

# **KASB** STOCK MARKETFUND

ANNUAL REPORT  
JUNE 30, 2008

MANAGED BY

 **KASB** FUNDS



## Contents

Fund Information	2
Mission Statement	3
Report Of The Directors Of The Management Company For KASB Stock Market Fund	5
Annual Fund Manager's Report	9
Trustee Report To The Unit Holders	10
Statement Of Compliance With The Code Of Corporate Governance	11
Review Report To The Unit Holders On Statement Of Compliance With The Best Practices Of Code Of Corporate Governance	12
Independent Auditors' Report To The Unit Holders	13
Statement Of Assets And Liabilities	14
Income Statement	15
Distribution Statement	16
Statement Of Movement In Unit Holders' Funds	17
Cash Flow Statement	18
Notes To The Financial Statements	19

## Fund Information

**Management Company**  
KASB Funds Limited

**Registered Office:**  
9th Floor, Trade Centre, I. I. Chundrigar Road,  
Karachi-74200, Pakistan

**Principal Office:**  
11th Floor, Trade Centre, I. I. Chundrigar Road,  
Karachi-74200, Pakistan  
UAN: (92-21) 111 535 535  
Fax: (92-21) 263 9188  
URL: www.kasb.com

**Board of Directors of KASB Funds Limited**  
Mr. Robert Owen – *Chairman*  
Ms. Naz Khan – *Director & Chief Executive*  
Mr. Farid Arshad Masood – *Director*  
Mr. Syed Muhammad Rehmanullah – *Director*

**Chief Financial Officer**  
Mr. Muhammad Imran Khalil

**Company Secretary**  
Mr. Irfan Saleem Awan

**Audit Committee**  
Mr. Farid Arshad Masood – *Chairman*  
Mr. Robert Owen – *Member*  
Mr. Syed Muhammad Rehmanullah – *Member*

**Trustee**  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B',  
SMCHS, Main Shakra-e-Faisal, Karachi

**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**  
Noble Computer Services (Pvt.) Limited  
2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad,  
Block-4, Federal B. Area, Karachi-75950, Pakistan

**Distributors**  
KASB Funds Limited  
KASB Bank Limited  
KASB Securities Limited  
IGI Investment Bank Limited  
Standard Chartered Bank (Pakistan) Limited

**Management Company Rating -**  
**Rated AM2- by JCR-VIS**  
**Rated AM3 + by PACRA**

## **Mission Statement**

KASB Stock Market Fund seeks to generate long-term capital appreciation and income from a portfolio that is substantially constituted of equity and equity related securities.



## Report Of The Directors Of The Management Company For KASB Stock Market Fund

The Board of Directors of KASB Funds Limited (KFL), the Management Company of KASB Stock Market Fund (KSMF, the Fund), is pleased to present the second Annual Report, together with the audited financial statements of the Fund for the year ended June 30, 2008.

### Financial Highlights

	FY 2008	From March 01, 2007 to June 30, 2007	Increase/ (Decrease)
Net (loss) / gain (Rs. in Million)	(17.49)	38.28	(145.69%)
Net Assets as at June 30 (Rs. In Million)	483.94	411.60	17.58%
NAV per Unit as on June 30 (Rs.) *	48.56	59.64	(18.58%)
Return	-10.41%	19.28%	(153.99%)

\* Par value of each unit is Rs. 50.

### Economic Environment

A global economic slowdown led by a spike in food and oil prices as well as the US sub-prime issue affected most economies including Pakistan's. The rising commodity prices posed a challenging economic environment for FY08, resulting in double digit inflation, the widening of the current and fiscal deficits, depletion of FX reserves and depreciation of the currency. The Central Bank moved aggressively by hiking interest rates twice during the year taking the discount rate up from 10% to 12% and squeezing liquidity from the system through increase in reserve requirements. At the same time, the Ministry of Finance reduced its growth outlook for FY09 to 5.5% after achieving a growth rate of 5.8% for FY08.

### Capital Market

The KSE 100 was one of the only indices to post a positive return for CY 08 in the region until April, whilst other regional markets took a severe downturn. FY08 also saw the KSE 100 make its all time high of 15,676 pts on April 18. However, as the macroeconomic issues came to the forefront and the Central Bank took tightening measures, the market reacted sharply bringing the sustained rally to an end. In addition, an uncertain political environment added to bearish outlook and the market closed at 12,289 points (-10.77% YoY), the first negative YoY performance of the KSE in the last 5 years.

The negative outlook on the economy was witnessed in the poor performance of the banking sector and the KSE 30 Index, where the banking sector has the heaviest weight. The KSE 30 ended the fiscal year with -15.70% YoY growth. While the oil and gas E & P sector's attractiveness increased with the rising oil prices, the banking, cement, textile and auto sectors' downturn kept the sentiment negative. In addition, slowdown in regional and global markets saw a net outflow in foreign investment, resulting in a further decline in Pakistani equities.

### Investment Strategy

KSMF seeks to generate long term capital appreciation and income, from portfolio that is substantially constituted of equity and equity related securities. The fund aims to maximize total returns and outperform the benchmark.

The funds strategy has been to be exposed to first tier liquid scrips. Along with that the focus has been on under-valued stocks i.e. stocks that are expected to offer growth and those which offer

a high dividend yield potential.

### Fund Performance

KASB Stock Market Fund has earned a return of -10.41% for FY08 as against a benchmark return of -15.7% of the KSE 30 Index resulting in an out performance of 5.29% and the Net Asset Value per unit of the Fund at the close of the period stood at Rs. 48.56. The net loss for the year ended June 30, 2008 was Rs. 17.49 million, primarily due to unrealised diminution in fair value of investments amounting to Rs. 44.79 million. Capital gain on sale of investments, dividend income and profit on bank deposits however contributed Rs. 24.97 million, Rs. 9.61 million and Rs. 4.12 million respectively towards loss reduction.

### Income Distribution

As the Fund has incurred a net loss for the year, therefore no dividend was declared by the Board of Directors of KASB Funds Limited for the financial year ended June 30, 2008.

### Sale and redemption of units

The fund size of KSMF was Rs. 411.60 million on June 30, 2007 which increased by 17.58% by the end of the financial year to close at Rs. 483.94 million on June 30, 2008. During the year, units worth Rs. 258.79 million were issued and units with a value of Rs. 125.88 million were redeemed. As on June 30, 2008, the total number of outstanding units was 9,964,934 with a value of Rs. 483.94 million.

### Code of Corporate Governance

The Board of Directors states that:

- The Financial Statements prepared by the Management Company, present fairly the state of affairs of the Fund and results of its operations, cash flows and movement in unit holders' fund.
- Proper books of accounts of the Fund have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgments.
- Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007, requirements of the Funds' Constitutive Documents and the directives issued by the Securities and Exchange Commission of Pakistan have been followed in the preparation of the Financial Statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements;
- Key financial data is enclosed.
- 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.
- The detailed pattern of the unit holding, as required by the code of corporate governance is enclosed.

## Report Of The Directors Of The Management Company For KASB Stock Market Fund

### Meetings of the Directors

Statement showing attendance of the directors in the meetings of the Board of Directors from July 1, 2007 to June 30, 2008 is disclosed in note 23 of the financial statements.

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

S. No	Trades By	Designation	Investment (No. of Units)	Redemption (No. of Units)
1.	Ms. Naz Khan	Director & Chief Executive	10,206	Nil

### Pattern of Holding

The pattern of holdings (units) presents a diversified investor base. As on June 30, 2008, banks and financial institutions held 66.70% out of the total units; individuals 14.11% units and 19.19% units were held by retirement funds and other corporate sector entities. Detailed pattern is also annexed.

### Future Outlook

The combination of global macro challenges and political uncertainty on the domestic front has put the economy through challenging times. Inflationary pressures are expected to persist through most of the year as oil subsidies will be revoked. The large trade and fiscal deficits leave the government with little

fiscal space and will force the government to raise external and domestic debt. Therefore, interest rates are expected to remain firm, which will favourably impact the returns on your Fund. At the same time, the economic consolidation and tighter credit conditions will require more prudent credit risk management and investment in quality instruments. The stock market is trading at around 7x forward earnings, 1.7x forward book value and giving a forward dividend yield of about 9%, very attractive levels when seen in Pakistan's historical context as well as in a regional context. As political uncertainty abates and the economic environment improves the market should respond positively.

### 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 Stock Market Fund for the financial year ending June 30, 2009. 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) for their confidence, continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board

August 20, 2008  
Karachi

Naz Khan  
Chief Executive Officer



## Details Of Pattern Of Holding (Units) As At June 30, 2008

	Units Held	Units Held (%)
<b>Associated companies</b>		
KASB Bank Limited	2,424,150	24.33
KASB Securities Limited	1,822,910	18.29
KASB Funds Limited	89,718	0.90
KASB Securities Limited Employees' Provident Fund	77,089	0.77
KASB Funds Limited Employees' Provident Fund	5,891	0.06
<b>Directors and Chief Executive</b>		
Chief Executive		
Ms. Naz Khan	39,963	0.40
Director		
Mr. Farid Arshad Masood	10,237	0.10
<b>Executives</b>	1,484	0.01
<b>Banks and Financial Institutions</b>	2,309,386	23.17
<b>Individuals</b>	1,354,799	13.61
<b>Retirement Funds</b>	1,731,402	17.37
<b>Other Corporate Sector Entities</b>	97,905	0.99
	<b>9,964,934</b>	<b>100.00</b>

## Performance Table

	<b>2008</b>	2007*
Total net assets value as at June 30 (Rs. '000)	<b>483,942</b>	411,603
Net asset value per unit as at June 30 (Rs.)	<b>48.56</b>	59.64
Selling price for units as at June 30 (Rs.)	<b>49.81</b>	61.17
Repurchase price for units as at June 30 (Rs.)	<b>48.56</b>	59.64
Dividend distribution per unit (Rs.)	<b>NIL</b>	4.87
Date of distribution	-	July 6, 2007
Highest Selling Price per unit (Rs.)	<b>62.08</b>	61.17
Highest Repurchase Price per unit (Rs.)	<b>60.52</b>	59.64
Lowest Selling Price per unit (Rs.)	<b>45.74</b>	50.00
Lowest Repurchase Price per unit (Rs.)	<b>44.59</b>	49.81
Return	<b>-10.41%</b>	19.28%

*Return since inception is 6.86%*

*\*Launch date of the Fund is March 22, 2007.*

### 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 Manager's Report

### Investment Objective

The Fund seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities.

### Inception Date

March 22, 2007

### Type & Category of Fund

Open-ended equity market

### Benchmark

KSE 30 Index

### Fund Size

PKR 484 million

### Current NAV

PKR 48.56 (30-06-08)

### Load Structure

Front-end : 2.5%

Back-end : Nil

### Performance Return (Absolute)

	KSMF	KSE 30
Since Inception	6.86%	1.21%
FY 08	-10.41	-15.70
For Month	-0.49%	1.62%
Last 15 Days	-2.41%	-1.55%

### Indicators (since Inception)

	KSMF	KSE 30
Sharpe Ratio	-0.01	-0.02
Beta	0.74	1
Std. Deviation	1.23%	1.62%
Correlation	0.97	NA
Avg Mkt Cap (b)	619.91	686
Price to Earning (x)	8.04	8.29
Price to Book (x)	2.17	1.99
Dividend Yield	4.92%	6.29%

### Accomplishment Of Objective

The fund is achieving its objective of generating alpha by investing in fundamentally strong scrip. The fund continues to target long-term capital appreciation through investment in equities within the SECP rules.

### Strategies And Policies Employed During The Period

The fund invested a maximum of 100% and a minimum of 51% in fundamentally sound stocks that had business growth prospects corresponding with good earnings growth while also considering qualitative factors such as the quality of the management.

### Review Of The Markets Invested In

While the first half of FY08 was largely flat, the second half witnessed a meltdown in the stock market as an uncertain political environment continued even with fair and free elections in February and economic indicators continued to deteriorate. Moreover, continued monetary tightening by the central bank, which increased discount rate by 250bps during FY08, also played its part in making equities as an asset class less attractive. Market capitalization of the Karachi Stock Exchange declined by 17% during the year to close at US\$55.3 billion while the KSE-100 Index couldn't sustain its upward momentum witnessed in the third quarter of the fiscal and closed the fiscal year at 12,289 points level, down 22% from its peak. We believe sectors such as oil and gas exploration, fertilizer and even banks offer great opportunities as they are trading at a steep discount to both historical multiples and regional peers, while the market as a whole offers ideal opportunities for long term portfolio building.

### Fund Performance

KSMF earned a return of -10.41% for FY08 as against a benchmark return of -15.7% of the KSE 30 Index. This has resulted into an out performance of 5.29%. The AUM of the fund grew from PKR 411 million to PKR 484 million at the end of the period.

### Significant Changes In Asset Allocation During The Period

No significant changes took place during the period.

### Distribution

No distribution was made for the fund during the period.

### Unit Splits

There were no unit splits during the period.

### Significant Changes In The State Of Affairs

There were no significant changes in the state of affairs during the period under review.

### Circumstances Materially Affecting The Interests Of Unitholders

Any significant change in market rates of the instruments invested in and any significant change in the credit profile of the counterparties can materially affect the interests of unitholders.

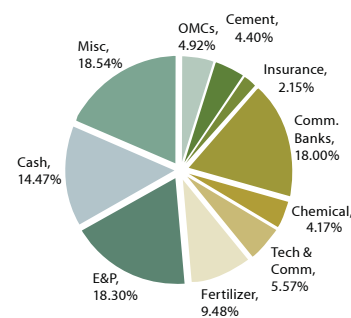
### Soft Commission

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

KSMF vs Benchmark



Asset Allocation as at June 30, 2008



## Trustee Report To The Unit Holders

Report of the Trustee pursuant to Regulation 58(f) and Clause 9 of Schedule IV of the Non-Banking Finance Companies and Notified Entities Regulations, 2007

KASB Stock Market Fund (Fund), an open-end scheme was established under a trust deed dated January 09, 2007 executed between KASB Funds Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the management company has in all material respects managed the Fund during the year ended June 30, 2008 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, 2007 and the constitutive documents of the Fund.

Muhammad Hanif  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 17, 2008

## Statement Of Compliance With The Code Of Corporate Governance

This Statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 37 of Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited ("KSE" or "the Stock Exchange"). The purpose of the Code is to establish a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

KASB Funds Limited ("the Company"), which is an Unlisted Public Limited Company, is the Management Company of KASB Stock Market Fund ("the Fund"). The Fund is a unit trust scheme whose units are listed on the Stock Exchange. As the Fund does not have its own Board of Directors, the Board of Directors ("the Board") of the Management Company manages the affairs of the Fund.

The Management Company has applied the principles contained in the Code to the Fund, whose units are listed on the Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non –executive directors and directors representing minority interest on its Board of Directors. All the directors except the Chief Executive Officer (CEO) are non –executive directors and none of the Directors represent minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies in Pakistan, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring in the Board on June 20, 2007 was filled by the Directors within 30 days thereof on July 18, 2007. However, this appointment became effective after the approval of the Securities and Exchange Commission of Pakistan in accordance with the requirements of the Non – Banking Finance Companies (Establishment and Regulation) Rules, 2003.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Management Company.
6. The Board has developed a vision/mission statement and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. An orientation course was conducted in a meeting of the Board held on September 07, 2007, to apprise them of their duties and responsibilities
10. The Board has approved the appointment of the CFO, Company Secretary and the Internal Auditors including their remuneration and terms and conditions of appointment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit –holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code as applicable to the Fund.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non –executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been formed and advised to the Committee for compliance.
17. The Management Company has outsourced the internal audit function to a firm of Chartered Accountants which is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund.
18. 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, 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

August 20, 2008  
Karachi

Naz Khan  
Chief Executive Officer

## Review Report To The Unit Holders On 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 ("the Code") prepared by the Board of Directors of KASB Funds Limited ("the Management Company") of **KASB Stock Market Fund** ("the Fund") to comply with the listing regulation of the Karachi Stock Exchange (Guarantee) 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 as applicable to the Fund for the year ended 30 June 2008.

20 August 2008  
Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Independent Auditors' Report to the Unit Holders

We have audited the accompanying financial statements of **KASB Stock Market Fund ("the Fund")**, which comprise the statement of assets and liabilities as at 30 June 2008, and the income statement, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 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 audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2008 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.

20 August 2008  
Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Statement of Assets and Liabilities

### As at June 30, 2008

	Note	2008	2007
(Rupees in '000)			
<b>Assets</b>			
Bank balances	4	67,263	15,678
Receivable against sale of investments		144	15,968
Investments	5	415,012	385,431
Dividend and income receivable	6	3,035	1,503
Advances, deposits and other receivables	7	3,763	1,100
Preliminary expenses and floatation costs	8	1,936	2,457
<b>Total assets</b>		<b>491,153</b>	422,137
<b>Liabilities</b>			
Payable against purchase of investments		3,784	5,545
Payable on redemption of units		1,061	–
Payable to KASB Funds Limited – Management Company	9	1,006	4,554
Payable to Central Depository Company of Pakistan Limited – Trustee	10	87	78
Payable to the Securities and Exchange Commission of Pakistan	11	423	111
Accrued expenses and other liabilities	12	850	246
<b>Total liabilities</b>		<b>7,211</b>	10,534
<b>Net assets</b>		<b>483,942</b>	411,603
<b>Unit holders' funds (as per statement attached)</b>		<b>483,942</b>	411,603
<b>(Number of units)</b>			
<b>Number of units in issue</b>	16	<b>9,964,934</b>	6,901,959
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>48.56</b>	59.64

The annexed notes 1 to 25 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, 2008

	Note	2008	From March 1, 2007 to June 30, 2007
<b>(Rupees in '000)</b>			
<b>Income</b>			
Capital gain on sale of investments		24,973	41,017
Dividend income		9,614	1,342
Profit on bank deposits		4,121	2,129
Unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss'	5.4	(44,793)	1,083
<b>Total income</b>		<b>(6,085)</b>	45,571
<b>Expenses</b>			
Remuneration of KASB Funds Limited – Management Company	9.1	12,680	3,340
Remuneration of Central Depository Company of Pakistan Limited – Trustee	10.1	846	224
Annual fee – The Securities and Exchange Commission of Pakistan	11.1	423	111
Transaction costs on securities		7,244	730
Settlement and bank charges		250	30
Legal and professional charges		166	35
Fees and subscription		135	35
Auditors' remuneration	13	574	210
Amortisation of preliminary expenses and floatation costs		521	143
Printing expenses		160	19
<b>Total expenses</b>		<b>22,999</b>	4,877
		<b>(29,084)</b>	40,694
Net realised element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		11,595	(2,411)
<b>Net (loss) / income for the year / period</b>		<b>(17,489)</b>	38,283
<b>Earnings Per Unit</b>	14		

*The annexed notes 1 to 25 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, 2008

	<b>2008</b>	From March 1, 2007 to June 30, 2007
	<b>(Rupees in '000)</b>	
Undistributed income brought forward	<b>35,019</b>	–
Net unrealised element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed – amounts representing unrealised capital gains/(losses)	<b>1,777</b>	(3,264)
Net (loss) / income for the year / period	<b>(17,489)</b>	38,283
Final distribution @ Rs. 4.87 per unit (issue of bonus units on July 1, 2007)	<b>(33,613)</b>	–
	<b>(49,325)</b>	35,019
Undistributed (loss) / income carried forward	<b>(14,306)</b>	35,019

*The annexed notes 1 to 25 form an integral part of these financial statements.*

For KASB Funds Limited  
(Management Company)

Chief Executive

Director

## Statement of Movement in Unit Holders' Funds For the year ended June 30, 2008

	<i>Note</i>	<b>2008</b>	From March 1, 2007 to June 30, 2007
<b>(Rupees in '000)</b>			
Net Assets at beginning of the year / period		<b>411,603</b>	–
Issue of 4,737,337 units (2007: 9,241,171 units)		<b>258,792</b>	474,739
Issue of 613,704 bonus units (2007: Nil units)		<b>33,613</b>	–
Redemption of 2,288,066 units (2007: 2,339,212 units)		<b>(125,884)</b>	(135,316)
		<b>166,521</b>	339,423
Element of income and capital gains included in prices of units issued less those in units redeemed			
– amount representing accrued income and realised capital (gains)/losses – transferred to the Income Statement		<b>(11,595)</b>	2,411
– amount representing unrealised (appreciation)/diminution in fair value of investments – transferred directly to Distribution Statement		<b>(1,777)</b>	3,264
		<b>(13,372)</b>	5,675
Unrealised appreciation in fair value of investments classified as available for sale during the year / period	5.5	–	31,486
Unrealised appreciation in fair value of investments classified as available for sale at the beginning of the year / period		<b>(31,486)</b>	–
Issue of bonus units on July 1, 2007		<b>(33,613)</b>	–
Net income available for distribution (excluding unrealised (diminution)/appreciation in fair value of investments classified as 'at fair value through profit or loss')		<b>29,082</b>	33,936
Unrealised (diminution)/appreciation in fair value of investments classified as 'at fair value through profit or loss'		<b>(44,793)</b>	1,083
Net (loss) / income available for distribution (Including unrealised element of income and capital gains included in prices of units issued less those in units redeemed)		<b>(15,711)</b>	35,019
Net assets as at the end of the year / period		<b>483,942</b>	411,603
		<b>(Rupees)</b>	
<b>Net asset value per unit as at the beginning of the year / period</b>		<b>54.77</b>	–
<b>Net asset value per unit as at the end of the year / period</b>		<b>48.56</b>	59.64

*The annexed notes 1 to 25 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, 2008

	2008	From March 1, 2007 to June 30, 2007
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year / period	(17,489)	38,283
<b>Adjustments</b>		
Dividend income	(9,614)	(1,342)
Profit on bank deposits	(4,121)	(2,129)
Unrealised (diminution)/appreciation in fair value of investments classified as 'at fair value through profit or loss'	44,793	(1,083)
Amortisation of preliminary expenses and floatation costs	521	143
Net realised element of income and capital gains included in prices of units issued less those in units redeemed	(11,595)	2,411
Profit before working capital changes	<u>2,495</u>	<u>36,283</u>
<b>(Increase)/decrease in assets</b>		
Receivable against sale of investments	15,824	(36,511)
Investments	(105,859)	(352,862)
Advances, deposits and other receivables	(2,663)	(1,100)
Preliminary expenses and floatation costs	-	(2,600)
	<u>(92,698)</u>	<u>(393,073)</u>
<b>Increase/(decrease) in liabilities</b>		
Payable against purchase of investments	(1,761)	26,088
Payable on redemption of units	1,061	-
Payable to KASB Funds Limited – Management Company	(3,548)	4,554
Payable to Central Depository Company of Pakistan Limited – Trustee	9	78
Payable to The Securities and Exchange Commission of Pakistan	312	111
Accrued expenses and other liabilities	604	246
	<u>(3,323)</u>	<u>31,077</u>
Cash used in operations	<u>(93,527)</u>	<u>(325,713)</u>
Dividend received	8,400	148
Profit on bank deposits received	3,803	1,820
<b>Net cash outflow from operating activities</b>	<u>(81,323)</u>	<u>(323,745)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from sale and redemption of units	132,908	339,423
Net increase in cash and cash equivalents during the year / period	51,585	15,678
Cash and cash equivalents at beginning of the year / period	15,678	-
Cash and cash equivalents at end of the year / period	<u>67,263</u>	<u>15,678</u>

The annexed notes 1 to 25 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, 2008

### 1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Stock Market Fund ("KSMF", the "Fund") was established under a Trust Deed executed between KASB Funds Limited (KFL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 9, 2007 and was approved by The Securities and Exchange Commission of Pakistan (SECP) on February 23, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 Pakistan Credit Rating Agency Limited has assigned management quality rating of AM3+ to the Management Company and JCR-VIS has assigned management quality rating of AM2 – to the Management Company.

KSMF is an open-end stock market fund and is listed on The Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder, except for the units issued to core investors which are not redeemable for a period of two years from the date of issue.

KSMF seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. The Fund may also invest a certain portion of its corpus in debt and money market securities in order to meet liquidity requirements from time to time.

### 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, 2007 (the NBFC Regulations) and directives issued by The Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

#### 2.2 Initial application of a standard or an interpretation

During the year, amendments to International Accounting Standards (IAS) 1, Presentation of Financial Statements relating to capital disclosures became effective and have resulted in an additional disclosure. International Financial Reporting Standard (IFRS) 2 – Share Based Payment, IFRS 3 – Business Combinations, IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 6 – Exploration for and Extraction of Mineral Resources, IFRIC 8 – Scope of IFRS 2 – Share Based Payment and IFRIC 10 – Interim Financial Reporting and Impairment became effective during the year. The application of these standards and interpretations did not have any material effect on the Fund's

financial statements.

#### 2.3 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after July 1, 2008 are either not relevant to Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain increased disclosures:

*Revised IAS 1 – Presentation of financial statements (effective for annual periods beginning on or after January 1, 2009). The objective of revising IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics.*

*IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after July 1, 2008).*

*Revised IAS 23 – Borrowing costs (effective from January 1, 2009). Amendments relating to mandatory capitalisation of borrowing costs relating to qualifying assets.*

*IAS 32 (amendment) – Financial instruments: Presentation and consequential amendment to IAS 1 – Presentation of Financial Statements (effective for annual period beginning on or after January 1, 2009). IAS 32 amended classification of Puttable Financial Instruments.*

*IFRS 2 (amendment) – Share-based payments (effective for annual periods beginning on or after January 1, 2009). IFRS 2 clarifies the vesting conditions and cancellations in the share based payment arrangement.*

*IFRS 3 (amendment) – Business Combinations and consequential amendments to IAS 27 – Consolidated and separate financial statements, IAS 28 – Investment in associates and IAS 31 – Interest in Joint Ventures. (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009).*

*IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after July 1, 2008).*

*IFRIC 12 – Service Concession Arrangements (effective for annual period beginning on or after January 1, 2008).*

*IFRIC 13 – Customer Loyalty Programmes (effective for annual period beginning on or after July 1, 2008).*

*IFRIC 14 & IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual period beginning on or after January 1, 2008).*

*IFRIC 15 – Agreement for the Construction of Real Estate (effective for annual period beginning on or after October 1, 2009).*

*IFRIC 16 – Hedge of Net Investment in a Foreign Operation (effective for annual period beginning on or after October 1, 2008).*

#### 2.4 Basis of measurement

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

## Notes To The Financial Statements For The Year Ended June 30, 2008

### 2.5 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.

### 2.6 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amount recognised in the financial statements are given in note 20 to these financial statements.

## 3. SUMMARY OF 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) *Financial instruments at fair value through profit or loss*  
An instrument is classified 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 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 at fair value through profit or loss are measured at fair value, and changes therein are recognised in Income Statement.
- All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.
- b) *Held to maturity*  
These are investments with fixed or determinable payments and fixed maturity in respect of which the Fund has positive intent and ability to hold such investments to maturity. These investments are stated at amortised cost less impairment losses, if any. Amortisation is determined using the effective yield method.
- c) *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.
- d) *Loans and receivables originated by the enterprise*  
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 fair value through profit or loss or available for sale. This includes receivable against sale of investments, receivable against continuous funding system (CFS) and other receivables and are carried at amortised cost using effective yield method, less impairment losses, if any.

### e) *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 instrument.

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 instrument. Transaction costs on financial instrument 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' Fund until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Fund are included in the Income Statement. Unquoted securities are carried at investment price or break-up value whichever ever is lower, except for government and debt securities which are stated at fair value.

### **Fair value measurement principles**

The fair value of a security listed on a stock exchange, local or foreign as the case may be, and derivatives is valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

### **Securities under repurchase/ resale agreements**

Transactions of purchase under resale (reverse-repo) of marketable and government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amounts paid under these agreements are recognised as receivable in respect of reverse repurchase

## Notes To The Financial Statements For The Year Ended June 30, 2008

transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the agreement.

All reverse repo transactions are accounted for on the settlement date.

### **Impairment**

Financial assets not carried at fair value through profit or loss are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

If in subsequent period the amount of impairment loss decreases, the reduction in impairment loss on financial assets, other than the securities classified as available-for-sale, is recognised in the income statement. For equity instruments classified as 'available for sale', any reversal in impairment loss is recognised in unit holder's fund. For debt instruments classified as 'available for sale', any reversal in impairment loss is recognised in income statement where the increase in fair value of debt instrument can be objectively related to an event occurring after the impairment loss was recognised in income statement.

### **Derecognition**

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

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 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.

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

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of

per unit income and distribution of income already paid out on redemption.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) held by the Fund in equity is recorded in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to unit holders.

### **3.4 Net asset value – per unit**

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

### **3.5 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 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.

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 unutilized tax losses to the extent that this will be available for set off against future taxable profits.

However, the Fund intends to continue availing the tax exemption by distributing at least ninety percent of its accounting income for the period / year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no current tax and deferred tax has been recognised in these financial statements.

### **3.6 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on the valuation of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on reverse repurchase transactions, continuous funding system transactions and bank deposits is recognised on a time proportionate basis using effective interest rate method.
- Income on debt securities is recognised on time proportion basis using effective interest rate method.
- Gains / (losses) arising on the revaluation of the derivatives to the fair value are taken to the Income Statement.
- 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



## Notes To The Financial Statements For The Year Ended June 30, 2008

in the income statement on the date of issue and redemption of units.

### 3.7 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.8 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.

### 3.9 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 of the IPO period as per the Trust Deed of the Fund.

### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including deposits with original maturity of less than three months.

### 3.11 Other assets

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

### 3.12 Dividend and bonus units

Dividend declared subsequent to the balance sheet date is considered as non-adjusting event and is recognized in the period in which it is authorised or approved.

## 4. BANK BALANCES

		2008	2007
		(Rupees in '000)	
In current accounts		5	5
In deposit accounts	4.1	67,258	15,673
		<u>67,263</u>	<u>15,678</u>

4.1 Profit rates on deposit accounts range between 6 % to 12.5 % per annum (2007: 9.75% to 10.25% per annum.)

## 5. INVESTMENTS

### At fair value through profit or loss – held for trading

Ordinary shares of listed companies 5.2 415,012 52,939

### Available for sale

Ordinary shares of listed companies 5.3 – 332,492

415,012 385,431

5.1 The cost of these securities as at June 30, 2008 amounted to Rs. 459.805 million (2007: 352.862 million).

## 5.2 Marketable securities - 'at fair value through profit or loss' - 'held for trading'

2008

Name of the investee company	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	Percentage of total investment on the basis of market value
	----- Number of shares / certificates -----					(Rupees in '000)	

### Shares / certificates of listed companies / mutual funds

- Fully paid ordinary shares / certificates of Rs. 10/- each unless stated otherwise

#### Commercial Banks

Allied Bank Limited	28,500	278,900	7,620	315,020	-	-	-	
Arif Habib Bank Limited	-	330,830	-	330,830	-	-	-	
Askari Bank Limited	37,500	274,500	-	312,000	-	-	-	
BankIslami Pakistan Limited	-	893,843	-	893,843	-	-	-	
Bank Alfalah Limited	-	1,355,000	-	1,077,500	277,500	11,394	2.75	
Bank AL Habib Limited	-	27,500	-	27,500	-	-	-	
Crescent Commercial Bank Limited	-	30,000	-	30,000	-	-	-	
Faysal Bank Limited	-	154,350	7,500	161,850	-	-	-	
Habib Bank Limited	5.2.1	-	134,300	1,250	96,400	39,150	8,168	1.97
JS Bank Limited	-	493,000	-	493,000	-	-	-	
MCB Bank Limited	5.2.1	2,000	423,400	-	312,800	112,600	36,750	8.86
Meezan Bank Limited	-	67,500	-	67,500	-	-	-	
NIB Bank Limited	-	589,000	-	589,000	-	-	-	
National Bank of Pakistan	5.2.1	9,000	482,700	7,300	382,600	116,400	17,169	4.14
PICIC Commercial Bank Limited	-	160,000	-	160,000	-	-	-	
Saudi Pak Commercial Bank Limited	-	104,500	-	104,500	-	-	-	
Standard Chartered Bank (Pakistan) Limited	-	40,000	-	40,000	-	-	-	



## Notes To The Financial Statements For The Year Ended June 30, 2008

2008

Name of the investee company	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	Percentage of total investment on the basis of market value	
								Number of shares / certificates
Soneri Bank Limited	-	117,600	4,500	122,100	-	-	-	
The Bank of Punjab	-	744,800	625	745,425	-	-	-	
United Bank Limited	-	568,400	27,275	432,825	162,850	13,857	3.34	
<b>Oil &amp; Gas Exploration Companies</b>								
Mari Gas Company Limited	-	21,100	-	21,100	-	-	-	
Oil & Gas Development Company Limited	5.2.1	49,100	2,130,600	-	1,837,500	342,200	42,556	10.25
Pakistan Oilfields Limited	-	349,000	-	291,000	58,000	21,161	5.10	
Pakistan Petroleum Limited	5.2.1	13,300	379,500	-	290,800	102,000	25,092	6.05
<b>Oil &amp; Gas Marketing Companies</b>								
Attock Petroleum Limited	8,900	44,900	100	48,900	5,000	2,161	0.52	
Pakistan State Oil Company Limited	-	280,200	-	228,200	52,000	21,696	5.23	
Sui Southern Gas Company Limited	-	85,000	-	85,000	-	-	-	
Sui Northern Gas Pipelines Limited	-	180,000	-	180,000	-	-	-	
<b>Investment Banks/Companies/Securities</b>								
Arif Habib Limited	-	32,500	-	32,500	-	-	-	
Arif Habib Securities Limited	-	406,000	-	338,500	67,500	10,900	2.63	
First National Equities Limited	-	15,000	-	15,000	-	-	-	
JS Investments Limited	-	35,000	-	35,000	-	-	-	
Jahangir Siddiqui & Co. Limited	-	122,200	-	81,306	40,894	21,680	5.22	
J.O.V. & Company Limited	-	30,000	-	30,000	-	-	-	
Pervaiz Ahmed Securities Limited	-	182,000	-	182,000	-	-	-	
IGI Investment Bank Limited	-	60,500	-	60,500	-	-	-	
First Capital Securities Corporation Limited	-	55,500	-	55,500	-	-	-	
<b>Power Generation and Distribution</b>								
Hub Power Company Limited	5.2.1	35,000	1,080,500	-	482,000	633,500	18,118	4.37
Kot Addu Power Company Limited	-	124,600	-	124,600	-	-	-	
Kohinoor Energy Limited	-	102,500	-	102,500	-	-	-	
<b>Cement</b>								
D.G. Khan Cement Company Limited	6,500	1,002,000	-	872,000	136,500	9,165	2.21	
Lucky Cement Limited	33,000	1,253,600	-	1,173,700	112,900	11,056	2.66	
Pioneer Cement Limited	65,000	152,500	-	217,500	-	-	-	
Al-Abbas Cement Company Limited	-	100,000	-	100,000	-	-	-	
Dewan Cement Limited	-	25,000	-	25,000	-	-	-	
Maple Leaf Cement Factory Limited	-	536,500	-	536,500	-	-	-	
Fauji Cement Company Limited	-	368,000	-	368,000	-	-	-	
Pakistan Cement Factory Limited	-	1,450,000	-	1,286,000	164,000	1,115	0.27	
<b>Textile Composite</b>								
Artistic Denim Mills Limited	-	10,200	-	10,200	-	-	-	
Azgard Nine Limited	-	292,500	-	292,500	-	-	-	
Nishat Mills Limited	-	728,000	-	671,000	57,000	4,900	1.18	
Nishat (Chunian) Limited	-	252,000	-	252,000	-	-	-	
Dawood Lawrencepur Limited	-	4,000	-	4,000	-	-	-	
<b>Insurance</b>								
Adamjee Insurance Company Limited	16,000	321,500	-	298,900	38,600	10,450	2.52	
EFU General Insurance Limited	-	68,300	1,350	69,650	-	-	-	
EFU Life Assurance Limited	-	600	-	600	-	-	-	

## Notes To The Financial Statements For The Year Ended June 30, 2008

2008							
Name of the investee company	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	Percentage of total investment on the basis of market value
	----- Number of shares / certificates -----					(Rupees in '000)	
Pakistan Reinsurance Company Limited	-	75,300	-	75,300	-	-	-
Premier Company Limited	-	5,000	-	5,000	-	-	-
Silver Star Insurance Company Limited	-	12,000	-	12,000	-	-	-
<b>Paper &amp; Board</b>							
Century Paper & Board Mills Limited	-	24,500	-	24,500	-	-	-
Cherat Papersack Limited	-	89,700	-	89,700	-	-	-
Packages Limited	3,000	131,700	2,475	137,175	-	-	-
Security Papers Limited	-	3,000	-	3,000	-	-	-
<b>Refinery</b>							
Attock Refinery Limited	-	168,500	-	168,500	-	-	-
Bosicor Pakistan Limited	-	172,000	-	172,000	-	-	-
National Refinery Limited	-	56,400	1,100	57,500	-	-	-
Pakistan Refinery Limited	-	12,300	-	12,300	-	-	-
<b>Technology &amp; Communication</b>							
Pakistan Telecommunication Company Limited 'A'	27,000	1,924,400	-	1,528,900	422,500	16,325	3.93
TRG Pakistan Limited	-	696,000	-	696,000	-	-	-
Worldcall Telecom Limited	-	205,000	-	205,000	-	-	-
Telecard Limited	-	85,000	-	85,000	-	-	-
Eye Television Network	-	386,000	-	204,000	182,000	10,720	2.58
Netsol Technologies Limited	-	245,800	-	245,800	-	-	-
<b>Fertilizer</b>							
Dawood Hercules Chemicals Limited	-	1,600	-	1,600	-	-	-
Engro Chemicals Pakistan Limited	16,500	393,965	-	332,350	78,115	21,935	5.29
Fauji Fertilizer Company Limited	1,300	512,900	-	406,600	107,600	14,238	3.43
Fauji Fertilizer Bin Qasim Limited	-	2,031,000	-	1,758,000	273,000	9,820	2.37
<b>Automobile Assembler</b>							
Indus Motor Company Limited	-	111,900	-	111,900	-	-	-
Pak Suzuki Motor Company Limited	3,000	33,400	-	36,400	-	-	-
<b>Chemicals</b>							
BOC Pakistan Limited	-	56,100	-	56,100	-	-	-
Colgate Palmolive (Pakistan) Limited	-	6,000	-	1,800	4,200	2,624	0.63
ICI Pakistan Limited	3,400	298,200	-	258,800	42,800	6,907	1.66
Nimir Industries Limited	-	35,000	-	35,000	-	-	-
Pakistan PTA Limited	-	197,000	-	197,000	-	-	-
Sitara Chemical Industries Limited	30,600	414,200	1,260	403,750	42,310	10,681	2.57
<b>Closed End Mutual Fund</b>							
PICIC Growth Fund	-	25,000	-	25,000	-	-	-
<b>Engineering</b>							
Huffaz Seamless Pipe Industries Limited	-	201,540	-	100,400	101,140	7,080	1.71
Crescent Steel & Allied Products Limited	-	63,000	-	63,000	-	-	-
Sazgar Engineering Works Limited	-	36,400	-	36,400	-	-	-
Dost Steel Limited	-	10,000	-	10,000	-	-	-
International Industries Limited	-	101,260	-	79,560	21,700	2,722	0.66
<b>Textile Spinning</b>							
D.S. Industries Limited	-	93,500	-	93,500	-	-	-

## Notes To The Financial Statements For The Year Ended June 30, 2008

2008							
Name of the investee company	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	Percentage of total invest- ment on the basis of market value
	----- Number of shares / certificates -----					(Rupees in '000)	
<b>Tobacco</b>							
Pakistan Tobacco Company Limited	-	46,000	-	46,000	-	-	-
<b>Transport</b>							
Pakistan National Shipping Corporation	-	129,500	-	129,500	-	-	-
Pakistan International Container Terminal Limited	-	129,600	-	129,600	-	-	-
<b>Synthetic &amp; Rayon</b>							
Dewan Salman Fibre Limited	-	35,000	-	35,000	-	-	-
Ibrahim Fibres Limited	-	826,000	-	704,000	122,000	6,406	1.54
<b>Jute</b>							
Thal Limited	-	2,000	-	2,000	-	-	-
<b>Sugar &amp; Allied Industries</b>							
Shakarganj Mills Limited	-	135,000	-	135,000	-	-	-
<b>Food &amp; Personal Care Products</b>							
Clover Pakistan Limited	-	2,700	-	2,700	-	-	-
National Foods Limited	-	500	-	500	-	-	-
Nestle Pakistan Limited	-	100	-	100	-	-	-
<b>Glass &amp; Ceramics</b>							
Ghani Glass Limited	-	8,000	-	8,000	-	-	-
<b>Cable &amp; Electric</b>							
Pak Electron Limited	-	42,200	-	42,200	-	-	-
Johnson & Philips (Pakistan) Limited	-	35,000	-	35,000	-	-	-
Siemens Pakistan Engineering Limited	-	800	-	800	-	-	-
<b>Automobile Parts &amp; Accessories</b>							
Agriauto Industries Limited	-	1,500	-	1,500	-	-	-
<b>Miscellaneous</b>							
Pace Pakistan Limited	-	748,500	-	536,000	212,500	6,022	1.45
Ecopack Limited	-	451,500	-	-	451,500	4,515	1.09
Tri-Pack Films Limited	-	209,600	-	165,300	44,300	7,629	1.84
						<b>415,012</b>	

2007							
Name of the investee company	As at March 1, 2007	Purchases during the period	Bonus issue during the period	Sales during the period	As at June 30, 2007	Market value as at June 30, 2007	Percentage of total investments on the basis of market value (%)
	----- Number of shares / certificates -----					(Rupees in '000)	
<b>Commercial Banks</b>							
Allied Bank Limited	-	112,600	-	84,100	28,500	3,960	1.03
Askari Bank Limited	-	137,500	-	100,000	37,500	3,936	1.02
The Bank of Punjab	-	55,000	-	55,000	-	-	-
MCB Bank Limited	-	2,000	-	-	2,000	730	0.19
National Bank of Pakistan	-	22,000	-	13,000	9,000	2,358	0.61
PICIC Commercial Bank Limited	-	18,500	-	18,500	-	-	-
United Bank Limited	-	4,500	-	4,500	-	-	-

## Notes To The Financial Statements For The Year Ended June 30, 2008

Name of the investee company	2007						Market value as at June 30, 2007 (Rupees in '000)	Percentage of total investments on the basis of market value (%)
	As at March 1, 2007	Purchases during the period	Bonus issue during the period	Sales during the period	As at June 30, 2007	Number of shares / certificates		
<b>Oil &amp; Gas Exploration Companies</b>								
Oil & Gas Development Company Limited	-	119,600	-	70,500	49,100	5,882	1.53	
Pakistan Oilfields Limited	-	19,200	-	19,200	-	-	-	
Pakistan Petroleum Limited	-	38,400	-	25,100	13,300	3,491	0.91	
<b>Oil &amp; Gas Marketing Companies</b>								
Attock Petroleum Limited	-	15,200	-	6,300	8,900	4,462	1.16	
Pakistan State Oil Company Limited	-	14,500	-	14,500	-	-	-	
Sui Southern Gas Company Limited	-	110,000	-	110,000	-	-	-	
<b>Investment Banks/Companies/Securities</b>								
P.I.C.I.C.	-	30,000	-	30,000	-	-	-	
<b>Power Generation and Distribution</b>								
Hub Power Company Limited	-	91,000	-	56,000	35,000	1,285	0.33	
Kot Addu Power Company Limited	-	3,000	-	3,000	-	-	-	
<b>Cement</b>								
D.G. Khan Cement Company Limited	-	61,500	-	55,000	6,500	757	0.20	
Lucky Cement Limited	-	128,500	-	95,500	33,000	4,546	1.18	
Pioneer Cement Limited	-	85,000	-	20,000	65,000	2,431	0.63	
<b>Textile Composite</b>								
Nishat Mills Limited	-	44,000	-	44,000	-	-	-	
<b>Insurance</b>								
Adamjee Insurance Company Limited	-	18,500	-	2,500	16,000	5,215	1.35	
EFU General Insurance Limited	-	5,000	-	5,000	-	-	-	
<b>Paper &amp; Board</b>								
Packages Limited	-	5,000	-	2,000	3,000	957	0.25	
<b>Refinery</b>								
National Refinery Limited	-	10,400	-	10,400	-	-	-	
<b>Technology &amp; Communication</b>								
Pakistan Telecommunication Company Limited 'A'	-	57,000	-	30,000	27,000	1,539	0.40	
Telecard Limited	-	64,000	-	64,000	-	-	-	
<b>Fertilizer</b>								
Engro Chemicals Pakistan Limited	-	42,600	-	26,100	16,500	4,617	1.20	
Fauji Fertilizer Company Limited	-	1,300	-	-	1,300	158	0.04	
Fauji Fertilizer Bin Qasim Limited	-	26,500	-	26,500	-	-	-	
<b>Automobile Assembler</b>								
Indus Motor Company Limited	-	1,500	-	1,500	-	-	-	
Pak Suzuki Motor Company Limited	-	4,000	-	1,000	3,000	1,176	0.31	
<b>Chemicals</b>								
ICI Pakistan Limited	-	12,300	-	8,900	3,400	568	0.15	
Sitara Chemical Industries Limited	-	82,600	-	52,000	30,600	4,871	1.26	
<b>Closed End Mutual Fund</b>								
PICIC Growth Fund	-	94,500	-	94,500	-	-	-	
						52,939		

5.2.1 These shares have been kept under pledge as collateral against exposure margins and mark to market losses with National Clearing Company of Pakistan Limited.

## Notes To The Financial Statements For The Year Ended June 30, 2008

### 5.3 Marketable securities - 'available for sale'

Name of the investee company	2008						Percentage of total investments on the basis of market value
	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	
----- Number of shares / certificates -----						(Rupees in '000)	
<b>Shares / certificates of listed companies / mutual funds</b>							
<b>- Fully paid ordinary shares / certificates of Rs. 10/- each unless stated otherwise</b>							
<b>Commercial Banks</b>							
Allied Bank Limited	79,400	254,300	-	333,700	-	-	-
Askari Bank Limited	-	92,800	-	92,800	-	-	-
Bank Alfalah Limited	70,000	390,500	-	460,500	-	-	-
BankIslami Pakistan Limited	-	406,500	-	406,500	-	-	-
Faysal Bank Limited	18,000	125,187	3,750	146,937	-	-	-
Habib Bank Limited	-	71,000	-	71,000	-	-	-
JS Bank Limited	-	430,000	-	430,000	-	-	-
MCB Bank Limited	59,500	283,400	-	342,900	-	-	-
Meezan Bank Limited	-	42,000	-	42,000	-	-	-
National Bank of Pakistan	100,000	214,000	-	314,000	-	-	-
NIB Bank Limited	-	395,000	-	395,000	-	-	-
PICIC Commercial Bank Limited	-	25,000	-	25,000	-	-	-
Soneri Bank Limited	-	18,620	20	18,640	-	-	-
Saudi Pak Commercial Bank Limited	-	30,000	-	30,000	-	-	-
The Bank of Punjab	-	584,000	5,090	589,090	-	-	-
United Bank Limited	81,800	247,400	1,075	330,275	-	-	-
<b>Oil &amp; Gas Exploration Companies</b>							
Mari Gas Company Limited	-	2,100	-	2,100	-	-	-
Oil & Gas Development Company Limited	460,000	655,000	-	1,115,000	-	-	-
Pakistan Oilfields Limited	25,400	145,000	-	170,400	-	-	-
Pakistan Petroleum Limited	83,600	204,500	8,100	296,200	-	-	-
<b>Oil &amp; Gas Marketing Companies</b>							
Attock Petroleum Limited	26,600	4,700	640	31,940	-	-	-
Pakistan State Oil Company Limited	16,500	140,100	-	156,600	-	-	-
Sui Southern Gas Company Limited	-	70,000	-	70,000	-	-	-
Sui Northern Gas Pipelines Limited	-	1,500	-	1,500	-	-	-
<b>Power Generation and Distribution</b>							
Hub Power Company Limited	476,000	607,500	-	1,083,500	-	-	-
Kohinoor Energy Limited	-	28,500	-	28,500	-	-	-
Kot Addu Power Company Limited	-	63,000	-	63,000	-	-	-
<b>Cement</b>							
Fauji Cement Company Limited	-	177,000	-	177,000	-	-	-
D.G. Khan Cement Company Limited	29,500	282,500	-	312,000	-	-	-
Lucky Cement Limited	25,800	501,500	-	527,300	-	-	-
Maple Leaf Cement Factory Limited	-	60,000	-	60,000	-	-	-
<b>Technology &amp; Communication</b>							
Eye Television Network	-	425,500	-	425,500	-	-	-
Netsol Technologies Limited	-	25,000	1,100	26,100	-	-	-
Pakistan Telecommunication Company Limited 'A'	376,500	485,000	-	861,500	-	-	-
Telecard Limited	-	20,000	-	20,000	-	-	-
TRG Pakistan Limited	-	990,000	-	990,000	-	-	-

## Notes To The Financial Statements For The Year Ended June 30, 2008

2008

Name of the investee company	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	Percentage of total invest- ments on the basis of market value
Worldcall Telecom Limited	-	250,500	-	250,500	-	-	-
<b>Fertilizer</b>							
Engro Chemicals Pakistan Limited	10,400	166,450	-	176,850	-	-	-
Fauji Fertilizer Company Limited	84,500	164,100	-	248,600	-	-	-
Fauji Fertilizer Bin Qasim Limited	335,000	1,020,000	-	1,355,000	-	-	-
<b>Automobile Assembler</b>							
Indus Motor Company Limited	43,600	67,300	-	110,900	-	-	-
Pak Suzuki Motor Company Limited	33,200	64,400	-	97,600	-	-	-
<b>Automobile Parts &amp; Accessories</b>							
Agriauto Industries Limited	-	12,800	-	12,800	-	-	-
<b>Chemicals</b>							
BOC Pakistan Limited	-	17,900	-	17,900	-	-	-
Colgate Palmolive (Pakistan) Limited	-	6,200	-	6,200	-	-	-
ICI Pakistan Limited	17,900	74,500	-	92,400	-	-	-
Nimir Industrial Chemicals Limited	-	125,000	-	125,000	-	-	-
Pakistan PTA Limited	-	30,000	-	30,000	-	-	-
Sitara Chemicals Industries Limited	84,500	257,900	4,250	346,650	-	-	-
<b>Insurance</b>							
Adamjee Insurance Company Limited	22,400	102,200	-	124,600	-	-	-
Premier Insurance Limited	-	2,500	-	2,500	-	-	-
Pakistan Reinsurance Company Limited	-	7,500	-	7,500	-	-	-
Silver Star Insurance Company Limited	-	69,000	-	69,000	-	-	-
<b>Cable &amp; Electric</b>							
Pak Electron Limited	-	154,400	-	154,400	-	-	-
Johnson & Philips (Pakistan) Limited	-	45,000	-	45,000	-	-	-
<b>Paper &amp; Board</b>							
Century Paper & Board Mills Limited	-	8,000	-	8,000	-	-	-
Cherat Papersack Limited	-	77,500	50	77,550	-	-	-
Packages Limited	22,200	78,400	225	100,825	-	-	-
Security Papers Limited	-	17,300	-	17,300	-	-	-
<b>Pharmaceuticals</b>							
Abbott Laboratories (Pakistan) Limited	-	5,000	-	5,000	-	-	-
<b>Textile Composite</b>							
Azgard Nine Limited	-	110,000	-	110,000	-	-	-
Artistic Denim Mills Limited	-	20,000	-	20,000	-	-	-
Nishat Mills Limited	53,100	224,000	-	277,100	-	-	-
Nishat (Chunian) Limited	-	109,500	-	109,500	-	-	-
<b>Tobacco</b>							
Pakistan Tobacco Company Limited	-	9,800	-	9,800	-	-	-
<b>Textile Spinning</b>							
D.S. Industries Limited	-	12,500	-	12,500	-	-	-
<b>Transport</b>							
Pakistan National Shipping Corporation	-	33,200	-	33,200	-	-	-
Pakistan International Contanier Terminal Limited	-	165,400	-	165,400	-	-	-
<b>Refinery</b>							
Attock Refinery Limited	-	31,500	1,250	32,750	-	-	-

## Notes To The Financial Statements For The Year Ended June 30, 2008

### 2008

Name of the investee company	As at July 1, 2007	Purchases during the year	Bonus issue during the year	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008  (Rupees in '000)	Percentage of total invest- ments on the basis of market value
Bosicor Pakiatan Limited	-	40,000	-	40,000	-	-	-
National Refinery Limited	-	44,700	100	44,800	-	-	-
Pakistan Refinery Limited	-	10,000	-	10,000	-	-	-
<b>Engineering</b>							
Crescent Steel & Allied Products	-	55,000	-	55,000	-	-	-
Huffaz Seamless Pipe Industries Limited	-	22,000	-	22,000	-	-	-
International Industries Limited	-	13,700	-	13,700	-	-	-
Sazgar Engineering Works Limited	-	5,000	-	5,000	-	-	-
<b>Food &amp; Personal Care Products</b>							
Clover Pakistan Limited	-	500	-	500	-	-	-
National Foods Limited	-	1,200	-	1,200	-	-	-
Nestle Pakistan Limited	-	100	-	100	-	-	-
Unilever Pakistan Limited (Rs. 50/- each)	980	-	-	980	-	-	-
<b>Glass &amp; Ceramics</b>							
Ghani Glass Limited	-	23,600	-	23,600	-	-	-
Tariq Glass Industries Limited	-	46,600	-	46,600	-	-	-
<b>Investment Banks/Companies/Securities</b>							
Arif Habib Securities Limited	25,000	103,500	-	128,500	-	-	-
Arif Habib Limited	-	7,500	-	7,500	-	-	-
First National Equities Limited	-	5,000	-	5,000	-	-	-
IGI Investment Bank Limited	-	70,000	-	70,000	-	-	-
Jahangir Siddiqui & Company Limited	-	22,000	3,194	25,194	-	-	-
JS Investments Limited	-	35,000	-	35,000	-	-	-
Orix Investment Bank Limited	-	3,000	-	3,000	-	-	-
Pervaiz Ahmed Securities Limited	-	66,500	-	66,500	-	-	-
<b>Synthetic &amp; Rayon</b>							
Ibrahim Fibres Limited	65,000	541,500	-	606,500	-	-	-
<b>Miscellaneous</b>							
First Mehran Modarba	-	49,500	-	49,500	-	-	-
Pace Pakistan Limited	-	406,500	-	406,500	-	-	-
Tri-Pack Films Limited	-	37,000	-	37,000	-	-	-
						----- -----	

### 2007

Name of the investee company	As at March 1, 2007	Purchases during the period	Bonus issue during the period	Sales during the period	As at June 30, 2007	Market value as at June 30, 2007  (Rupees in '000)	Percentage of total investments on the basis of market value
<b>Commercial Banks</b>							
Allied Bank Limited	-	97,900	-	18,500	79,400	11,033	2.86
Askari Bank Limited	-	88,500	-	88,500	-	-	-
Bank Alfalah Limited	-	195,000	-	125,000	70,000	4,557	1.18
The Bank of Punjab	-	407,500	-	407,500	-	-	-
Faysal Bank Limited	-	18,000	-	-	18,000	1,332	0.35
Habib Metropolitan Bank Limited	-	5,300	-	5,300	-	-	-
MCB Bank Limited	-	76,500	-	17,000	59,500	21,718	5.63

## Notes To The Financial Statements For The Year Ended June 30, 2008

2007

Name of the investee company	As at March 1, 2007	Purchases during the period	Bonus issue during the period	Sales during the period	As at June 30, 2007	Market value as at June 30, 2007	Percentage of total investments on the basis of market value
Meezan Bank Limited	-	190,500	-	190,500	-	-	-
National Bank of Pakistan	-	150,500	-	50,500	100,000	26,200	6.80
PICIC Commercial Bank Limited	-	43,500	-	43,500	-	-	-
Soneri Bank Limited	-	105,500	-	105,500	-	-	-
Standard Chartered Bank (Pakistan) Limited	-	5,000	-	5,000	-	-	-
United Bank Limited	-	142,500	-	60,700	81,800	17,992	4.67
<b>Oil &amp; Gas Exploration Companies</b>							
Oil & Gas Development Company Limited	-	572,000	-	112,000	460,000	55,108	14.30
Pakistan Oilfields Limited	-	73,000	-	47,600	25,400	8,052	2.09
Pakistan Petroleum Limited	-	134,500	-	50,900	83,600	21,941	5.69
<b>Oil &amp; Gas Marketing Companies</b>							
Attock Petroleum Limited	-	33,600	-	7,000	26,600	13,336	3.46
Pakistan State Oil Company Limited	-	33,500	-	17,000	16,500	6,459	1.68
<b>Power Generation and Distribution</b>							
Hub Power Company Limited	-	700,000	-	224,000	476,000	17,469	4.53
Kohinoor Energy Limited	-	63,500	-	63,500	-	-	-
Kot Addu Power Company Limited	-	97,000	-	97,000	-	-	-
<b>Cement</b>							
Fauji Cement Company Limited	-	50,000	-	50,000	-	-	-
D.G. Khan Cement Company Limited	-	280,500	-	251,000	29,500	3,437	0.89
Lucky Cement Limited	-	360,000	-	334,200	25,800	3,554	0.92
<b>Technology &amp; Communication</b>							
Pakistan Telecommunication Company Limited	-	550,000	-	173,500	376,500	21,461	5.57
<b>Fertilizer</b>							
Engro Chemicals Pakistan Limited	-	65,000	-	54,600	10,400	2,631	0.68
Fauji Fertilizer Company Limited	-	165,000	-	80,500	84,500	10,246	2.66
Fauji Fertilizer Bin Qasim Limited	-	625,000	-	290,000	335,000	13,065	3.39
<b>Automobile Assembler</b>							
Indus Motor Company Limited	-	68,700	-	25,100	43,600	13,320	3.46
Pak Suzuki Motor Company Limited	-	30,500	7,700	5,000	33,200	13,014	3.38
<b>Chemicals</b>							
ICI Pakistan Limited	-	65,200	-	47,300	17,900	2,991	0.78
Sitara Chemical Industries Limited	-	103,100	-	18,600	84,500	13,457	3.49
<b>Insurance</b>							
Adamjee Insurance Company Limited	-	137,500	-	115,100	22,400	7,301	1.89
EFU General Insurance Limited	-	50,700	-	50,700	-	-	-
<b>Paper &amp; Board</b>							
Packages Limited	-	22,200	-	-	22,200	7,083	1.84
<b>Textile Composite</b>							
Nishat Mills Limited	-	198,100	-	145,000	53,100	6,927	1.80
<b>Tobacco</b>							
Pakistan Tobacco Company Limited	-	400	-	400	-	-	-
<b>Refinery</b>							
National Refinery Limited	-	70,000	-	70,000	-	-	-



## Notes To The Financial Statements For The Year Ended June 30, 2008

2007

Name of the investee company	As at March 1, 2007	Purchases during the period	Bonus issue during the period	Sales during the period	As at June 30, 2007	Market value as at June 30, 2007	Percentage of total investments on the basis of market value
<b>Food &amp; Personal Care Product</b>							
Nestle Pakistan Limited	-	500	-	500	-	-	-
Unilever Pakistan Limited (Rs. 50/- each)	-	1,340	-	360	980	2,190	0.57
<b>Investment Banks/Companies/Securities</b>							
Arif Habib Securities Limited	-	25,000	-	-	25,000	2,915	0.76
PI.C.I.C.	-	151,000	-	151,000	-	-	-
<b>Synthetic &amp; Rayon</b>							
Ibrahim Fibres Limited	-	88,500	-	23,500	65,000	3,703	0.96
						332,492	

#### 5.4 Unrealised (diminution)/appreciation in fair value of investments classified as 'at fair value through profit or loss'

	2008	2007
	(Rupees in '000)	
Fair value of investments	5.2 <b>415,012</b>	52,939
Less: Cost of investments	5.1 <b>(459,805)</b>	(51,856)
	<b>(44,793)</b>	1,083
Less: Net unrealised appreciation in fair value of investments at the beginning of the year / period	<b>(1,083)</b>	-
Add: Realised on disposal during the year / period	<b>1,083</b>	-
	<b>(44,793)</b>	1,083

#### 5.5 Unrealised appreciation in fair value of investments classified as 'available for sale'

Fair value of investments	5.3	-	332,492
Cost of investments		-	(301,006)
		-	31,486
Less: Unrealised diminution in fair value of investments at the beginning of the year / period		<b>(31,486)</b>	-
		<b>(31,486)</b>	-

#### 6. DIVIDEND AND INCOME RECEIVABLE

Dividend receivable	<b>2,408</b>	1,194
Profit accrued on bank deposits	<b>627</b>	309
	<b>3,035</b>	1,503

#### 7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	2008	2007
	(Rupees in '000)	
Advance tax	<b>152</b>	-
Deposit with National Clearing Company of Pakistan Limited	7.1 <b>3,500</b>	1,000
Deposit with Central Depository Company of Pakistan Limited	7.1 <b>100</b>	100
Other receivables	<b>11</b>	-
	<b>3,763</b>	1,100

7.1 These deposits are non remunerative.

#### 8. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	8.1	<b>2,457</b>	2,600
Amortisation during the year / period		<b>(521)</b>	(143)
Balance as at June 30		<b>1,936</b>	2,457

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

#### 9. PAYABLE TO KASB FUNDS LIMITED – MANAGEMENT COMPANY

Management fee payable	9.1	<b>985</b>	776
Sales load payable		<b>21</b>	28
Other payable		-	3,750
		<b>1,006</b>	4,554

9.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2007, 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 current year remuneration of management company is charged at the rate of 3.0 percent per annum of the average annual net assets of the Fund.

9.2 In accordance with Clause 6.2.1.2 of the offering document,

## Notes To The Financial Statements For The Year Ended June 30, 2008

Management Company has issued type 'B' Units to core investors. The Management Company offers a special rebate on the management fee to type 'B' units, (currently rebate is applicable at one-third of the management fee applicable to type 'B' units). However, difference between normal rates and reduced rates is passed on to type 'B' unit holders by way of issuance of type 'A' additional units, as a result the management fee charged to Income Statement remains at the rate of 3 percent per annum of the average annual net asset of the Fund. Total 52,081 additional units were issued during the year to type 'B' unit holders at a value of Rs. 2.835 million. (14,104 additional units were issued during the period from March 1, 2007 to June 30, 2007 at a value of Rs. 0.771 million.)

### 10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	2008	2007
	(Rupees in '000)	
Trustee fee	10.1	68
CDS charges	8	10
	<u>87</u>	<u>78</u>

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

### 11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

11.1	<u>423</u>	<u>111</u>
------	------------	------------

11.1 Under the provisions of Non Banking Finance Companies and Notified Entities Regulations, 2007, an open end scheme is required to pay as annual fee to the SECP, an amount equal to one-tenth of one percent of the average annual net assets of the Scheme.

15.1 Transactions with connected persons can be summarised as follows:

#### KASB Funds Limited - Management Company

Remuneration  
Sales load  
Amounts paid on behalf of the Fund  
Payments during the year / period  
Investment in the Fund: 89,718 units (2007: Nil units)

#### KASB Funds Limited Employees' Provident Fund

Investment in the Fund: 5,891 units (2007: Nil units)

### 12. ACCRUED EXPENSES AND OTHER LIABILITIES

	2008	2007
	(Rupees in '000)	
Auditors' remuneration	290	210
Legal and professional charges payable	140	35
Payable to KASB Liquid Fund	355	-
Others	65	1
	<u>850</u>	<u>246</u>

### 13. AUDITORS' REMUNERATION

Audit fee	150	75
Other certifications and services	365	135
Out of pocket expenses	59	-
	<u>574</u>	<u>210</u>

### 14. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average number of units for calculating EPU is not practicable.

### 15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include KASB Funds Limited (the Management Company), KASB Capital Limited (Holding Company of the Management Company), KASB Bank Limited, KASB Securities Limited, Network Leasing Corporation Limited and New Horizon Exploration and Production Limited (associated companies of the Management Company), KASB Liquid Fund, KASB Balanced Fund and KASB Islamic Income Fund (Funds managed by the Management Company), Central Depository Company of Pakistan Limited (trustee of the Fund) and directors and key management personnel of the Management Company. The transactions with 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 2007 and the Trust Deed respectively.

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

	2008	From March 1, 2007 to June 30, 2007
	(Rupees in '000)	
9.1	<u>12,680</u>	3,340
	<u>339</u>	195
	<u>-</u>	3,750
	<u>16,567</u>	2,731
	<u>5,000</u>	-
	<u>300</u>	-

## Notes To The Financial Statements For The Year Ended June 30, 2008

		2008	From March 1, 2007 to June 30, 2007
(Rupees in '000)			
<b>KASB Securities Limited - Brokerage house</b>			
Brokerage	15.3	745	94
Payments during the year / period		745	87
Investment in the Fund: Nil units (2007: 1,800,000 units)		-	90,000
Transfer in the Fund: 2,418,500 units (2007: Nil units)		142,256	-
Transfer out from the Fund: 2,418,500 units (2007: Nil units)		142,256	-
Redemption from the Fund: 160,485 units (2007: Nil units)		8,835	-
Bonus: 160,485 units (2007: Nil units)		8,790	-
Additional units issued: 18,028 units (2007: 4,882 units)		981	267
Interest / profit paid		-	294
<b>KASB Bank Limited</b>			
Profit accrued		3,160	2,129
Profit received		2,842	1,820
Bank charges		13	3
Investment in the Fund Nil units (2007: 2,200,000 units)		-	110,000
Transfer in the Fund: 2,418,500 units (2007: Nil units)		142,256	-
Transfer out from the Fund: 2,418,500 units (2007: Nil units)		142,256	-
Bonus: 196,149 units (2007: Nil units)		10,743	-
Additional units issued: 22,034 units (2007: 5,967 units)		1,120	326
Interest / profit paid	15.4	-	359
<b>KASB Securities Limited Employees' Provident Fund</b>			
Investment in the Fund: 77,089 units (2007: Nil units)		4,300	-
<b>Central Depository Company of Pakistan Limited-Trustee</b>			
Remuneration	10.1	846	224
CDS charges		160	27
Payments during the year / period		998	173
<b>Directors and officers of the Management Company</b>			
Investment in the Fund: 32,795 units (2007: 3,998 units)		1,840	200
Bonus: 1,155 units (2007: Nil units)		63	-
Conversion in the Fund: 156,134 units (2007: 9,393 units)		8,301	500
Redemption from the Fund: 44,238 units (2007: 400 units)		2,335	20
Conversion out of the Fund: 101,732 units (2007 Nil units)		5,603	-

### 15.2 Balances with connected persons can be summarised as follows:

		2008	2007
(Rupees in '000)			
<b>KASB Funds Limited - Management Company</b>			
Payable to the Management Company	9	1,006	4,554
Units held: 89,718 units (2007: Nil units)		4,357	-
<b>KASB Funds Limited Employees' Provident Fund</b>			
Units held: 5,891 units (2007: Nil units)		286	-
<b>KASB Liquid Fund</b>			
Payable to KASB Liquid Fund		355	-
<b>KASB Securities Limited - Brokerage house</b>			
Brokerage payable		-	7
Receivable against sale of investments		-	3,848
Payable against purchase of investments (excluding brokerage payable)		-	4,302
Units held: 1,822,910 units (2007: 1,804,882 units)		88,521	107,643

## Notes To The Financial Statements For The Year Ended June 30, 2008

		2008	2007
		(Rupees in '000)	
<b>KASB Securities Limited Employees' Provident Fund</b>			
Units held: 77,089 units (2007: Nil units)		<b>3,743</b>	-
<b>KASB Bank Limited</b>			
Profit receivable on bank deposits	6	<b>627</b>	309
Bank balance	15.5	<b>67,163</b>	15,673
Units held: 2,424,150 units (2007: 2,205,967 units)		<b>117,717</b>	131,564
<b>Central Depository Company of Pakistan Limited-Trustee</b>			
Payable to the Central Depository Company of Pakistan Limited-Trustee	11	<b>87</b>	78
Security Deposit	7	<b>100</b>	100
<b>Directors and officers of the Management Company</b>			
Units held: 57,104 units (2007: 12,991 units)		<b>2,773</b>	775

15.3 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 counterparties are not connected persons.

15.4 This represents profit / mark up earned and received by the Fund, after deducting any expenses incurred, on investment made during the Pre-IPO and IPO period of the Fund and has been paid to the core investors as per the offering document of the Fund.

15.5 This includes 67.163 million (2007: 15.673 million) with related party on which return is earned at 9.5% to 12.5% (2007: 9.75 % to 10.25%) per annum.

### 16. NUMBER OF UNITS IN ISSUE

		2008		2007	
		Units	(Rupees in '000)	Units	(Rupees in '000)
The units in issue as at June 30 in each class are:					
Type 'A' Units	16.1	<b>4,764,934</b>	<b>231,407</b>	1,701,959	101,497
Type 'B' Units	16.2	<b>5,200,000</b>	<b>252,535</b>	5,200,000	310,106
		<b>9,964,934</b>	<b>483,942</b>	6,901,959	411,603

16.1 Type 'A' units are meant for all types of investors, except for core investors.

16.2 Type 'B' units are meant for the core investors (refer note 9.2).

### 17. MATURITIES OF ASSETS AND LIABILITIES

	2008					
	Total	Not later than one month	Later than one month and upto three months	Later than three months and not later than one year	Later than one year and not later than five year	Later than five years
	----- (Rupees in '000) -----					
<b>Assets</b>						
Bank balances	67,263	67,263	-	-	-	-
Receivable against sale of investments	144	144	-	-	-	-
Investments	415,012	415,012	-	-	-	-
Dividend and profit receivable	3,035	3,035	-	-	-	-
Advances, deposits and other receivables	3,763	163	-	-	-	3,600
Preliminary expenses and floatation costs	1,936	43	87	391	1,415	-
	<b>491,153</b>	<b>485,660</b>	<b>87</b>	<b>391</b>	<b>1,415</b>	<b>3,600</b>

## Notes To The Financial Statements For The Year Ended June 30, 2008

2008						
Total	Not later than one month	Later than one month and upto three months	Later than three months and not later than one year	Later than one year and not later than five year	Later than five years	
------(Rupees in '000)-----						
<b>Liabilities</b>						
Payable against purchase of investments	3,784	3,784	-	-	-	-
Payable on redemption of units	1,061	1,061	-	-	-	-
Payable to KASB Funds Limited - Management Company	1,006	1,006	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	87	87	-	-	-	-
Payable to The Securities and Exchange Commission of Pakistan	423	423	-	-	-	-
Accrued expenses and other liabilities	850	850	-	-	-	-
	<b>7,211</b>	<b>7,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>483,942</b>	<b>478,449</b>	<b>87</b>	<b>391</b>	<b>1,415</b>	<b>3,600</b>
-----						
2007						
Total	Not later than one month	Later than one month and upto three months	Later than three months and not later than one year	Later than one year and not later than five years	Later than five years	
------(Rupees in '000)-----						
<b>Assets</b>						
Bank balances	15,678	15,678	-	-	-	-
Receivable against sale of investments	15,968	15,968	-	-	-	-
Investments	385,431	385,431	-	-	-	-
Dividend and profit receivable	1,503	1,503	-	-	-	-
Advances, deposits and other receivables	1,100	-	-	-	-	1,100
Preliminary expenses and floatation costs	2,457	43	87	391	1,936	-
	422,137	418,623	87	391	1,936	1,100
<b>Liabilities</b>						
Payable against purchase of investments	5,545	5,545	-	-	-	-
Payable on redemption of units	-	-	-	-	-	-
Payable to KASB Funds Limited - Management Company	4,554	4,554	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	78	78	-	-	-	-
Payable to The Securities and Exchange Commission of Pakistan	111	111	-	-	-	-
Accrued expenses and other liabilities	246	246	-	-	-	-
	10,534	10,534	-	-	-	-
<b>Net Assets</b>	<b>411,603</b>	<b>408,089</b>	<b>87</b>	<b>391</b>	<b>1,936</b>	<b>1,100</b>

## Notes To The Financial Statements For The Year Ended June 30, 2008

### 18. RISK MANAGEMENT

The Fund has the objective to invest in fundamentally undervalued equity securities of companies that offer capital gains and/or dividend yield. Investments in shares of listed companies carry risks that are considered higher than the risks arising from investments in debt securities. In extreme circumstances, capital invested in the stock market can, lose its entire value. These risks emanates from various factors that include, but are not limited to:

#### 18.1 Market risk

Market risk is the risk of decrease in market value of the share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. This is generally measured by the volatility in the prices of shares held by the Fund that in turn result in the volatility of the NAV based price of the Fund. The value of investments, apart from other reasons, may fluctuate due the following:

- business cycles affecting the profitability/cash flows of the investee company;
- negative changes in those factors which have impact on the sector in which the investee company operates; and
- general negative changes in capital markets and / or the economy.

The Management Company mitigates market risk by monitoring exposure on marketable securities by following the internal risk management guidelines, investment policy approved by the investment committee of Management Company and applicable regulations laid down by the Securities and Exchange Commission of Pakistan.

#### 18.2 Currency risk

Currently the fund has no such investments which are denominated in a foreign currency.

#### 18.3 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of reverse re-purchase transactions, placements, receivable against continuous funding system or other arrangements to fulfil their obligations. This risk is limited to the principal amount and accrued interest thereon, if any.

#### Credit risk management

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines designed for credit risk management. This risk is primarily managed through assignment of credit limits, obtaining adequate collaterals and by following strict credit evaluation criteria laid down in the investment policy and risk management guidelines for the Fund. The Management Company has a process of post investment reviews for investments by the Fund which is very useful in managing the credit risk profile of the Fund.

#### 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. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered

into with diverse credit-worthy counterparties thereby mitigating risk of significant concentration of credit. Moreover, the Fund limits its exposures to any group or sector in accordance with its investment policy, risk management guidelines and applicable Regulations of the Securities and Exchange Commission of Pakistan.

#### 18.4 Liquidity risk

This is the risk that the Fund, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations with respect to its financial liabilities in full as they fall due, or can only do so at materially disadvantageous terms.

The Management Company manages liquidity risk by following internal policies and procedures designed for liquidity risk management which include maintaining adequate cash balances, continuously monitoring cash flows, capital market developments which can impact the liquidity risk. Also, this risk is managed by investing primarily in highly liquid equity securities which are actively traded, and can be easily converted into cash.

#### 18.5 Market rate of return (MROR) risk

MROR risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate. The Fund primarily invests in listed equity securities with either no or minimal exposure to interest bearing financial instruments. Currently, the Fund's MROR exposure is minimal and is limited to the cash balances maintained with banks.

Mark-up / profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Fund has minimal mark-up / profit risk exposure as it primarily invest in listed equity securities, except for bank balances that are exposed to mark-up / profit rate of 6% to 12.5%.

#### 18.6 Capital management

The Fund seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. The Fund may also invest a certain portion of its corpus in debt and money market securities in order to meet liquidity requirements from time to time, with an aim to continue to provide returns for unitholders and benefits for other stake holders.

The units of the Fund are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder, except for the units issued to core investors which are not redeemable for a period of two years from the date of issue, as per the NBFC Regulations.

### 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their carrying values as the assets and liabilities are essentially short term in nature.

### 20. ACCOUNTING ESTIMATES AND JUDGMENTS

The Management Company makes estimates and assumptions that affect the reported amount of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations

## Notes To The Financial Statements For The Year Ended June 30, 2008

of future events that are believed to be reasonable under the circumstances.

These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, cannot be determined with precision.

### 20.1 Investments stated at fair value

The management company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments.

### 20.2 Other assets

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

## 21. PATTERN OF UNIT HOLDING

Category	Number of Unit Holders		Investment Amount		Percentage of total investment	
	2008 (Numbers)	2007	2008 (Rupees in '000)	2007	2008 (% age)	2007
Individuals	140	102	65,861	13,931	13.61	3.38
Associated companies	5	2	214,623	239,207	44.35	58.12
Directors	2	2	2,438	739	0.50	0.18
Bank / Financial Institution	3	2	112,144	111,814	23.17	27.17
Insurance Companies	-	1	-	1,196	-	0.29
Non Banking Finance Companies	-	-	-	-	-	-
Retirement Funds	9	6	84,077	41,861	17.37	10.17
Public Limited Companies	-	-	-	-	-	-
Others	1	1	4,799	2,855	0.99	0.69
<b>Total</b>	<b>160</b>	<b>116</b>	<b>483,942</b>	<b>411,603</b>	<b>100</b>	<b>100</b>

## 22. LIST OF TOP TEN BROKERS/DEALERS BY PERCENTAGE OF COMMISSION PAID

Broker Name	2008 (% age)	2007
Arif Habib Limited	10%	24%
KASB Securities Limited	9%	6%
Atlas Capital Markets (Private) Limited	9%	3%
AKD Securities Limited	9%	12%
Alfalah Securities (Private) Limited	9%	7%
Foundation Securities (Private) Limited	8%	7%
Fortune Securities Limited	8%	7%
Invest Capital and Securities (Private) Limited	8%	5%
Live Securities (Private) Limited	7%	-
First Capital Equities Limited	7%	8%

## 23. DATES, NAMES OF PERSONS ATTENDING EACH MEETING OF THE BOARD OF DIRECTORS

Name of the Person	Designation	Meetings		
		Total	Attended	Leave granted
Mr. Robert John Owen	Chairman	8	6	2
Mr. Muneer Kamal*	Director	8	7	1
Mr. Farid Arshad Masood	Director	8	8	0
Ms. Naz Khan	Chief Executive & Director	8	8	0
Mr. Syed Muhammad Rehmanullah**	Director	6**	6	0
Mr. Muhammad Imran Khalil	Chief Financial Officer	8	8	0
Mr. Irfan Saleem Awan	Company Secretary	8	7	1

\* Mr. Muneer Kamal has resigned from the Board on July 04, 2008.

\*\* Appointed on July 18, 2007 in Place of Mr. Sheikh Sulaiman Ahmed Saeed Al-Hoqani.

This appointment was approved by the Securities and Exchange Commission of Pakistan on September 04, 2007.

## Notes To The Financial Statements For The Year Ended June 30, 2008

### Dates of the meetings of the Board of Directors

Sixteenth meeting	July 6, 2007
Seventeenth meeting	August 30, 2007
Eighteenth meeting	September 21, 2007
Nineteenth meeting	October 9, 2007
Twentieth meeting	October 29, 2007
Twenty-first meeting	February 23, 2008
Twenty-second meeting	April 2, 2008
Twenty-third meeting	April 21, 2008

### 24. DETAILS OF MEMBER OF INVESTMENT COMMITTEE

Name	Designation	Qualification	Experience (Years)
Naz Khan	Chief Executive Officer	B.A, USA	15
Muhammad Faisal Potrik	Head of Fund Management	MBA	07
Ali Hussain	Head of Research	MBA,CFA	05
Ali Sibtain	Fund Manager	MSc	05
Irfan Saleem	Head of Risk Management & Compliance and Company Secretary	ACA	08

### 25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 20, 2008 by the Board of Directors of the Management Company.

For KASB Funds Limited  
(Management Company)

Chief Executive

Director







[Inside Back Cover]

