08, 2014
Jahangir Siddiqui and Company Limited	4,991	6 month KIBOR + 1.7%	July 04, 2007	July 04, 2013
Orix Leasing Pakistan Limited	33,333	6 month KIBOR + 1.2%	January 15, 2008	January 15, 2013
New Allied Electronics Industries Limited I	2,114	3 month KIBOR + 3%	May 15, 2007	May 15, 2011
New Allied Electronics Industries Limited II	4,905	6 month KIBOR + 2.2%	December 03, 2007	December 03, 2012
Azgard Nine Limited	3,997	6 month KIBOR + 2.25%	December 04, 2007	4 December 2014
Agritech Limited	4,500	6 month KIBOR + 2%	August 06, 2008	August 06, 2015
Al-Zamin Leasing Modaraba	3,125	6 month KIBOR + 1.9%	May 12, 2008	May 12, 2012
Maple Leaf Cement Factory Limited - I	4,989	3 months KIBOR + 1%	December 03, 2007	December 03, 2013
Eden Housing Limited	2,672	6 month KIBOR + 2.5%	March 31, 2008	March 31, 2013
Gharibwal Cement Limited	4,871	6 month KIBOR + 3%	January 18, 2008	January 18, 2013

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

6.6 Net unrealised appreciation in fair value of investments classified as 'available for sale'

	2012	2011
	----- (Rupees in '000) -----	
Fair value of investments	230,308	259,802
Less: cost of investments	(641,432)	(690,604)
	(411,124)	(430,802)
Net unrealised diminution in fair value of investments classified as 'available for sale' at beginning of the year	430,802	221,661
Provision against non-performing 'available for sale' investments	9,316	194,829
	440,118	416,490
	28,994	(14,312)

6.7 Impairment against debt securities classified as 'available for sale'

Opening balance	466,710	236,936
Add: charge for the year	35,269	241,215
less: reversal for the year	(29,341)	(11,441)
	5,928	229,774
Closing balance	472,638	466,710

7. INVESTMENT IN TERM FINANCE FACILITIES

This represents term finance facilities availed by Wisdom Education System (Private) Limited (WESPL) from Saudi Pak Leasing Company Limited (SPLC). On June 11, 2012, the Fund has entered into novation agreement with SPLC whereby rights of SPLC to term payments from WESPL stand transferred to the Fund. The novation agreement was part of settlement against the Fund's investment in the letter of placement with SPLC. The principal amount will be repaid by WESPL till October 31, 2016 and carrying mark-up at 15% per annum.

8. INCOME RECEIVABLE

Income accrued on bank deposits	413	201
Income accrued on Certificates of Investment	214	-
Income accrued on term finance and sukuk certificates	17,612	39,570
	18,239	39,771

9. DEPOSITS AND OTHER RECEIVABLES

Deposit with National Clearing Company of Pakistan Limited	9.1	125	125
Deposit with Central Depository Company of Pakistan Limited	9.2	100	100
Prepayments against sukuk certificates and others		-	183
Advance tax		-	5
		225	413

9.1 This represents deposit with National Clearing Company of Pakistan Limited in respect of Bond Automated Trading System (BATS).

9.2 This represents deposit with Central Depository Company of Pakistan Limited on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.

10. PAYABLE TO KASB FUNDS LIMITED - MANAGEMENT COMPANY

Management fee payable	10.1	630	43
Sindh sales tax payable on management fee	10.2	101	-
		731	43

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

10.1 Under the provisions of the NBFC 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, remuneration of Management Company is charged at the rate of 2 percent per annum of the average annual net assets of the Fund.

10.2 During the year, the provincial government of Sindh levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through enactment of Sindh Sales Tax Act, 2011 effective from July 1, 2011.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The following tariff structure as amended by the Trustee of the Fund vide letter no. CDC/T&C-UI/DH/328/2010 dated 18 December 2010, is applicable based on net assets of the Fund.

Net Assets of the Fund (Average NAV)

Up to Rs. 1,000 million

Rs. 1,000 million to 5,000 million

On an amount exceeding 5,000 million

Tariff per annum

Rs. 0.6 million or 0.17% p.a. of NAV, whichever is higher

Rs. 1.7 million plus 0.085% p.a. of NAV exceeding Rs. 1,000 million

Rs. 5.1 million plus 0.07% p.a. of NAV exceeding Rs. 5,000 million

12. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, 2008, income fund 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		335	335
Professional charges payable		210	270
Provision for Workers' Welfare Fund	14	3,372	3,372
Others		311	951
		<u>4,228</u>	<u>4,928</u>

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 an adjudication.

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

During the year 2011, the Honourable High Court of Lahore vide their order in respect of writ petition no. 8763/2011 has declared amendments introduced through Finance Act 2006 and 2008 to the Workers' Welfare Ordinance, 1971 as unconstitutional. A writ petition in the High Court of Sindh at Karachi was filed to impugn the amendments made to the Workers' Welfare Ordinance, 1971 vide Finance Act 2008. The case is contested vigorously by certain mutual funds. Management expect that the constitutional petition pending in the Court on the subject will be decided in the favours of the Fund. Accordingly, the management has suspended further accrual of charge from November 25, 2010 amounting to Rs. 1.15 million and as a matter of abundant caution has not reversed earlier charge amounting to Rs. 3.372 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

15. NUMBER OF UNITS IN ISSUE

	Units	
Units in issue at beginning of the year	6,869,939	11,210,112
Sales during the year	1,145,971	13,689
Redemption during the year	<u>(2,418,038)</u>	<u>(4,353,862)</u>
Total units in issue at the end of the year	<u>5,597,872</u>	<u>6,869,939</u>

Face value of the unit is Rs. 100 each.

16. REVERSAL OF PROVISION AGAINST NON-PERFORMING PLACEMENTS

16.1 On October 26, 2007 the Fund invested an amount of Rs.100 million in letter of placement with Saudi Pak Leasing Company Limited (SPLCL) out of which Rs. 14 million was paid by the borrower on various dates. Owing to continuous default in repayment of remaining principal by SPLCL, the Fund has recognized full provision against the outstanding principal amounting to Rs. 86 million in the light of provisioning policy of the Fund. On December 28, 2011 the Fund has entered into settlement agreement with SPLCL. As per the settlement agreement SPLCL will discharge its liability to the extent of Rs. 127.536 million representing the settlement towards amount due to the Fund and KASB Asset Allocation Fund. The said discharge will be made by transferring term finance facility availed by Wisdom Education System (Private) Limited (WESL) from SPLCL to the Fund and KASB Asset Allocation Fund, down payment of Rs. 3.085 million and the remaining balance to be paid at monthly instalments of Rs. 1 million and Rs. 0.750 million respectively commencing from January 2012. SPLCL has been making payments in accordance with the restructured agreement and so far the fund has received payments amounting to Rs. 6.408 million. The Fund has reversed the earlier recognized provision amounting to Rs. 54.2 million in these financial statements against such exposures.

16.2 On May 17, 2008 the Fund has invested an amount of Rs. 50 million in certificate of investment with Trust Investment Bank Limited (TIBL). Owing to continuous default by TIBL in repayment of outstanding principal, the management has recognized full provision thereagainst. During the year the Fund has received an amount of Rs. 2 million from TIBL against outstanding principal, consequently, the Fund has recognized reversal to that extent in these financial statements.

17. AUDITORS' REMUNERATION

	2012	2011
	----- (Rupees in '000)-----	
Audit fee	275	275
Half yearly review	80	75
Other certifications and services	60	73
Out of pocket expense	40	34
	<u>455</u>	<u>457</u>

18. 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.

19. ACCUMULATED INCOME / (LOSSES) BROUGHT FORWARD / CARRIED FORWARD

As per Schedule V to the NBFC Regulations 2008, undistributed income / (losses) brought forward / carried forward needs to be bifurcated in to realized and unrealized gains / (losses). However, it has not been bifurcated as it is impracticable to do so.

20. 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

21. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include KASB Funds Limited being the Management Company, KASB Bank Limited being the Holding Company of the Management Company, KASB Securities Limited, KASB Modaraba, KASB Technology Services Limited, KASB Modaraba Management (Private) Limited, KASB Finance (Private) Limited, Structured Venture (Private) Limited (indirectly through KASB Securities Limited) being the subsidiary companies of KASB Bank Limited, Shakarganj Food Products Limited, New Horizon Exploration and Production Limited and KASB International Limited being the associated companies of KASB Bank Limited, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the Fund, other Funds managed by the Management Company (including KASB Cash Fund, KASB Asset Allocation Fund, KASB Islamic Income Opportunity Fund, KASB Stock Market Fund, Crosby Dragon Fund, Crosby Phoenix Fund and AMZ Plus Income Fund) and directors, key management personnel and officers of the Management Company personnel and officers of the Management Company.

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:

21.1 Transactions with related parties / connected persons during the year:

		2012	2011
		----- (Rupees in '000)-----	
KASB Funds Limited			
Remuneration expense	10.1	7,849	14,283
Conversion in the Fund: 287,699 units (2011: nil units)		15,000	-
Conversion out of the Fund: nil units (2011: 29,495 units)		-	2,554
Redemption from the Fund: 287,699 units (2011: nil units)		19,192	-
KASB Bank Limited			
Bank charges		14	23
Profit accrued on bank deposits		6,559	2,913
Expense accrued on borrowing against redemption of units		-	679
KASB Securities Limited			
Brokerage expense	21.3	12	154
KASB Islamic Income Opportunity Fund			
Purchase of Sukuk Certificates: Nil (2011: 8,470 units)		-	88,504
Directors & officers of the management company			
Investment in the Fund: 4,570 units (2011: Nil units)		300	-
Conversion out of the Fund: Nil units (2011: 10,000 units)		-	865
Central Depository Company of Pakistan Limited - Trustee			
Remuneration	11	672	1,340
CDS charges		6	6

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

21.2 Balances with related parties / connected persons at year end:

KASB Funds Limited

Payable to the Management Company	10	<u>731</u>	<u>43</u>
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KASB Bank Limited

Bank balance	4	<u>36,338</u>	<u>27,928</u>
Profit receivable on bank deposits	21.4	<u>413</u>	<u>201</u>
Units held: 3,361,101 units (2011: 3,361,101 units)		<u>228,149</u>	<u>178,026</u>

KASB Securities Limited

Brokerage payable	21.3	<u>6</u>	<u>132</u>
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Central Depository Company of Pakistan Limited - Trustee

Payable to the Trustee	11	<u>59</u>	<u>55</u>
Security deposit	9.2	<u>100</u>	<u>100</u>

Directors & officers of the management company

Units held: 4,570 units (2011: Nil units)		<u>310</u>	<u>-</u>
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21.3 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.

21.4 The rate of return on this deposit is 10.5% per annum (2011: 12.0% per annum).

22. 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

22.1 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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 floating rate debt securities that expose the fund to cash flow and fair value interest rate risk due to fluctuations in prevailing levels of market interest rates.

As at June 30, 2012 the investment in debt securities exposed to interest rate risk is detailed in note 6.2, 6.3 and 6.4.

a) Sensitivity analysis for variable rate instruments

In case of 100 basis points increase / decrease in KIBOR on June 30, 2012 with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 1.433 million (2011: Rs. 1.066 million). The fluctuation is interest of 100 basis points is reasonably possible in current economic environment.

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

b) 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, 2012 with all other variables held constant, the net income for the year and net assets would be lower / higher by Rs. 0.023 million (2011: Rs. nil). The fluctuation is 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, 2012 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Investments in placements and certificates of investment which are carried at amortised cost and not exposed the Fund to fair value interest rate risk.

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, 2012 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.

22.2 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, income receivables and deposits with central clearing companies.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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, deposits with central clearing companies, placements, certificates of investments and income receivable in Statement of Assets and Liabilities. The credit exposure arises from investment in debt securities is detailed in note 6.2, 6.3 and 6.4 to these financial statements.

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 bank

As at June 30, 2012 the Fund kept surplus liquidity with bank having credit rating of BBB. The rating to respective banks are assigned by reputable credit rating agencies. The rating of the banks is monitored by the Fund Manager and Investment Committee.

Investment in fixed income securities

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

Investment in debt securities

Credit risk on debt investments is mitigated by investing primarily in investment grade rated investments and purchase certificate of investments or make placements with financial institutions having sound credit rating. Where the investment is considered doubtful / becomes non-performing, a provision is recognised as per the criteria specified in accordance with provisioning policy of the Fund approved by Board of Directors of the Management Company. The management does not take into account the collateral value while considering investment for impairment testing. Hence the collateral held is assumed to have zero financial effect in mitigating credit risk. The management regards the credit worthiness of the borrower more important than the value of collateral and would be used as force majeure in extremely difficult situation where recovery is appeared to be unlikely from customary measures like restructuring or negotiations.

The analysis below summarises the credit quality of the Fund's investment in Term Finance Certificates, Sukuk Certificates, Placements and Certificates of Investment as at June 30:

Debt Securities by rating category

	2012	2011
	-----Percentage (%)-----	
AA+	0.54	-
AA	15.05	-
A	6.32	8.03
A-	32.89	26.91
A1+	-	35.69
BBB	-	9.82
BBB-	7.09	-
Non Investment Grade	2.23	-
Non rated	7.98	19.55
Non-performing	27.90	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

Deposits and other receivables

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all securities deposited with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to such parties.

Past due and impaired assets

None of the above financial assets were considered to be past due or impaired in 2012 and 2011 except for the exposures and the provisions there against as provided in note 6.2 and 6.4. 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 the SECP for the purpose of making provision against non performing exposures and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company.

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, 2012, there is no concentration of credit risk to an individual issuer / counterparty, apart from investment in government securities to which the management believes it has no material credit exposure.

22.3 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

	June 30, 2012			Total
	Up to three months	More than three months and upto one year	More than one year	
	----- (Rupees in '000) -----			
Payable to KASB Funds Limited - Management Company	731	-	-	731
Payable to Central Depository Company of Pakistan Limited - Trustee	59	-	-	59
Accrued expenses and other liabilities	856	-	-	856
	<u>1,646</u>	<u>-</u>	<u>-</u>	<u>1,646</u>

	June 30, 2011			Total
	Up to three months	More than three months and upto one year	More than one year	
	----- (Rupees in '000) -----			
Payable to KASB Funds Limited - Management Company	43	-	-	43
Payable to Central Depository Company of Pakistan Limited - Trustee	55	-	-	55
Accrued expenses and other liabilities	1,556	-	-	1,556
	<u>1,654</u>	<u>-</u>	<u>-</u>	<u>1,654</u>

22.4 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 by July 1, 2012. 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.

23. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

	2012		2011	
	Level 2 (Rupees in '000)	Level 3	Level 2 (Rupees in '000)	Level 3
'At fair value through profit or loss'				
<i>Designated on initial recognition</i>				
-Fixed income and other debt securities	14,941	17,609	-	32,295
'Available for sale'				
- Fixed income and other debt securities	-	230,654	-	259,802

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.

24. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

24.1 The Board of Directors of the Management Company has approved a final dividend distribution of Re. 0.3 per unit for the year ended June 30, 2012, amounting to Rs. 1.68 million in total in their meeting held on July 5, 2012. The financial statements for the year ended June 30, 2012 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2013.

24.2 On August 16, 2012, the unit holders of the Fund, representing three fourth in value of the total outstanding units of the Fund have approved the merger of the Fund with AMZ Plus Income Fund. The effective date of the merger of aforesaid funds is subject to the approval of the Securities and Exchange Commission of Pakistan.

25. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

25.1 Pattern of unit holding

Category	No. of unit holders		Investment amount		Percentage of total investment	
	2012 (Numbers)	2011	2012 (Rupees in '000)	2011	2012 (%)	2011
Individuals	24	13	30,261	1,543	7.96	0.42
Associated companies	2	1	228,149	178,026	60.04	48.92
Banks / Financial Institutions	1	2	121,519	183,735	31.98	50.49
Others	1	2	50	572	0.02	0.17
	28	18	379,979	363,876	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

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

<i>Broker Name</i>	2012 (Percentage)
Invest & Finance Securities Limited	33.96
KASB Securities Limited	30.39
JS Global Capital Limited	21.24
BMA Capital Management Limited	9.22
Global Securities Pakistan Limited	2.83
Alfalsh Securities (Private) Limited	1.48
Optimus Capital Markets Limited	0.88
<i>Broker Name</i>	2011 (Percentage)
JS Global Capital Limited	78.48
KASB Securities Limited	21.52

25.3 Meeting of Board of Directors of Management Company

Name of the person	Designation	Meetings		
		Total	Attended	Leave granted
Mr. Robert John Richard Owen	Chairman	10	10	-
Mr. Syed Muhammad Rehmanullah*	Director	4	4	-
Mr. Muzaffar Ali Shah Bukhari	Director	10	7	3
Mr. Qaisar P. Mufti	Director	10	10	-
Mr. Amer Maqbool	Chief Executive and Director	10	10	-

*Mr. Syed Muhammad Rehmanullah was not re-elected on Board at elections held in October 2011.

Dates of the meetings of the Board of Directors

The 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th and 59th Board meetings were held on July 04 2011, August 03, 2011, August 19, 2011, September 15, 2011, October 28, 2011, February 15, 2012, March 16, 2012, April 02, 2011, April 27, 2012 and May 18, 2012 respectively.

25.4 Details of Members of Investment Committee

Name	Designation	Qualification	Experience (Years)
Amer Maqbool	Chief Executive Officer	MBA	16
Jamshed Khan	Chief Investment Officer	BSc (Hons.)	14
Hussain Khoja	Fund Manager	ACCA	09
Syed Adnan Abdali	Chief Financial Officer	ACMA	08

25.4.1 Details of other funds managed by the Fund Manager

KASB Asset Allocation Fund and AMZ Plus Income Fund under the management of KASB Funds Limited.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 04, 2012 by the Board of Directors of the Management Company.

For KASB Funds Limited
(Management Company)

Chief Executive

Director