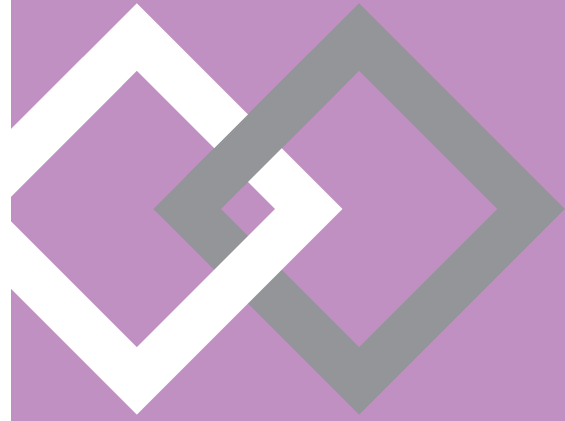


The main title of the report, centered on the page. It includes the text "ANNUAL REPORT 2013" in a blue, sans-serif font, followed by the askari logo (two overlapping squares) and the text "askari High Yield Scheme" in a bold, dark blue, sans-serif font.

ANNUAL REPORT 2013  
 **askari High Yield Scheme**



# Vision

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

“Service to the Customer”

Askari Investment Management Limited

Good people ■ Sound advice ■ Great returns

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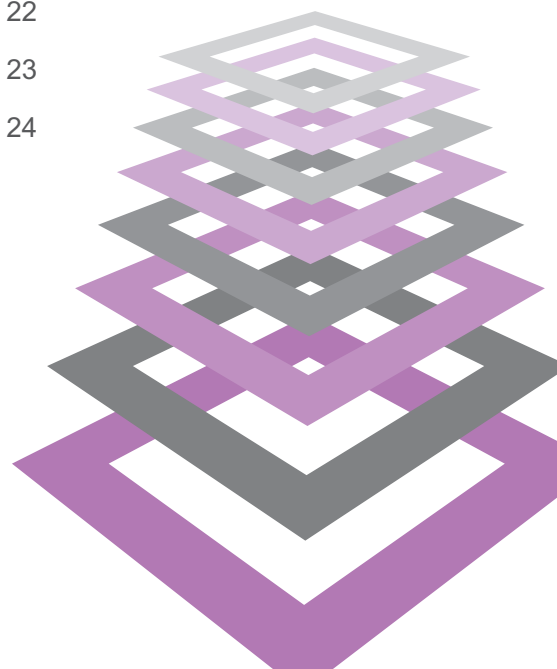
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## **askari High Yield Scheme**

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## Information about the Management Company

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### Registered Office

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

### Head Office

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

### Board of Directors

- Syed Majeedullah Husaini
- Mr. Shahid Hafeez Azmi
- Mr. Khurshid Zafar
- Mr. Sufian Mazhar
- Mr. Farrukh Iqbal Khan

### Audit Committee

- Mr. Shahid Hafeez Azmi - Chairman
- Syed Majeedullah Husaini
- Mr. Farrukh Iqbal Khan

### HR Committee

- Syed Majeedullah Husaini - Chairman
- Mr. Shahid Hafeez Azmi
- Mr. Farrukh Iqbal Khan

### Chief Financial Officer & Company Secretary:

- Zainab Siddiqui

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## Fund's Information

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### Bankers

- Askari Bank Limited
- Bank Alfalah Limited
- Bank Alfalah Limited (Islamic Banking)
- Bank of Khyber Limited
- Faysal Bank Limited
- Burj Bank Limited
- Habib Metro Bank Limited
- Allied Bank Limited

### Trustee

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

### Auditors

- **A.F. Ferguson & Co.**  
Chartered Accountants  
State Life Building No. 1-C, I.I Chundrigar Road,  
P.O. Box 4716, Karachi-74000, Pakistan.  
Tel: (021) 324 26682-6

### Legal Advisors

- **Mohsin Tayabaly & Company**  
**Advocates & Legal Consultants**  
2nd Floor, Dine Centre, PC-4,  
Block 9, Kehkashan, Clifton, Karachi.
- **Bawaney & Partners**  
**Advocates & Investment & Corporate Advisors**  
404, 4th Floor, Beaumont Plaza, 6-D-10,  
Beaumont Road, Civil Lines, Karachi-75530.
- **Akhund Forbes**  
**Corporate and Commercial Law Firm**  
D-21, Block-4, Scheme 5,  
Clifton, Karachi.

### Registrar

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

# Directors' Report



## DIRECTORS' REPORT TO THE UNIT HOLDERS

On behalf of the Board of Directors of Askari Investment Management Limited ("Management Company" or "the Company"), we are pleased to present the annual report of Askari High Yield Scheme ("AHYS" or "the Fund") along with the Audited Financial Statements and Auditors' report thereon for the year ended June 30, 2013.

### Economic Review

Pakistan economy during FY13 continued to face challenges both on internal and external side. More importantly during the year the country also underwent the general election, with PML - N taking the parliamentary majority. On the economic front, the country continued to experience unresolved energy shortages, poor law & order situation, political instability and weak private sector investment. This combined with weak global economic growth in particularly that of its trading partners - US, UK, China and EU - tested country's economic resilience. As result of these aforementioned factors the real GDP growth further slowdown to post a 3.6% growth versus 4.4% in FY12.

Provisional sector-wise growth figures suggests, subdued agriculture growth of 3.3% versus 3.5% last year. Service sector witnessed a sharp slowdown showing a 3.7% growth compared to 5.7% last year. However, on a positive note despite looming domestic crisis, country's industrial sector showed signs of recovery. For the FY13, the LSM posted a growth of 2.8% (compared to 1.2% last year) led by high consumer durable items demand.

On the price front the on-going deceleration in food prices, administrated cut in energy prices along with high base effect helped tamed the headline Consumer Price Index (CPI) inflation for the FY13 to 7.4% y/y from 11% y/y in FY12. Food inflation during FY13 came down to 7.1% y/y on average versus 11% y/y during FY12. Non-food prices recorded a 7.5% y/y growth on average versus 11% y/y in FY12. As a result of this the core inflation (NFNE) receded to post a 9.6% y/y rise compared to 10.6% y/y in FY12.

Given the fall in inflation to single digit and no eminent risk on external side; the State Bank of Pakistan (SBP) eased monetary policy rate by 300bps to 9%.

The current account balance, for the FY13 recorded a deficit of USD 2.3bn (or 0.9% of GDP) compared to USD 4.7bn (or 2.0% of GDP) last year. The relatively stable deficit compared to last year is largely due to the funds received under the Coalition Support Funds (CSF) worth USD 1.88bn. Excluding, the CSF the current account deficit stands at USD 4.2bn (or 1.7% of GDP). Nevertheless, country's export performance remained pretty much unchanged at USD 24.7bn up by a mere +0.2% y/y. Import bill decline by 1.6% y/y to USD 39.8bn; thanks to decelerating international oil prices. As result the country's trade deficit came down to 4.5% y/y to USD 15.1bn from USD 15.8bn.

Capital account witnessed a sharp +30%y/y increase but its overall size remained fairly small at USD 283mn to compensate for higher current account deficit. Moreover, financial account saw a net outflow of USD 80mn despite a +76% rise in Foreign Direct Investment (FDI) of USD 1.4bn. This dismissal financial account performance pertains to on-going debt repayments made by the government of Pakistan to different bi-lateral and unilateral fund agencies. Subsequently, as result of on-going debt repayments and growing USD demand, country's foreign exchange reserve depleted sharply. By Jun-13 end, the SBP foreign reserve almost halved to USD 5.0bn from USD 10.8bn in Jul-12. Falling foreign exchange reserves and meeting the current account deficit has spelt trouble for PKR. The PKR touched an all-time low of 99.6 (by Jun-13 end) against the greenback showing almost 6% y/y depreciation.

### Low private sector credit hinges on higher government borrowing

The government budgetary borrowing during FY13 increased by ~33% y/y or by PKR 1.3trn. Almost 59% (or PKR 2trn) of the borrowing needs were met through commercial banks and the rest 41% (or PKR 3trn) through SBP. As a consequence of higher budgetary borrowing and in particularly through commercial banks led towards a private sector crowding out. For FY13, the private sector credit off-take depicted a decline of 2% y/y. Given the higher domestic borrowing; government domestic debt rose from 38% of GDP in FY12 to 42% of GDP or PKR 9.5trn in FY13. Overall external debt reduced to PKR 5.9trn or 26% of the GDP from 31% of the GDP in FY12. This was mainly on account of higher debt retirement to IMF.

### Outlook

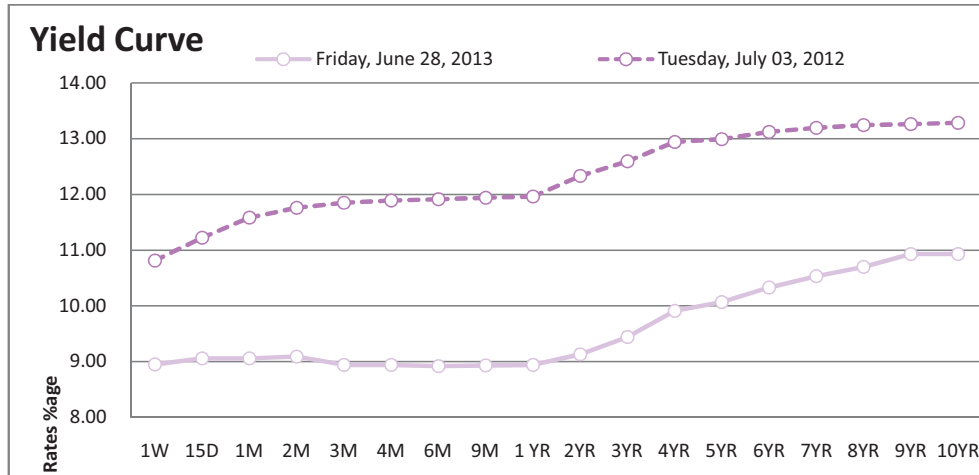
Going forward, with base effect fading away and upward administrated adjustment in energy prices, we expect inflation to prop-up. This may prompt SBP to raise the policy rate; subsequently hurting the private sector credit investment cycle. On the external account, higher current account deficits could only sustain through higher incoming financial and capital accounts. With global economy still is doldrums the prospects of foreign financial capital flowing in would be limited. Moreover, the government has set out a fiscal deficit target of 6.3% of the GDP in FY14 (down from 8.8% of the GDP in FY13). Given the lack of foreign funds outlook and no eminent reforms to boost domestic tax revenue collection, the prospects to bring down fiscal deficit under 7% seem bleak. These combined higher twin deficit; current account and fiscal, can lower the prospects of government achieving 4.4% GDP in FY14.

### Fixed Income Review

Reflecting the 300bps policy rate cut amid at slowdown in headline CPI inflation number (FY13 7.4% y/y versus FY12 11% y/y), the domestic yield curve adjusted lower, remaining upward sloping. Starting FY13 the rates on 3m, 6m and 12m fell by 291bps, 299bps and 302bps to 11.85%, 11.91% and 11.96% respectively. The benchmark 10 year Pakistan Investment Bond (PIB) yield finished the FY13 at 13.28% down by 235bps during the FY13.

Going forward given the high fiscal deficit monetisation, schedule banks will remain the prime lender to government. We see more participation in short-term tenor compared to long-term PIBs' as inflation starts to pick up in the near term, subsequently leading to possible policy rate hike.





**Performance Review**

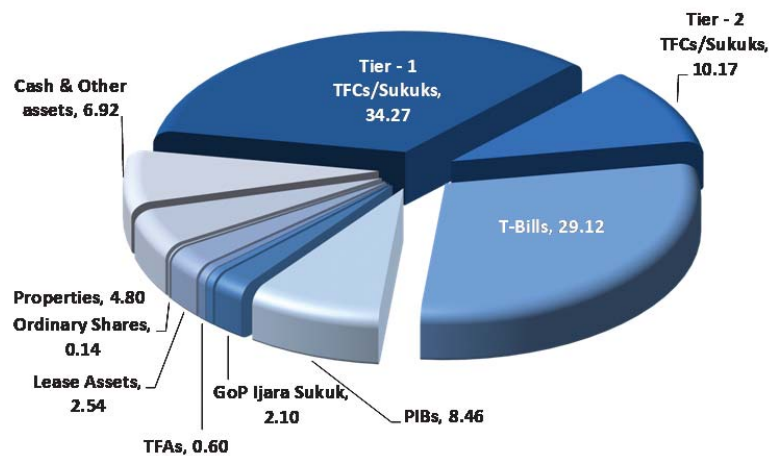
AHYS generated a return of 1.58% in the fiscal year ended June 2013. The reason for inadequacy in performance has been the need to make additional provisions as per the regulations against non-earning assets during the year till November 2012. Since then the fund has generated a return of 11.13% (December 1st, 2012 till June 31, 2013). It should be noted here that this cycle of making provisions has virtually been completed and it is only a matter of time when these assets would be classified as performing again. Also, recoveries from these assets in the near future would result in strong gains going forward.

In comparison with FY12, the size of the fund increased by approximately 56% and stood at PKR 2.65 billion by the end of the year. Average exposure against Tier 1 TFCs/Sukuks was slightly reduced to 34.27% of fund size from 36.37% during the year as the fund realized few capital gains as a result of previous discount rate cut and due to the overall increase in fund size. Allocation in PIBs of 4.81% at the start of the year was increased to 8.46% of the fund size given the market expectations of a decline in policy rate cut. An average investment of 29.12% was maintained in the Treasury Bills enhancing the overall rating of the portfolio.

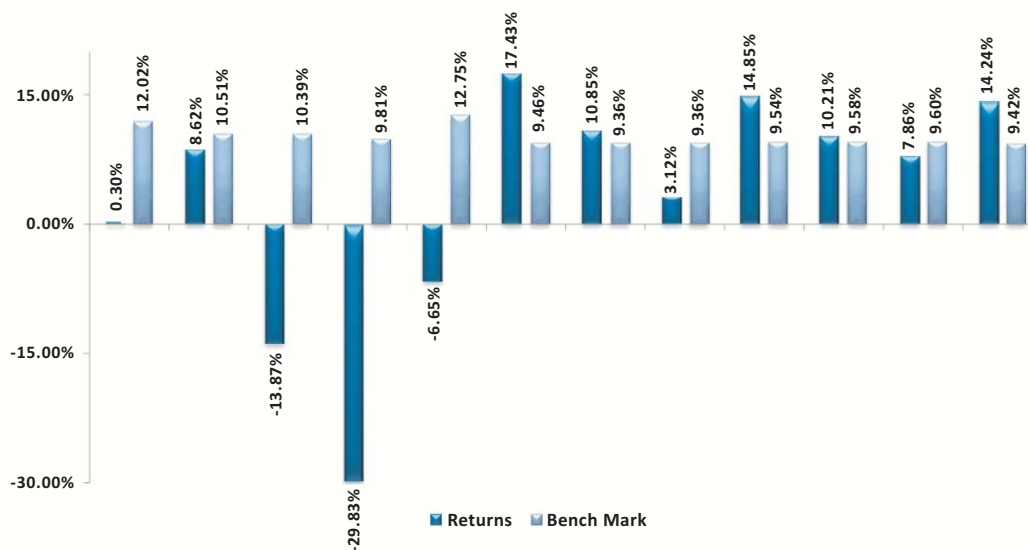
AHYS being an "aggressive income fund" provides the Fund Manager with adequate discretion for taking determined view for return enhancements. The fund actively seeks to capitalize on market opportunities along with offering an optimal blend of risk and return.

We highlight that provisions against nonperforming assets does not mean that the fund has let its right to receive. Any positive changes / recoveries from these assets would result in reversal of these provisioning.

**Average Asset Allocation (for the year ending June 13)**



## Historic Returns vs Bench Mark (Month on Month)



## Details required by the Code of Corporate Governance:

AHYS was listed on the Lahore Stock Exchange (Guarantee) Ltd on April 13, 2006 and Askari Investment Management Limited, as its Management Company, is committed to observe the Code of Corporate Governance as applicable.

The details as required by the Code of Corporate Governance regarding the pattern of unit holding of the Fund as on June 30, 2013 is as follows:

Category	Unit holding	Percentage of Unit holding
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
Askari Bank Limited	11,642,356	43.52%
Askari Investment Management Limited.	1,319,530	4.93%
Askari General Insurance Co. Limited.	257,246	0.96%
Askari Bank Employee Provident Fund	310,135	1.16%
Askari General Insurance Co. Ltd Employee Gratuity Fund	165,608	0.62%
Askari General Insurance Co. Ltd Employee Provident Fund	130,948	0.49%
AIM Employee Provident Fund	23,777	0.09%
<b>MUTUAL FUND</b>	-	
<b>DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN</b>	39,879	0.15%
<b>EXECUTIVES</b>	14,023	
<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	4,706,364	3.21%
<b>BANKS, DFIS, NBFCS, INSURANCE COMPANIES, TAKAFULS, MODARABAS AND PENSION FUNDS</b>	1,258,006	19.09%
<b>SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS</b>		
Attock Cement Pakistan Limited	4,104,656	15.33%
<b>Other Individual Shareholders</b>	2,780,461	10.45%
<b>Total</b>	<b>26,752,989</b>	<b>100.00%</b>

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

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

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

**No of Units**

Investment	42,949
Redemption	3,070

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

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

Key operating and financial data for prior years is as follows:

	Jun-13	Jun-12	Jun-11	Jun-10	Jun-09	Jun-08	Jun-07
Net Assets as on June 30th	2,650,661,079	1,231,843,143	1,731,515,674	1,312,868,229	3,049,420,048	8,346,972,640	9,399,362,925
Net Asset Value per unit as on June 30th	99.0791	98.4580	100.03	94.90	102.14	103.98	111.74
Net income / (loss) for the year/ period	7,786,972	12,769,208	71,062,507	(134,398,403)	137,287,852	1,019,929,464	982,145,998
*Dividend Distribution during the year/period	11,875,778	32,519,121	-	-	392,798,236	1,688,176,556	49,783,007

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

On July 05, 2013, the Board of Directors of the Management Company approved a final distribution at the rate of Re 0.2765 per unit (Par value of Rs. 100 per Unit) out of the accounting income for the year ended June 30, 2013. This distribution has been made in compliance with Regulation 63 of the NBFC Regulations, 2008, and to avail the income tax exemption for the Fund as available under Clause 99 of the Second Schedule to the Income Tax Ordinance, 2001.

Auditors

The Board of Directors on the recommendation of the Audit committee has approved the re-appointment of M/s A.F. Ferguson & Co. - Chartered Accountants as the auditors of the Fund for the financial year ending June 30, 2014.

#### Acknowledgement

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

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

Chief Executive Officer (Acting)

**August 30, 2013**

Karachi.

# Fund Manager's Report



## FUND MANAGER'S REPORT

On behalf of the Board of Directors of Askari Investment Management Limited ("Management Company" or "the Company"), we are pleased to present the annual report of Askari High Yield Scheme ("AHYS" or "the Fund") along with the Audited Financial Statements and Auditors' report thereon for the year ended June 30, 2013.

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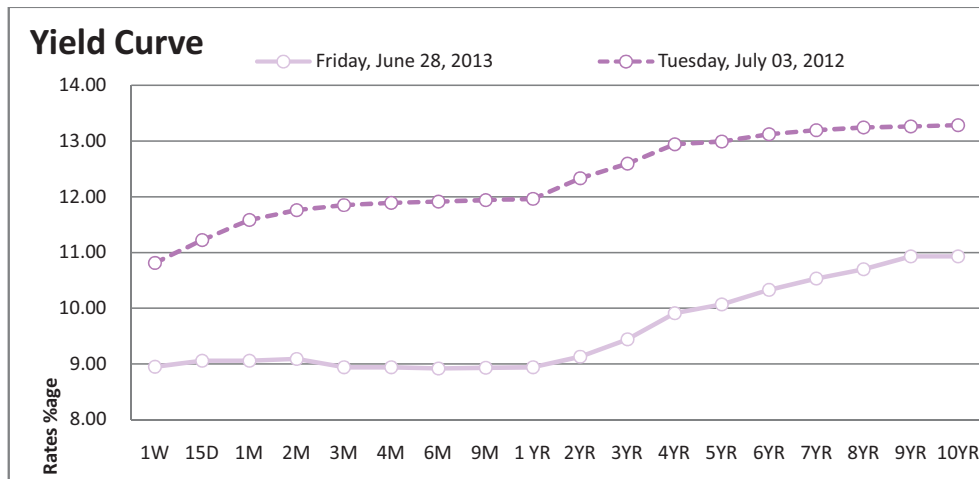
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### Fixed Income Review

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**Performance Review**

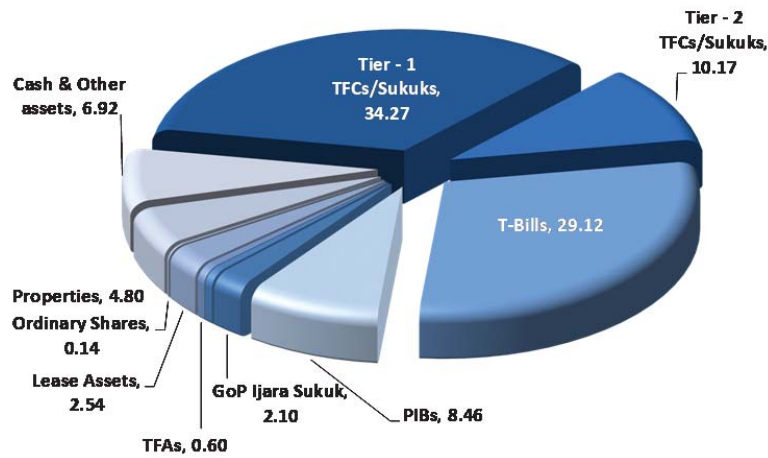
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**Average Asset Allocation (for the year ending June 13)**



**Historic Returns vs Bench Mark (Month on Month)**






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

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


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

We Central Depository Company of Pakistan Limited, being the Trustee of Askari High Yield Scheme (the Fund) are of the opinion that Askari Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2013 in accordance with the provisions of the following:

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

For the purpose of information, the attention of the Unit Holders of the Fund is drawn toward the fact that the time extension granted by the Securities and Exchange Commission of Pakistan (SECP) for disposing off the seven properties up to March 31, 2013 with the directive to the Management Company to make concrete efforts to realize the fair market value of all properties. Subsequent to June 2013, SECP further directed to ensure timely disposal of properties in accordance with the regulatory approvals granted earlier. The Management Company however, managed to dispose off one property subsequent to June 30, 2013 and have requested SECP to grant further extension upto June 2014, the reply of which is still awaited.

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

Karachi: October 24, 2013





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

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

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

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the 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 Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2013.

We draw attention to the following matters which are highlighted in paragraphs 4, 9 and 15 of the annexed statement:

- As required by the Code, the casual vacancy occurring on the Board is required to be filled up within 90 days. However, on one instance, a casual vacancy occurring on the Board was not filled within the time frame as stipulated in the Code;
- As required by the Code, all Directors of the Management Company are required to attend the training program for directors by the year 2016 and atleast one director will attend the training program each year during the period from June 30, 2012 to June 30, 2016. During the year, no Director on the Board attended training as required under the Code; and
- As required by the code, the secretary of the audit committee shall either be the Company Secretary or Head of Internal Audit. However, we noted that the Company was not compliant with the said requirement.

  
Chartered Accountants

Karachi

Dated: October 22, 2013

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

Category	Names
Independent Directors	1. Mr. Shahid Hafeez Azmi 2. Mr. Sufian Mazhar
Executive Director	1. Mr. Basharat Ullah ( appointed as Acting Chief Executive Officer subsequent to June 30, 2013)
Non – Executive Directors	1. Mr. Majeedullah Husaini (appointed subsequent to June 30, 2013) 2. Mr. Farrukh Iqbal Khan (appointed subsequent to June 30, 2013) 3. Khurshid Zafar (appointed subsequent to June 30, 2013)

Mr. Adnan Siddiqui (Chief Executive Officer), Mr. Tahir Mahmood and Mr. Mukhtar Ahmed were directors of the company as at June 30, 2013 but resigned subsequent to the year end. Mr. Basharatullah has been appointed as acting chief executive officer of the company.

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, 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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and a new Board comprising of eight directors were elected for the next term of three years commencing from September 27, 2012, with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008. An independent director, who completed his term on September 26, 2012 was reappointed but the SECP did not approve his appointment.

During the year, three casual vacancies arose on the board on November 1, 2012, May 27, 2013 and June 25, 2013 which were filled up by the directors within 90 days, except the casual vacancy which arose due to the appointment not approved by SECP.

5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including determination of remuneration of non-executive directors, have been taken by the Board. No new appointment of Chief Executive Officer and executive director was made during the year. Non-executive directors Mr. Majeedullah Husaini, Mr. Farrukh Iqbal Khan and Khurshid Zafar were appointed to fill the casual vacancies which arose during the year.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. As required by the code, all the directors of the Management Company are required to attend the training program for directors by the year 2016 and atleast one director will attend the training program each year during the period from June 30, 2012 to June 30, 2016. During the year, no director on the board attended training as required under the code. However, one of the non-executive directors elected subsequent to the year end is a certified director from an institute meeting the criteria specified by the Securities and Exchange Commission of Pakistan.
10. The board has approved appointment of Chief Financial Officer and Company Secretary. The board has approved the remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. The internal audit function has been outsourced to a professional firm and a full time employee has been designated to act as a coordinator between the firm and the Board.
11. The Directors' Report relating to the Fund for the year ended June 30, 2013 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 the Acting Chief Executive Officer and Acting Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company and the Chairman of the committee is an independent director. The secretary of the audit committee is a full time employee of the company but does not hold the position of company secretary or Head of Internal Audit.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the board and advised to the committee for compliance.
17. The Board has reconstituted its HR and Remuneration Committee subsequent to the year end on August 30, 2013. HR and remuneration committee comprises of 3 members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.
18. The Management Company has outsourced the internal audit function to M. Yousuf Adil Saleem & Co. Chartered Accountants who are considered to be suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund. The firm and all its partners are also in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Fund's units, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transaction that were made on terms equivalent to those that prevail in the arm's length transactions only if such term can be substantiated.
24. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



Basharat Ullah  
Acting Chief Executive Officer

Dated: **August 30, 2013**  
Karachi



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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **Askari High Yield Scheme** (hereinafter referred to as 'the Fund'), which comprise the statement of assets and liabilities as at June 30, 2013, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

**Auditors' responsibility**

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2013, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

  
Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: October 22, 2013

Karachi

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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# Financial Statements




**ASKARI HIGH YIELD SCHEME**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2013**


	Note	2013	2012
----- (Rupees) -----			
<b>ASSETS</b>			
Balances with banks	4	73,003,389	117,466,593
Term deposit and money market placements	5	100,000,000	42,639,079
Investments	6	2,378,498,090	904,459,981
Accrued profit and other receivables	7	35,088,106	36,750,495
Security deposits	8	3,600,000	3,600,000
Assets acquired in settlement of investments	9		
Net investment in finance lease		-	68,717,739
Properties - held for sale		76,000,000	73,593,673
		76,000,000	142,311,412
<b>Total assets</b>		2,666,189,585	1,247,227,560
<b>LIABILITIES</b>			
Payable to Askari Investment Management Limited - Management Company	10	6,758,178	3,084,399
Payable to Central Depository Company of Pakistan Limited - Trustee	11	243,133	156,004
Payable to the Securities and Exchange Commission of Pakistan	12	1,177,856	1,276,801
Payable against redemption of units		84,358	10,973
Accrued and other liabilities	13	7,264,981	10,856,240
<b>Total liabilities</b>		15,528,506	15,384,417
<b>NET ASSETS</b>		2,650,661,079	1,231,843,143
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		2,650,661,079	1,231,843,143
<b>Contingencies and commitments</b>	14		
----- Number of units -----			
<b>Number of units in issue</b>		26,752,989	12,511,355
----- (Rupees) -----			
<b>NET ASSET VALUE PER UNIT</b>		99.0791	98.4580

The annexed notes 1 to 31 form an integral part of these financial statements.

For Askari Investment Management Limited  
(Management Company)

  
Acting Chief Executive

  
Director


  
Director

As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.

**ASKARI HIGH YIELD SCHEME**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013	2012
----- (Rupees) -----			
<b>Income</b>			
Return on bank balances, term deposits and placements		6,923,726	25,912,817
Income on government securities		61,379,942	47,820,523
Mark-up on term finance certificates / sukuks		109,119,384	114,559,357
Capital gain on sale of investments		1,754,776	13,961,542
Mark-up on finance lease		4,951,822	11,628,796
Income on assets acquired in settlement of investments		1,965,688	3,772,461
Income from reverse repurchase transaction		236,698	-
Other income	15	899,788	359,608
		187,231,824	218,015,104
Net unrealised appreciation in value of investments classified as 'at fair value through profit or loss'		12,199,170	9,034,897
<b>Total income</b>		199,430,994	227,050,001
Provision against non-performing money market placements	5.2.1	(42,639,079)	(101,472,719)
Reversal against assets acquired in settlement of investments - net	9	815,102	39,200,302
Reversal of provision on exchange of financial asset	6.2	6,540,000	-
Net provision against non-performing Term Finance Certificates	6.1.4	(65,263,731)	(94,677,237)
		(100,547,708)	(156,949,654)
<b>Net income after impairment</b>		98,883,286	70,100,347
<b>Expenses</b>			
Remuneration of Askari Investment Management Limited - Management Company	10.1	23,490,300	25,535,817
Sindh Sales Tax on remuneration of the Management Company		3,806,917	4,084,817
Federal Excise Duty on Management Company's remuneration	10.2	303,522	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	2,181,204	2,296,931
Annual fee to the Securities and Exchange Commission of Pakistan	12	1,177,856	1,276,801
Auditors' remuneration	16	1,007,515	878,610
Security transaction costs		703,133	850,551
Fees and subscription		249,094	36,062
Bank and settlement charges		469,484	477,104
Legal and professional charges		50,000	50,000
Printing and stationery		168,999	168,876
Other expenses		871,999	842,932
<b>Total expenses</b>		34,480,023	36,498,501
<b>Net income from operating activities</b>		64,403,263	33,601,846
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount transferred to income statement		(56,457,373)	(16,376,124)
Provision for Workers' Welfare Fund	13.1	(158,918)	(4,456,514)
<b>Net income for the year before taxation</b>		7,786,972	12,769,208
Taxation	18	-	-
<b>Net income for the year after taxation</b>		7,786,972	12,769,208
<b>Earnings per unit</b>	19		

For Askari Investment Management Limited  
(Management Company)

  
Acting Chief Executive

  
Director

  
Director

As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.



**ASKARI HIGH YIELD SCHEME**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	----- (Rupees) -----	
Net income for the year after taxation	7,786,972	12,769,208
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to income statement</b>		
- Net unrealised diminution in the market value of investments classified as available for sale	(925,989)	-
<b>Total comprehensive income for the year</b>	<u><u>6,860,983</u></u>	<u><u>12,769,208</u></u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For Askari Investment Management Limited  
 (Management Company)

  
 \_\_\_\_\_  
 Acting Chief Executive

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director


As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.

**ASKARI HIGH YIELD SCHEME**  
**DISTRIBUTION STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	----- (Rupees) -----	
<b>Undistributed (loss) / income brought forward comprising:</b>		
- Realised loss	(28,298,890)	(36,342,137)
- Unrealised income	9,034,897	36,828,057
	(19,263,993)	485,920
Net income for the year after taxation	7,786,972	12,769,208
Element of (loss) / income / and capital (losses) / gains included in prices of units issued less those in units redeemed - amount transferred to distribution statement	(355,842)	-
Final distribution of Re 0.9492 per unit on July 6, 2012 for the year ended June 30, 2012 (2011: Rs 1.8786):		
- Cash dividend	(11,070,446)	(19,084,554)
- Bonus units	(805,332)	(13,434,567)
	(11,875,778)	(32,519,121)
Undistributed loss carried forward	<u>(23,708,641)</u>	<u>(19,263,993)</u>
<b>Undistributed loss carried forward comprising:</b>		
- Realised loss	(35,907,811)	(28,298,890)
- Unrealised income	12,199,170	9,034,897
	<u>(23,708,641)</u>	<u>(19,263,993)</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For Askari Investment Management Limited  
(Management Company)

  
\_\_\_\_\_  
Acting Chief Executive

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director


As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.

**ASKARI HIGH YIELD SCHEME**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	----- (Rupees) -----	
<b>Net assets at the beginning of the year</b>	1,231,843,143	1,731,515,674
Issue of 27,010,012 units (2012: 9,344,396 units)	2,599,912,156	937,874,832
Redemption of 12,776,637 units (2012: 14,280,214 units)	(1,233,342,130)	(1,447,608,141)
	1,366,570,026	(509,733,309)
Issue of 8,259 bonus units (2012: 136,879 units)	805,332	13,434,567
	1,367,375,358	(496,298,742)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - amount transferred to income statement	56,457,373	16,376,124
Capital gain on sale of investments	1,754,776	13,961,542
Net unrealised appreciation in value of investments classified as 'at fair value through profit or loss'	12,199,170	9,034,897
Other net loss for the year	(6,166,974)	(10,227,231)
Other comprehensive loss	(925,989)	-
Total comprehensive income for the year	6,860,983	12,769,208
Final distribution of Re 0.9492 per unit on July 6, 2012 for the year ended June 30, 2012 (2011: Rs 1.8786):		
- Cash dividend	(11,070,446)	(19,084,554)
- Bonus units	(805,332)	(13,434,567)
	(11,875,778)	(32,519,121)
<b>Net assets at the end of the year</b>	<u>2,650,661,079</u>	<u>1,231,843,143</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For Askari Investment Management Limited  
(Management Company)

  
Acting Chief Executive

  
Director

  
Director

As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.

**ASKARI HIGH YIELD SCHEME**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**CASH FLOW FROM OPERATING ACTIVITIES**

Net income for the year

**Adjustments for:**

Capital gain on sale of investments  
 Unrealised appreciation in value of investments classified as  
 'at fair value through profit or loss'  
 Provision against non-performing money market placements  
 Reversal of provision on exchange of financial asset  
 Net provision against non-performing Term Finance Certificates  
 Reversal against assets acquired in settlement of investments - net  
 Element of income / (loss) and capital gains / (losses) included in  
 prices of units issued less those in units redeemed - amount  
 transferred to income statement

**(Increase) / Decrease in assets**

Term deposit and money market placements  
 Investments - net  
 Assets acquired in settlement of investments  
 Accrued profit and other receivables

**Increase / (Decrease) in liabilities**

Payable to Askari Investment Management Limited - Management Company  
 Payable to Central Depository Company of Pakistan Limited - Trustee  
 Payable to the Securities and Exchange Commission of Pakistan  
 Payable against redemption of units  
 Accrued and other liabilities

**Net cash (used in) / generated from operating activities**

**CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from issuance of units  
 Payments against redemption of units  
 Dividend paid

**Net cash generated from / (used in) financing activities**

**Net cash generated during the year**


Cash and cash equivalents at the beginning of the year

**Cash and cash equivalents at the end of the year**

Note	2013	2012
	(Rupees)	
	7,786,972	12,769,208
	(1,754,776)	(13,961,542)
	(12,199,170)	(9,034,897)
	42,639,079	101,472,719
	(6,540,000)	-
	65,263,731	94,677,237
	(815,102)	(39,200,302)
	56,457,373	16,376,124
	143,051,135	150,329,339
	-	158,923,449
	(1,384,867,141)	286,300,762
	67,126,514	19,394,041
	1,662,389	9,733,500
	(1,316,078,238)	474,351,752
	3,673,779	(100,052)
	87,129	(20,552)
	(98,945)	273,882
	73,385	10,973
	(3,591,259)	6,835,012
	144,089	6,999,263
	(1,165,096,042)	644,449,562
	2,599,912,156	937,874,832
	(1,233,342,130)	(1,447,608,141)
	(11,070,446)	(19,084,554)
	1,355,499,580	(528,817,863)
	190,403,538	115,631,699
	216,208,181	100,576,482
17	406,611,719	216,208,181

The annexed notes 1 to 31 form an integral part of these financial statements.

For Askari Investment Management Limited  
 (Management Company)

  
 Acting Chief Executive

  
 Director

  
 Director

As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.

**ASKARI HIGH YIELD SCHEME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Askari High Yield Scheme (the "Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "NBFC Rules") as an open end unit trust scheme. It was registered under a Trust Deed, dated December 16, 2005 executed between Askari Investment Management Limited (a wholly owned subsidiary of Askari Bank Limited), as the Management Company and Central Depository Company of Pakistan Limited as the Trustee on December 5, 2005 and was approved by the Securities and Exchange Commission of Pakistan (the "SECP") as a Notified Entity in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") on February 19, 2009. The registered office of the Management Company is situated at Office No. 2/W, Kashmir Plaza, Jinnah Avenue Blue Area, Islamabad with its Head Office situated at 20 - C, Khayaban-e-Nishat, Phase VI, DHA, Karachi.
- 1.2** The Fund offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Lahore Stock Exchange (Guarantee) Limited. As per the offering document, the Fund invests in a mix of spread transactions, Continuous Funding System (CFS) transactions, debt securities, currency forwards, money market instruments and short-maturity reverse repurchase transactions. Pursuant to Circular 7 of 2009 of the SECP, the Board of Directors of the Management Company has approved the category of the Fund as "Aggressive Fixed Income Scheme".
- 1.3** The Pakistan Credit Rating Agency Limited ("PACRA") has assigned an asset manager rating of 'AM3+' to the Management Company on May 16, 2013. As per the rating scale of PACRA, this rating denotes that the asset manager meets high investment industry standards and benchmarks. PACRA has also assigned stability rating of 'A' to the Fund on January 30, 2013.
- 1.4** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

The following standards, amendments and interpretation to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2012:

- IAS 1, 'Financial statement presentation'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The impact of this change has been taken in the statement of comprehensive income.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions

are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i) Classification valuation and impairment of investments (notes 3.2 and 6)
- ii) Assessing the recoverable amounts of assets acquired against settlement of investments (notes 3.7 and 9)

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

## 2.6 Functional and presentation currency

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Cash and cash equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification

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

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

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

#### b) Loans and receivables

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

#### c) Available-for-sale

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

#### 3.2.2 Regular way contracts

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

#### 3.2.3 Initial recognition and measurement

Financial assets classified as 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the Income Statement.

Financial assets classified as 'available for sale' and 'loans and receivables' are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of such investments.

### 3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

#### Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its various circulars. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### Basis of valuation of government securities

Ijara sukuk issued by the Government of Pakistan (GoP Ijara Sukuk) are valued on the basis of latest weighted average Reuter's rates. The investment of the Fund in government securities other than GoP Ijara Sukuks are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

#### Basis of valuation of equity securities

Equity securities are valued on the basis of closing quoted market prices of the stock exchange.

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

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

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

### 3.2.5 Impairment

The Fund assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

#### Financial assets classified as 'available for sale'

##### Equity securities

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If evidence of impairment exists, the cumulative loss previously recognised in other comprehensive income is removed from Statement of Comprehensive Income and recognised in the Income Statement.

Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

##### Financial assets classified as 'loans and receivable'

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. Provision is made in accordance with the criteria specified by the SECP.

### 3.2.6 Derecognition

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

### 3.2.7 Offsetting of financial assets and liabilities

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

### 3.3 Financial liabilities

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

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

### 3.4 Derivatives

Derivative instruments are initially recognised at cost and subsequently each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

### 3.5 Securities under repurchase / resale agreements

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

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

### 3.6 Investment in finance lease

The Fund acquired certain leased asset as part of settlement of investments. The risks and rewards incidental to ownership of the leased asset are transferred substantially to the lessee over the lease period. Investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including unearned finance income, if any.

### 3.7 Assets held for sale

The Fund acquired certain properties in settlement of its investments. These properties are classified as held for sale and measured at lower of carrying amount and fair value less costs to sell.

### 3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being charged over a period of five years commencing from December 2005 as per the requirements of the Trust Deed of the Fund.

### 3.9 Taxation

#### Current

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

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

#### Deferred

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



### 3.10 Issue and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units for which the 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. Redemption of units is recorded on acceptance of application for redemption.

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

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

The 'element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed' account is credited with the amount representing net income / (loss) including capital gains / (losses) and movement in appreciation / (diminution) in fair value of investments classified as available for sale accounted for in the net asset value and included in the sale price of units issued. Upon redemption of units, the 'element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed' account is debited with the amount representing net income / (loss) including capital gains / (losses) and movement in appreciation / (diminution) in fair value of investments classified as available for sale accounted for in the net asset value and included in the redemption price of units redeemed.

The net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed representing movement in unrealised appreciation / (diminution) in fair value of investments classified as available for sale is taken to the Distribution Statement. The remaining amount of net element of income / (loss) and capital gain / (losses) included in price of units issued less those in units redeemed representing net income / (loss) including capital gain / (losses) is transferred to the Income Statement.

### 3.12 Net asset value per unit

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

### 3.13 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.

### 3.14 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

### 3.15 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on investments is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.
- Income from government securities is accrued using the effective interest method.
- Rental income on properties held-for-sale is recognised on accrual basis.

The Fund follows the finance method in recognising income from leased assets acquired in settlement of investments. Under this method, the unearned income, i.e., the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred and then amortised over the term of the lease by applying the annuity method, so as to produce a constant rate of return on net investments in the leases.

**4 BALANCES WITH BANKS**

Note	2013	2012
	------(Rupees)-----	
In savings accounts	73,003,389	117,466,593

- 4.1 These carry mark-up at the rates ranging from 6% to 9% (2012: 6% to 12.25%) per annum. Deposits in savings accounts include Rs 6,168,043 (2012: Rs16,506,393) maintained with Askari Bank Limited, a connected person, which carries profit at the rate of 8.5% per annum.

**5 TERM DEPOSIT AND MONEY MARKET PLACEMENTS**

Note	2013	2012
	------(Rupees)-----	
Term deposits	100,000,000	-
Placements with banks and financial institutions	-	42,639,079
	<u>100,000,000</u>	<u>42,639,079</u>

- 5.1 Term deposit carry mark-up at the rate of 9.75% and has maturity date of July 25, 2013.

**5.2 Placements with banks and financial institutions**

Note	2013	2012
	------(Rupees)-----	
Trust Investment Bank Limited	129,111,798	129,111,798
Saudi Pak Leasing Company Limited	15,000,000	15,000,000
	144,111,798	144,111,798
Less: Provisions held	(144,111,798)	(101,472,719)
	<u>-</u>	<u>42,639,079</u>

- 5.2.1 The facilities have been classified as non-performing and fully provided in accordance with the Fund's provisioning policy.

**6 INVESTMENTS****At fair value through profit or loss****Government Securities**

Government Treasury Bills  
Pakistan Investment Bonds  
Government Ijara Sukuks

**Term finance certificates**

Listed  
Unlisted

**Sukuk certificates**

Unlisted

**Available for sale**

Listed shares

Note	2013	2012
	------(Rupees)-----	
6.1.1.1	1,466,459,911	98,741,588
	-	4,669,872
6.1.1.3	300,130,000	-
	<u>1,766,589,911</u>	<u>103,411,460</u>
6.1.2	354,504,797	382,520,590
6.1.2	186,932,862	184,273,099
	541,437,659	566,793,689
6.1.3	64,856,409	234,254,832
	<u>2,372,883,979</u>	<u>904,459,981</u>
6.2	5,614,111	-
	<u>2,378,498,090</u>	<u>904,459,981</u>

## 6.1 At fair value through profit or loss

## 6.1.1 Government Securities

## 6.1.1.1 Government Treasury Bills

Issue date	Tenor	Face Value				Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2012	Purchased during the year	Disposed / matured during the year	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution)		
Rupees										
October 4, 2012	12 months	-	200,000,000	200,000,000	-	-	-	-	-	-
November 1, 2012	12 months	-	250,000,000	250,000,000	-	-	-	-	-	-
December 13, 2012	12 months	-	185,000,000	185,000,000	-	-	-	-	-	-
October 18, 2012	12 months	-	100,000,000	100,000,000	-	-	-	-	-	-
November 29, 2012	12 months	-	450,000,000	450,000,000	-	-	-	-	-	-
August 11, 2011	12 months	-	35,000,000	35,000,000	-	-	-	-	-	-
July 12, 2012	12 months	-	122,000,000	105,000,000	17,000,000	16,957,441	16,958,231	790	0.64%	0.71%
December 1, 2011	12 months	-	256,000,000	256,000,000	-	-	-	-	-	-
September 20, 2012	12 months	-	100,000,000	100,000,000	-	-	-	-	-	-
August 23, 2012	12 months	-	250,000,000	250,000,000	-	-	-	-	-	-
July 26, 2012	12 months	-	1,185,000,000	500,000,000	685,000,000	680,748,713	680,943,430	194,717	25.69%	28.63%
November 3, 2011	12 months	-	199,000,000	199,000,000	-	-	-	-	-	-
August 9, 2012	12 months	-	1,290,000,000	750,000,000	540,000,000	534,812,278	534,949,920	137,642	20.18%	22.49%
February 7, 2013	12 months	-	150,000,000	150,000,000	-	-	-	-	-	-
May 16, 2013	12 months	-	250,000,000	250,000,000	-	-	-	-	-	-
June 13, 2013	12 months	-	250,000,000	250,000,000	-	-	-	-	-	-
May 17, 2012	3 months	100,000,000	-	100,000,000	-	-	-	-	-	-
August 23, 2012	3 months	-	250,000,000	250,000,000	-	-	-	-	-	-
November 29, 2012	3 months	-	250,000,000	250,000,000	-	-	-	-	-	-
November 1, 2012	3 months	-	300,000,000	300,000,000	-	-	-	-	-	-
November 15, 2012	3 months	-	100,000,000	100,000,000	-	-	-	-	-	-
June 14, 2012	3 months	-	100,000,000	100,000,000	-	-	-	-	-	-
May 17, 2012	3 months	-	500,000,000	500,000,000	-	-	-	-	-	-
October 18, 2012	3 months	-	200,000,000	200,000,000	-	-	-	-	-	-
September 20, 2012	3 months	-	260,000,000	260,000,000	-	-	-	-	-	-
July 26, 2012	3 months	-	250,000,000	250,000,000	-	-	-	-	-	-
May 3, 2012	3 months	-	30,000,000	30,000,000	-	-	-	-	-	-
September 6, 2012	3 months	-	350,000,000	350,000,000	-	-	-	-	-	-
October 4, 2012	3 months	-	200,000,000	200,000,000	-	-	-	-	-	-
January 10, 2013	3 months	-	150,000,000	150,000,000	-	-	-	-	-	-
February 7, 2013	3 months	-	190,000,000	190,000,000	-	-	-	-	-	-
February 21, 2013	3 months	-	300,000,000	300,000,000	-	-	-	-	-	-
March 7, 2013	3 months	-	345,000,000	345,000,000	-	-	-	-	-	-
March 21, 2013	3 months	-	330,000,000	330,000,000	-	-	-	-	-	-
April 4, 2013	3 months	-	40,000,000	40,000,000	-	-	-	-	-	-
May 2, 2013	3 months	-	685,000,000	450,000,000	235,000,000	233,546,734	233,608,330	61,596	8.81%	9.82%
May 16, 2013	3 months	-	250,000,000	250,000,000	-	-	-	-	-	-
August 9, 2012	6 months	-	250,000,000	250,000,000	-	-	-	-	-	-
October 4, 2012	6 months	-	470,000,000	470,000,000	-	-	-	-	-	-
March 8, 2012	6 months	-	100,000,000	100,000,000	-	-	-	-	-	-
December 13, 2012	6 months	-	185,000,000	185,000,000	-	-	-	-	-	-
November 29, 2012	6 months	-	250,000,000	250,000,000	-	-	-	-	-	-
November 1, 2012	6 months	-	380,000,000	380,000,000	-	-	-	-	-	-
July 12, 2012	6 months	-	100,000,000	100,000,000	-	-	-	-	-	-
October 18, 2012	6 months	-	130,000,000	130,000,000	-	-	-	-	-	-
September 6, 2012	6 months	-	35,000,000	35,000,000	-	-	-	-	-	-
September 20, 2012	6 months	-	250,000,000	250,000,000	-	-	-	-	-	-
August 23, 2012	6 months	-	410,000,000	410,000,000	-	-	-	-	-	-
January 26, 2012	6 months	-	400,000,000	400,000,000	-	-	-	-	-	-
July 26, 2012	6 months	-	275,000,000	275,000,000	-	-	-	-	-	-
August 9, 2012	6 months	-	1,375,000,000	1,375,000,000	-	-	-	-	-	-
February 7, 2013	6 months	-	150,000,000	150,000,000	-	-	-	-	-	-
June 13, 2013	6 months	-	250,000,000	250,000,000	-	-	-	-	-	-
<b>Total - June 30, 2013</b>		<b>100,000,000</b>	<b>15,362,000,000</b>	<b>13,985,000,000</b>	<b>1,477,000,000</b>	<b>1,466,065,166</b>	<b>1,466,459,911</b>	<b>394,745</b>		
<b>Total - June 30, 2012</b>		<b>495,000,000</b>	<b>8,469,900,000</b>	<b>8,469,900,000</b>	<b>100,000,000</b>	<b>98,756,942</b>	<b>98,741,588</b>	<b>(15,354)</b>		

The outstanding security have remaining maturity period of upto 3 months (2012: 3 months) with yield of 8.99% to 9.06% per annum (2012: 11.88% per annum).

6.1.1.2 Pakistan Investment Bonds

Issue date	Tenor	Face Value				Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2012	Purchased during the year	Disposed / matured during the year	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution)		
Rupees										
October 6, 2003	10 Years	-	100,000,000	100,000,000	-	-	-	-	-	-
August 18, 2011	10 Years	5,000,000	-	5,000,000	-	-	-	-	-	-
August 18, 2011	5 Years	-	200,000,000	200,000,000	-	-	-	-	-	-
July 19, 2012	10 Years	-	425,000,000	425,000,000	-	-	-	-	-	-
July 19, 2012	5 Years	-	475,000,000	475,000,000	-	-	-	-	-	-
July 19, 2012	3 Years	-	225,000,000	225,000,000	-	-	-	-	-	-
<b>Total - June 30, 2013</b>		<b>5,000,000</b>	<b>1,425,000,000</b>	<b>1,430,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - June 30, 2012</b>		<b>-</b>	<b>355,000,000</b>	<b>350,000,000</b>	<b>5,000,000</b>	<b>4,709,407</b>	<b>4,669,872</b>	<b>(39,535)</b>		

6.1.1.3 Government Ijara Sukuk

Face value of Rs 5,000 each unless otherwise stated.

Issue date	Tenor	Number of certificates				Balance as at June 30, 2013			Market value as percentage of net assets	Market value as percentage of total investments
		As at July 1, 2012	Purchases during the year	Disposed / matured during the year	As at June 30, 2013	Carrying value	Market Value	Appreciation / (Diminution)		
Rupees										
GoP Ijarah Sukuk (issue date - June 26, 2012)	3 years	-	20,000	20,000	-	-	-	-	-	-
GoP Ijarah Sukuk (issue date - December 26, 2012)	3 years	-	3,000	3,000	-	-	-	-	-	-
GoP Ijarah Sukuk (issue date - March 02, 2012)	3 years	-	35,000	15,000	20,000	100,350,000	100,210,000	(140,000)	3.78%	4.21%
GoP Ijarah Sukuk (issue date - September 18, 2012)	3 years	-	40,000	-	40,000	200,000,000	199,920,000	(80,000)	7.54%	8.41%
<b>Total - June 30, 2013</b>		<b>-</b>	<b>98,000</b>	<b>38,000</b>	<b>60,000</b>	<b>300,350,000</b>	<b>300,130,000</b>	<b>(220,000)</b>		
<b>Total - June 30, 2012</b>		<b>-</b>	<b>57,000</b>	<b>57,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

6.1.2 Term finance certificates

Face value of Rs 5,000 each unless otherwise stated.

Name of investee company	Number of certificates				Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of total issue size
	As at July 1, 2012	Purchased during the year	Disposed/ redeemed during the year	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution)			
Rupees										
<b>Term finance certificates - listed</b>										
Askari Bank Limited (issue date - 18-11-09)	9,936	-	9,936	-	-	-	-	-	-	-
Dewan Cement Limited	25,000	-	-	25,000	-	-	-	-	-	-
Engro Fertilizer Limited (issue date - 30-11-07)	12,800	1,300	10,050	4,050	19,481,272	19,939,587	458,315	0.75%	0.84%	1.44%
Engro Fertilizer Limited (issue date - 18-03-08)	-	7,400	-	7,400	32,930,000	34,687,500	1,757,500	1.31%	1.46%	2.44%
Pace Pakistan Limited (issue date - 15-02-08)	15,000	-	-	15,000	-	-	-	-	-	-
Pak Arab Fertilizer Limited (issue date - 28-02-08)	-	60,153	60,153	-	-	-	-	-	-	-
Pakistan Mobile Communication										
Limited (issue date - 28-10-08)	28,710	-	7,000	21,710	107,129,298	108,589,099	1,459,801	4.10%	4.57%	7.14%
Telecard Limited (issue date - 27-05-05)	10,000	-	-	10,000	-	-	-	-	-	-
Trust Investment Bank Limited (issue date - 04-07-08)	10,000	-	-	10,000	-	-	-	-	-	-
United Bank Limited (issue date - 14-02-08)	5,200	12,000	5,200	12,000	59,880,000	60,439,339	559,339	2.28%	2.54%	2.50%
United Bank Limited (issue date - 15-03-05)	6,670	-	6,670	-	-	-	-	-	-	-
Worldcall Telecom Limited (issue date - 07-10-08)	4,200	-	-	4,200	3,298,015	3,298,015	-	0.12%	0.14%	0.05%
Bank Alfalah Limited (issue date - 20-02-09)	-	29,600	5,000	24,600	123,000,000	124,927,041	1,927,041	4.71%	5.25%	6.15%
Bank Alfalah Limited (issue date - 02-12-09)	-	500	-	500	2,615,084	2,624,216	9,132	0.10%	0.11%	0.13%
	<b>127,516</b>	<b>110,953</b>	<b>104,009</b>	<b>134,460</b>	<b>348,333,669</b>	<b>354,504,797</b>	<b>6,171,128</b>	<b>13.37%</b>	<b>14.90%</b>	
<b>Term finance certificates - unlisted</b>										
AgriTech Limited (issue date - 29-11-07)	12,000	-	-	12,000	-	-	-	-	-	-
AgriTech Limited (issue date - 01-07-11)	2,375	-	-	2,375	-	-	-	-	-	-
Avari Hotels Limited (issue date - 30-04-09)	15,200	-	-	15,200	27,172,671	28,962,543	1,789,872	1.09%	1.22%	0.72%
Azgard Nine Limited (issue date - 3rd Issue)	6,000	-	-	6,000	-	-	-	-	-	-
Bank Al Habib Limited (issue date - 30-06-11)	22,984	10,000	9,000	23,984	130,442,222	134,264,421	3,822,199	5.07%	5.64%	4.35%
Bank Al Habib Limited (issue date - 15-06-09)	-	9,600	5,200	4,400	23,464,672	23,705,898	241,226	0.89%	1.00%	0.78%
New Allied Electronics Industries (Private)										
Limited (issue date - 15-05-07)	5,000	-	-	5,000	-	-	-	-	-	-
	<b>63,559</b>	<b>19,600</b>	<b>14,200</b>	<b>68,959</b>	<b>181,079,565</b>	<b>186,932,862</b>	<b>5,853,297</b>	<b>7.05%</b>	<b>7.86%</b>	
<b>Total - June 2013</b>	<b>191,075</b>	<b>130,553</b>	<b>118,209</b>	<b>203,419</b>	<b>529,413,234</b>	<b>541,437,659</b>	<b>12,024,425</b>	<b>20.43%</b>	<b>22.76%</b>	
<b>Total - June 2012</b>	<b>182,070</b>	<b>119,211</b>	<b>110,206</b>	<b>191,075</b>	<b>557,742,493</b>	<b>566,793,689</b>	<b>9,051,196</b>	<b>46.01%</b>	<b>62.67%</b>	

6.1.3 Sukuk certificates - unlisted

Face value of Rs 5,000 each unless otherwise stated.

Name of investee company	Number of certificates			Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of total issue size
	As at July 1, 2012	Purchased during the year	Disposed/ redeemed during the year	As at June 30, 2013	Carrying value	Market value			
----- Rupees -----									
Al-Zamin Leasing Modaraba (issue date - 12-05-08) - note 6.1.4	7,000	-	7,000	-	-	-	-	-	-
Engro Fertilizer Limited (issue date - 22-3-12)	9,840	-	9,840	-	-	-	-	-	-
Hubco short-term sukuk (issue date - 16-08-12)	-	18,000	18,000	-	-	-	-	-	-
Hubco short-term sukuk (issue date - 03-02-12)	4,000	-	4,000	-	-	-	-	-	-
Maple Leaf Cement Factory Limited I (issue date - 03-12-07)	35,000	-	-	35,000	62,850,695	62,850,695	-	2.6%	0.8%
Maple Leaf Cement Factory Limited II (issue date - 31-03-10)	1,312	-	1,312	-	-	-	-	-	-
Security Leasing Corporation Limited II (issue date - 19-09-07)	8,000	-	-	8,000	2,005,714	2,005,714	-	0.1%	0.3%
Aisha Steel Mills Limited	-	8,000	8,000	-	-	-	-	-	-
<b>Total - June 2013</b>	<b>65,152</b>	<b>26,000</b>	<b>48,152</b>	<b>43,000</b>	<b>64,856,409</b>	<b>64,856,409</b>	-	<b>2.73%</b>	-
<b>Total - June 2012</b>	<b>51,312</b>	<b>13,840</b>	<b>-</b>	<b>65,152</b>	<b>234,216,242</b>	<b>234,254,832</b>	<b>38,590</b>	<b>19.02%</b>	<b>25.90%</b>

6.1.4 Securities listed below have been classified as non-performing in accordance with the criteria specified by the SECP, and the Fund's provisioning policy for non-performing exposures. The carrying values stated above in relation to these securities have been arrived at after taking into account provisions as under:

	2013			2012		
	Carrying value	Provision held	Net carrying value	Carrying value	Provision held	Net carrying value
----- Rupees -----						
Al-Zamin Leasing Modaraba (issue date - 12-05-08)	-	-	-	27,246,671	27,246,671	-
AgriTech Limited (issue date - 29-Nov-07)	59,952,000	59,952,000	-	59,952,000	59,952,000	-
Azgard Nine Limited (issue date - 04-12-07) - note 6.2	13,007,615	13,007,615	-	29,976,000	29,976,000	-
Dewan Cement Limited	125,000,000	125,000,000	-	125,000,000	125,000,000	-
Maple Leaf Cement Factory Limited -1 (issue date - 03-12-07)	98,542,172	35,691,478	62,850,694	109,517,210	17,616,686	91,900,524
New Allied Electronics Industries (Private) Limited (issue date - 15-05-07)	10,221,616	10,221,616	-	10,221,616	10,221,616	-
Security Leasing Corporation Limited (issue date - 19-11-07)	9,858,732	7,853,018	2,005,714	11,007,326	7,853,018	3,154,308
Telecard Limited (issue date - 27-05-05)	11,471,000	11,471,000	-	12,115,938	7,017,183	5,098,755
Trust Investment Bank Limited (04-07-08)	14,056,875	14,056,875	-	-	-	-
Pace (Pakistan) Limited (issue date - 15-02-08)	50,367,711	50,367,711	-	50,367,684	13,259,792	37,107,892
Maple Leaf - Sukuk (issue date - 31-03-10)	-	-	-	4,618,627	4,618,627	-
AgriTech Limited (issue date - 01-07-11)	11,875,000	11,875,000	-	11,875,000	11,872,625	2,375
Worldcall Telecom Limited (issue date - 07-10-08)	6,296,227	2,998,212	3,298,015	-	-	-
<b>Total</b>	<b>410,648,948</b>	<b>342,494,525</b>	<b>68,154,423</b>	<b>451,898,072</b>	<b>314,634,218</b>	<b>137,263,854</b>

\* Full and final settlement of Rs 6.812 million was received during the year against the outstanding balance against this security. The remaining amount of Rs 20.435 million which was fully provided has been written off during the current year.

6.1.5 Circular no. 16 of 2010 dated July 7, 2010, requires the debt securities of the fund to have ratings not lower than A minus. The table below lists securities which are classified as non-rated investment grade as at 30 June 2013:

Name of Non Compliant Investment	Type of Investment	Value of investment before provision	Provision held if any	Value of investment after provisioning	% of net Assets	% of total Assets	Rating
----- (Rupees in '000) -----							
<i>Classified as 'At fair value through profit or loss'</i>							
AgriTech Limited (issue date - 29-Nov-07)	Term finance certificates - unlisted	59,952,000	59,952,000	-	0.00%	0.00%	NPA
Azgard Nine Limited (issue date - 04-12-07)	Term finance certificates - unlisted	13,007,615	13,007,615	-	0.00%	0.00%	NPA
Dewan Cement Limited	Term finance certificates - listed	125,000,000	125,000,000	-	0.00%	0.00%	NPA
Maple Leaf Cement Factory Limited (issue date - 03-12-07)	Sukuk Certificates	98,542,172	35,691,478	62,850,694	2.37%	2.36%	NPA
New Allied Electronics Industries (Private) Limited (issue date - 15-05-07)	Term finance certificates - unlisted	10,221,616	10,221,616	-	0.00%	0.00%	NPA
Security Leasing Corporation Limited (issue date - 19-11-07)	Sukuk Certificates	9,858,732	7,853,018	2,005,714	0.08%	0.08%	NPA
Telecard Limited (issue date - 27-05-05)	Term finance certificates - listed	11,471,000	11,471,000	-	0.00%	0.00%	NPA
Trust Investment Bank Limited (issue date - 04-07-08)	Term finance certificates - listed	14,056,875	14,056,875	-	0.00%	0.00%	NPA
Pace (Pakistan) Limited (issue date - 15-02-08)	Term finance certificates - listed	50,367,711	50,367,711	-	0.00%	0.00%	NPA
AgriTech Limited (issue date - 01-07-11)	Term finance certificates - unlisted	11,875,000	11,875,000	-	0.00%	0.00%	NPA
Worldcall Telecom Limited (issue date - 07-10-08)	Term finance certificates - listed	6,296,227	2,998,212	3,298,015	0.12%	0.12%	NPA

6.1.6 Significant terms and conditions of Term Finance Certificates and Sukuk Certificates outstanding at the year end are as follows:

Name of security	Number of certificates	Face value / Redemption value (Rupees)	Mark-up rate (Per annum)	Maturity	Secured / unsecured	Rating
<i>Term finance certificates - listed</i>						
Dewan Cement Limited	25,000	5,000	6 months KIBOR + 2%	January 9, 2014	Secured	NPA
Engro Fertilizer Limited (issue date - 30-11-07)	4,050	4,989	6 month KIBOR +1.55%	November 30, 2015	Secured	A
Engro Fertilizer Limited (issue date - 18-03-08)	7,400	5,000	6 month KIBOR +1.70%	March 18, 2018	Secured	A
Pace (Pakistan) Limited (15-02-08)	15,000	4,993	6 months KIBOR + 2%	February 15, 2017	Secured	NPA
Pakistan Mobile Communication Limited (issue date - 28-10-08)	21,710	5,000	6 month KIBOR + 1.65%	October 28, 2013	Secured	AA-
Telecard Limited (issue date - 27-05-05)	10,000	1,615	6 month KIBOR + 3.75%	November 27, 2013	Secured	NPA

Name of security	Number of certificates	Face value / redemption value (Rupees)	Mark-up rate (Per annum)	Maturity	Secured / unsecured	Rating
Trust Investment Bank Limited (04-07-08)	10,000	1,874	6 months KIBOR + 1.85%	July 4, 2013	Unsecured	NPA
United Bank Limited (14-02-08)	12,000	4,990	6 months KIBOR + 0.85%	February 14, 2018	Unsecured	AA
Worldcall Telecom Limited (07-10-08)	4,200	2,142	6 months KIBOR + 1.6%	October 7, 2013	Secured	NPA
Bank Alfalah Limited (issue date - 20-02-09)	24,600	5,000	6 months KIBOR + 2.50%	December 2, 2017	Unsecured	AA-
Bank Alfalah Limited (issue date - 02-12-09)	500	4,993	6 months KIBOR + 1.25%	February 20, 2021	Unsecured	AA-
<b>Term finance certificates - unlisted</b>						
AgriTech Limited (29-Nov-07)	12,000	3,997	6 months KIBOR + 1.75%	November 29, 2014	Secured	NPA
AgriTech Limited (issue date - 01-07-11)	2,375	5,000	Fixed	January 1, 2015	Secured	NPA
Avani Hotels (30-04-09)	15,200	4,246	6 months KIBOR + 3.25%	October 30, 2014	Secured	A-
Azgard Nine (04-12-07)	6,000	4,496	6 months KIBOR + 0.25%	December 4, 2014	Secured	NPA
Bank Al Habib Limited (issue date - 30-06-11)	23,984	4,998	Fixed	June 30, 2021	Unsecured	AA
Bank Al Habib Limited (issue date - 15-06-09)	4,400	4,984	Fixed	June 15, 2017	Unsecured	AA
New Allied Electronics Industries (Pvt.) Limited (15-05-07)	5,000	2,188	3 months KIBOR+3%	May 15, 2011	Secured	NPA
<b>Sukuk certificates - unlisted</b>						
Maple Leaf Cement Factory limited -1 (03-12-07)	35,000	4,489	3 months KIBOR + 1%	December 3, 2018	Secured	NPA
Security Leasing Corporation Limited (19-09-07)	8,000	1,743	1 month KIBOR	September 19, 2012	Secured	NPA

The Term Finance Certificates and Sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

## 6.2 Available for sale

### Listed shares

Name of Company	Acquired during the period	Sales during the period	As at December 31, 2012	Balance as at June 30, 2013			Market Value as a percentage of Net Assets	Market Value as a percentage of total investments	Paid-up value of shares held as a percentage of total paid-up capital of the investee company
				Carrying Value	Market Value	Appreciation / (Diminution)			
-----Rupees-----									
AgriTech Limited	484,811	-	484,811	6,540,000	5,614,111	(925,889)	0.21%	0.21%	0.14%

During the year, the Fund received 484,811 shares of AgriTech Limited allocated to it as part of the settlement agreement finalised between Azgard Nine Limited and its creditors. The Fund's gross receivable against Azgard Nine Limited amounted to Rs 29.976 million out of which Rs 16.968 million has been settled as part of this agreement. In prior years, the Fund had fully provided its exposure against Azgard Nine Limited. Accordingly, provision to the extent of fair value of acquired shares at the date of acquisition amounting to Rs 6.540 million has been reversed. The Management Company sought clarification from the SECP for the treatment of the shares received and the SECP has instructed that the shares should be carried at market value which is being complied with by the Management Company.

**7 ACCRUED PROFIT AND OTHER RECEIVABLE**

Markup receivable on Term Finance and Sukuk certificates
Profit receivable on balances with banks
Advance tax
Rent receivable
Prepaid expenses
Receivable against sale of investments
Other receivables
Markup receivable on Pakistan Investment Bond
Margin against subscription of Term Finance Certificates
Profit receivable (on term deposit)

2013	2012
----- (Rupees) -----	
24,508,240	31,263,774
880,549	1,978,954
407,490	792,233
-	607,981
110,904	105,393
8,987,961	-
112,825	151,899
-	228,203
-	1,622,058
80,137	-
<u>35,088,106</u>	<u>36,750,495</u>

**8 SECURITY DEPOSITS**

Central Depository Company of Pakistan Limited
National Clearing Company of Pakistan Limited

2013	2012
----- (Rupees) -----	
100,000	100,000
3,500,000	3,500,000
<u>3,600,000</u>	<u>3,600,000</u>

**9 ASSETS ACQUIRED AGAINST SETTLEMENT OF INVESTMENTS**

During the year 2009, the Fund acquired certain assets in settlement of certificate of investment and letter of placement due from an Investment Bank as allowed by SECP vide its letter dated 12 August 2009. The carrying value of such assets as of June 30, 2013 is as under:

Note	2013	2012
----- (Rupees) -----		
Net investment in finance lease	-	68,717,739
Provision against non-performing lease receivables	-	-
	-	68,717,739
Properties - held for sale	137,154,934	135,563,709
Less: Provision for diminution in value of properties held for sale	(61,154,934)	(61,970,036)
	76,000,000	73,593,673
	<u>76,000,000</u>	<u>142,311,412</u>

- 9.1** Represents settlement value (together with related costs incurred) of seven different properties situated in Karachi. In terms of the SECP's letter dated August 12, 2009, the Fund was required to dispose of these properties within one year of the letter i.e. till August 12, 2010. However, due to the prevailing conditions in the property market, these properties have remained unsold to date. In this regard, the Management Company through various letters obtained extensions in time from the SECP for disposal of these properties. The final extension was given till March 31, 2013 by the SECP vide its letter dated February 13, 2013. The SECP's letter further specifies that in case the Management Company fails to dispose of the said properties within the stipulated time the Management Company shall realise the value of properties by transferring it to the sponsors. Accordingly regulatory approval for holding these properties beyond March 31, 2013 is not available with the Fund. Vide its letter dated July 19, 2013 the SECP has advised the Board of the Management Company to ensure timely disposal of the properties in accordance with the regulatory approval granted earlier. In response to SECP's letter the Management Company vide its letter dated August 2, 2013 has informed the SECP that they are taking steps to sell these properties at the earliest and have received an offer for one of the properties. The Management Company has assured the SECP that they are following up the matter aggressively and will keep the SECP informed in respect of this matter.
- 9.2** As of June 30, 2013, the fair value of these properties has been assessed by independent valuers at Rs 76,000,000 (2012: Rs 73,593,673). Accordingly, an aggregated provision of Rs 61,154,934 (2012: Rs 61,970,036) has been made on account of any impairment in the value of these properties.

**10 PAYABLE TO ASKARI INVESTMENT MANAGEMENT LIMITED  
- MANAGEMENT COMPANY**

	Note	2013	2012
		----- (Rupees) -----	
Management Company's remuneration	10.1	3,057,761	1,525,120
Sindh Sales Tax on Management Company's remuneration		537,805	244,114
Federal Excise Duty on Management Company's remuneration	10.2	303,522	-
Other payable		2,850,499	1,259,149
Front end load payable		8,591	56,016
		<u>6,758,178</u>	<u>3,084,399</u>

- 10.1** Under the provisions of the NBFC Regulations, 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.

According to the provisions of the Trust Deed of the Fund, the Management Company has charged its remuneration at the rate of 1.5% (2012: 1.5%) per annum of the net assets of the Fund computed on a daily basis.

- 10.2** During the current year, the Federal Board of Revenue levied Federal Excise Duty at the rate of 16% on the remuneration of Management Company through Finance Act, 2013 effective from June 13, 2013.

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

	Note	2013	2012
		----- (Rupees) -----	
Trustee fee	11.1	<u>243,133</u>	<u>156,004</u>

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein based on daily Net Assets Value (NAV) of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2013 is as follows:

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

The trustee revised its fee structure vide letter number CDC/CEO/L-1128/2013, dated February 20, 2013. The new fee structure is applicable from April 01, 2013. The revised tariff is as follows:

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

The remuneration is paid to the Trustee monthly in arrears.

**12 PAYABLE TO THE SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN**

	Note	2013	2012
		----- (Rupees) -----	
Annual fee	12.1	<u>1,177,856</u>	<u>1,276,801</u>



- 12.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as aggressive fixed income scheme is required to pay as an annual fee to the SECP, an amount equal to 0.075% (2011: 0.075%) of the average annual net assets of the scheme. The Fund has been classified as aggressive fixed income scheme by the Management Company.

### 13 ACCRUED AND OTHER LIABILITIES

	Note	2013	2012
		(Rupees)	
Provision for contribution to Workers' Welfare Fund	13.1	4,615,432	4,456,514
Unearned rental income		405,700	2,194,697
Withholding tax payable		117,512	937,206
Brokerage payable		544,118	713,172
Auditors' remuneration payable		650,000	650,000
Unearned mark-up on lease		-	256,587
Legal and professional charges payable		135,000	424,999
Other payable		797,219	1,223,065
		<u>7,264,981</u>	<u>10,856,240</u>

#### 13.1 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In light of this, Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 4,615,432 (including Rs 158,918 for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at June 30, 2013 would have been higher by Rs 0.17 per unit.

### 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2013 and June 30, 2012.

### 15 OTHER INCOME

	Note	2013	2012
		(Rupees)	
Reversal of liability no longer considered payable		880,403	224,998
Mark-up earned on NCCPL margin		19,385	134,610
		<u>899,788</u>	<u>359,608</u>

	Note	2013	2012
----- (Rupees) -----			
<b>16 AUDITORS' REMUNERATION</b>			
Annual audit fee		550,000	550,000
Half yearly review fee		200,000	200,000
Fee for review of statement of compliance with the Code of Corporate Governance		50,000	50,000
Fee for income certification		100,000	-
Out of pocket expenses		107,515	78,610
		<u>1,007,515</u>	<u>878,610</u>
<b>17 CASH AND CASH EQUIVALENTS</b>			
Balances with banks	4	73,003,389	117,466,593
Term deposit	5	100,000,000	-
Treasury bills having original maturity of three months or less	6.1.1.1	233,608,330	98,741,588
		<u>406,611,719</u>	<u>216,208,181</u>

**18 TAXATION**

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

**19 EARNINGS PER UNIT (EPU)**

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

**20 FINANCIAL INSTRUMENTS BY CATEGORY****Financial assets**

Balances with banks	-	-	73,003,389	73,003,389
Term deposit and money market placements	-	-	100,000,000	100,000,000
Investments	5,614,111	2,372,883,979	-	2,378,498,090
Security deposits	-	-	3,600,000	3,600,000
Accrued profit and other receivables	-	-	34,569,712	34,569,712
	<u>5,614,111</u>	<u>2,372,883,979</u>	<u>211,173,101</u>	<u>2,589,671,191</u>

-----As at June 30, 2013-----			
Financial assets classified as 'available for sale'	Financial assets classified as 'at fair value through profit or loss'	Loans and receivables	Total
----- Rupees -----			
-	-	73,003,389	73,003,389
-	-	100,000,000	100,000,000
5,614,111	2,372,883,979	-	2,378,498,090
-	-	3,600,000	3,600,000
-	-	34,569,712	34,569,712
<u>5,614,111</u>	<u>2,372,883,979</u>	<u>211,173,101</u>	<u>2,589,671,191</u>

**Financial liabilities**

Payable to Askari Investment Management Limited - Management Company	-	6,758,178	6,758,178
Payable to Central Depository Company of Pakistan Limited - Trustee	-	243,133	243,133
Payable against redemption of units	-	84,358	84,358
Accrued and other liabilities	-	2,126,337	2,126,337
	<u>-</u>	<u>9,212,006</u>	<u>9,212,006</u>

-----As at June 30, 2013-----		
Financial liabilities at fair value through profit or loss	At amortised cost	Total
-----Rupees-----		
-	6,758,178	6,758,178
-	243,133	243,133
-	84,358	84,358
-	2,126,337	2,126,337
<u>-</u>	<u>9,212,006</u>	<u>9,212,006</u>

**Financial assets**

Bank balances	-	-	117,466,593	117,466,593
Term deposit and money market placements	-	-	42,639,079	42,639,079
Investments	-	904,459,981	-	904,459,981
Security deposits	-	-	3,600,000	3,600,000
Accrued profit and other receivables	-	-	35,700,970	35,700,970
Net Investment in finance lease	-	-	68,717,739	68,717,739
	-	904,459,981	268,124,381	1,172,584,362

-----As at June 30, 2012-----			
Financial assets classified as 'available for sale'	Financial assets classified as 'at fair value through profit or loss'	Loans and receivables	Total
----- Rupees -----			
-	-	117,466,593	117,466,593
-	-	42,639,079	42,639,079
-	904,459,981	-	904,459,981
-	-	3,600,000	3,600,000
-	-	35,700,970	35,700,970
-	-	68,717,739	68,717,739
-	904,459,981	268,124,381	1,172,584,362

**Liabilities**

Payable to Askari Investment Management Limited - Management Company	-	1,525,120	1,525,120
Payable to Central Depository Company of Pakistan Limited - Trustee	-	156,004	156,004
Payable against redemption of units	-	10,973	10,973
Accrued and other liabilities	-	4,326,401	4,326,401
	-	6,018,498	6,018,498

-----As at June 30, 2012-----		
Financial liabilities at fair value through profit or loss	At amortised cost	Total
----- Rupees -----		
-	1,525,120	1,525,120
-	156,004	156,004
-	10,973	10,973
-	4,326,401	4,326,401
-	6,018,498	6,018,498

**21 TRANSACTIONS WITH CONNECTED PERSONS**

- 21.1** Connected persons / related parties include Askari Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Askari Bank Limited being the holding company of the Management Company, Fauji Group Companies, Askari General Insurance Company Limited being an associate company of the Management Company, Askari Investment Management Employees Provident Fund, Askari Securities Limited and Askari Asset Allocation Fund, Askari Sovereign Cash Fund, Askari Islamic Income Fund, Askari Asset Allocation Fund, Askari Sovereign Yield Enhancer and Askari Equity Fund being funds under common management and the directors and officer of the Management Company.
- 21.2** Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market norms.
- 21.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 21.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

**21.5 Details of the transactions with connected persons are as follows:****Askari Investment Management Limited - Management Company**

Management remuneration	23,490,300	25,535,817
Sindh Sales Tax on Management Company's remuneration	3,806,917	4,084,817
Federal Excise Duty on Management Company's remuneration	303,522	-
Units issued 1,664,557 units (2012: 932,341 units)	159,993,933	93,117,775
Units redeemed 507,598 units (2012: 873,641 units)	49,300,000	88,739,916
Bonus units issued 1,567 units (2012: 1,921 units)	152,825	188,580
Front End load	57,585	-

**Askari General Insurance Company Limited (Group Company)**

Units issued 204,856 units(2012: Nil units)	20,000,000	-
Bonus units issued 505 units (2012: 974 units)	49,250	95,642

**Askari Bank Employees' Provident Fund**

Bonus units issued 2,990 units (2012: 5,768 units)	291,542	566,165
--	---------	---------

2013	2012
----- (Rupees) -----	
23,490,300	25,535,817
3,806,917	4,084,817
303,522	-
159,993,933	93,117,775
49,300,000	88,739,916
152,825	188,580
57,585	-
20,000,000	-
49,250	95,642
291,542	566,165

	2013	2012
	----- (Rupees) -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	2,181,204	2,296,931
Custodian fee	15,330	6,062
<b>Askari Bank Limited (Holding company of the Management Company)</b>		
Units issued Nil units (2012: 2,008,724 units)	-	200,000,000
Cash dividend	11,050,924	-
Return on bank balances	1,947,227	4,117,096
Purchase of term finance certificate	-	52,484,063
Income on term finance certificate	-	19,582
<b>Askari General Insurance Company Ltd Employees Gratuity Fund</b>		
Units issued 165,608 units(2012: Nil units)	15,550,000	-
<b>Aim Employees Provident Fund</b>		
Units issued 23,777 units(2012: Nil units)	2,300,000	-
<b>Askari General Insurance Company Ltd Employees Provident Fund</b>		
Units issued 130,948 units(2012: Nil units)	12,300,000	-
<b>Key Management Personnel</b>		
Units issued 73,009 units (2012: 24,616 units)	7,010,791	2,450,000
Redemption of 19,106 units (2012: 24,616 units)	1,859,883	2,485,799
<b>21.6 Amounts outstanding as at year end</b>		
<b>Askari Investment Management Limited - Management Company</b>		
Remuneration payable to management company	3,057,761	1,525,120
Sindh Sales Tax on Management Company's remuneration	537,805	244,114
Federal Excise Duty on Management Company's remuneration	303,522	-
Other payable	2,850,499	1,259,149
Front end load	8,591	56,016
Outstanding 1,319,530 units (2012: 161,004 units)	130,737,844	15,952,131
<b>Askari General Insurance Company Limited (Group Company)</b>		
Outstanding 257,246 units (2012: 51,885 units)	25,487,702	5,140,719
<b>Askari Bank Employees' Provident Fund</b>		
Outstanding 310,135 units (2012: 307,145 units)	30,727,897	30,240,882
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to Trustee	243,133	156,004
<b>Askari Bank Limited (Holding company of the Management Company)</b>		
Outstanding 11,642,356 units (2012: 11,642,356 units)	1,153,514,154	1,146,283,087
Balance with bank	6,168,043	16,506,393
Investment - term finance certificate	-	52,484,063
Sale proceeds - term finance certificate	54,318,389	-
Accrued profit on bank balance	213,391	6,957
Profit receivable on term finance certificate	-	842,043
<b>Askari General Insurance Company Ltd Employees Gratuity Fund</b>		
Outstanding 165,608 units (2012: Nil units)	16,408,292	-
<b>Aim Employees Provident Fund</b>		
Outstanding 23,777 units (2012: Nil units)	2,355,804	-
<b>Attock Cement Pakistan Limited</b>		
Outstanding 4,104,656 units (2012: Nil units)	406,685,622	-
<b>Askari General Insurance Company Ltd Employees Provident Fund</b>		
Outstanding 130,948 units (2012: Nil units)	12,974,210	-
<b>Key Management Personnel</b>		
Outstanding 53,902 units (2012: Nil units)	5,340,562	-

## 22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

-----2013-----				
S.No	Name	Designation	Qualification	Experience in years
1	Mr. Adnan Siddiqui	Chairman	MBA	22
2	Mr. Basharat Ullah	Chief Investment Officer	MBA	20
3	Mr. Mustafa Kamal	Fund Manager	MBA	10
4	Ms. Zainab Siddiqui	Chief Financial Officer	ACA	7
5	Mr. Shahbaz Ashraf	Head of Research	CFA	5.5
6	Mr. M. Farrukh	VP Risk Management & Compliance	CIMA (Finalist)	12

22.1 Mr. Mustafa Kamal is also the fund manager of Askari Islamic Income Fund and Askari Sovereign Cash Fund managed by the Management Company.

22.2 Mr. Adnan Siddiqui resigned subsequent to the year end.

## 23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION EXPENSE

List of top ten brokers by percentage of commission expensed during the year:

	2013
1 JS Global Capital Limited	32.27%
2 Global Securities Pakistan Limited	13.27%
3 Invest Capital Securities Limited	12.21%
4 Invest & Finance Securities Limited	7.66%
5 BMA Capital Securities Limited	7.14%
6 KASB Securities Limited	6.88%
7 Invest One Markets Limited	6.77%
8 Icon Securities Limited	4.06%
9 Summit Capital (Private) Limited	3.10%
10 Al Falah Securities (Private) Limited	2.42%
	2012
1 JS Global Capital Limited	35.08%
2 Invest & Finance Securities Limited	16.06%
3 Global Securities Pakistan Limited	12.72%
4 Invest One Markets Limited	8.16%
5 Al Falah Securities (Private) Limited	6.77%
6 Invest Capital Securities Limited	5.85%
7 KASB Securities Limited	5.84%
8 BMA Capital Securities Limited	5.06%
9 Icon Securities Limited	2.72%
10 Elixir Securities Pakistan (Private) Limited	1.53%

## 24 PATTERN OF UNIT HOLDING

Category	As at June 30, 2013			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
				(Rupees)
Individuals	177	2,794,484	276,874,960	10.45%
Associated companies / Directors	10	13,889,479	1,376,157,079	51.92%
Retirement funds	9	961,599	95,274,363	3.59%
Others	32	9,107,427	902,354,677	34.04%
	228	26,752,989	2,650,661,079	100.00%

Category	As at June 30, 2012			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
				(Rupees)
Individuals	84	225,217	22,174,549	1.80%
Associated companies / Directors	5	12,246,402	1,205,756,238	97.88%
Insurance companies	1	250	24,647	0.00%
Retirement funds	8	38,820	3,822,134	0.31%
Welfare organizations	1	4	402	0.00%
Others	4	662	65,173	0.01%
	103	12,511,355	1,231,843,143	100.00%

## 25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 44th, 45th, 46th, 47th, 48th and 49th Board meetings were held on July 06, 2012, August 10, 2012, September 26, 2012, October 23, 2012, February 8, 2013 and April 16, 2013 respectively. Information in respect of attendance by Directors in the meetings is given below:

S.No.	Name of Director	Date of resignation	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Mr. Shahid Hafeez Azmi	-	6	6	-	-
2	Mr. Muhammad Naseem	-	4	4	-	-
3	Mr. Mohammad Rafiquddin Mehkari	May 27, 2013	6	6	-	-
4	Mr. Tahir Aziz	June 25, 2013	6	5	1	44th meeting
5	Mr. Sufian Mazhar	-	6	0	-	44th, 45th, 46th, 47th, 48th & 49th meeting
6	Mr. Adnan Siddiqui	-	6	6	-	-
7	Mr. Lt Gen.(R) Tahir Mahmood	-	6	6	-	-
8	Mr. Maj Gen.(R) Mukhtar Ahmed	-	6	5	1	48th meeting

### Name of other persons

S.No.	Name	Designation	Number of meetings held	Attended	Meetings not attended
1	Sajjad Hussain	Financial Controller & Company Secretary	6	2	44th, 45th, 46th and 47th meeting
2	Adeel Shahid	Acting CFO & Head of Operations	6	2	44th, 45th, 46th and 47th meeting
3	Zeeshan	CFO & Company Secretary	6	4	48th & 49th meeting

25.1 Mr. Adnan Siddiqui, Mr. Lt. Gen. (R) Tahir Mahmood and Mr. Maj Gen. (R) Mukhtar Ahmed have resigned subsequent to the year end.

## 26 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 26.1 Market risk

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

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

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

#### 26.1.1 Currency risk

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

### 26.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on its investments, loans and receivables and on balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

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

As at June 30, 2013, the Fund holds KIBOR based interest bearing term finance and sukuk certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2013, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs 2.119 million (2012: Rs 1.148 million).

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

As at June 30, 2013, the Fund holds market treasury bill exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be lower by Rs 1.549 million (2012: Rs 1.466 million) for market treasury bill. In case of 100 basis points decrease in rates announced by Financial Markets Association on June 30, 2013, with all other variables held constant, the net income for the year and net assets would be higher by Rs 0.838 million (2012: Rs 1.476 million).

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

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

The Fund's Market Rate of Return (MROR) sensitivity related to financial assets and financial liabilities as at June 30, 2013 can be determined from the following:

As at June 30, 2013					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to interest rate / yield risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Balances with banks	6% - 9%	73,003,389	-	-	73,003,389
Term deposit and money market placements	9.75%	100,000,000	-	-	100,000,000
Investments	Refer note 6	1,354,217,041	858,690,905	2,005,714	163,584,430
Accrued profit and other receivables		-	-	-	34,569,712
Security deposits		-	-	-	3,600,000
<b>Sub Total</b>		<b>1,527,220,430</b>	<b>858,690,905</b>	<b>2,005,714</b>	<b>201,754,142</b>
<b>Financial liabilities</b>					
Payable to Askari Investment Management Limited - Management Company		-	-	-	6,758,178
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	243,133
Payable against redemption of units		-	-	-	84,358
Accrued and other liabilities		-	-	-	2,126,337
<b>Sub Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,212,006</b>
<b>On-balance sheet gap</b>		<b>1,527,220,430</b>	<b>858,690,905</b>	<b>2,005,714</b>	<b>192,542,136</b>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap</b>		<b>1,527,220,430</b>	<b>858,690,905</b>	<b>2,005,714</b>	<b>192,542,136</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>1,527,220,430</b>	<b>2,385,911,335</b>	<b>2,387,917,049</b>	

## On-balance sheet financial instruments

## Financial assets

As at June 30, 2012						
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to interest rate / yield risk	Total	
	Upto three months	More than three months and up-to one year	More than one year			
----- Rupees -----						
Balances with banks	6% - 12.25%	117,466,593	-	-	-	117,466,593
Term deposit and money market placements	NPA	11,474,737	12,778,684	18,385,658	-	42,639,079
Investments	Refer note 6	190,642,112	709,147,997	4,669,872	-	904,459,981
Accrued profit and other receivables		-	-	-	35,700,970	35,700,970
Security deposits		-	-	-	3,600,000	3,600,000
Net Investment in finance lease	14.05%	5,755,432	18,689,727	44,272,580	-	68,717,739
<b>Sub Total</b>		<b>325,338,874</b>	<b>740,616,408</b>	<b>67,328,110</b>	<b>39,300,970</b>	<b>1,172,584,362</b>

## Financial liabilities

Payable to Askari Investment Management Limited - Management Company		-	-	-	1,525,120	1,525,120
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	156,004	156,004
Payable against redemption of units		-	-	-	10,973	10,973
Accrued and other liabilities		-	-	-	4,326,401	4,326,401
<b>Sub Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,018,498</b>	<b>6,018,498</b>

## On-balance sheet gap

		<b>325,338,874</b>	<b>740,616,408</b>	<b>67,328,110</b>	<b>33,282,472</b>	<b>1,166,565,864</b>
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## Off-balance sheet financial instruments

		-	-	-	-	-
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## Off-balance sheet gap

		-	-	-	-	-
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## Total interest rate sensitivity gap

		<b>325,338,874</b>	<b>740,616,408</b>	<b>67,328,110</b>	<b>33,282,472</b>	<b>1,166,565,864</b>
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## Cumulative interest rate sensitivity gap

		<b>325,338,874</b>	<b>1,065,955,282</b>	<b>1,133,283,392</b>		
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## Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## Credit risk

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

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

For analysis of Term Finance and Sukuk certificates by rating category please refer note 6.1.5.

As at June 30, 2013, the Fund's balance in term deposit receipts and with bank have been placed with banks and Financial Institutions having following short term credit ratings:

The analysis below summarises the credit quality of the Fund's financial assets:

## Balances with banks by rating category

A1+  
A-1

## Rating Agency

PACRA  
JCR-VIS

## Term Deposit Receipts by rating category

A1+

PACRA

-----2013-----	
Amount	Percentage
62,340,402	85.39%
10,662,987	14.61%
<b>73,003,389</b>	<b>100.00%</b>
100,000,000	100.00%
<b>100,000,000</b>	<b>100.00%</b>



The maximum exposure of credit risk before any credit enhancement as at June 30, 2013 is the carrying amount of the financial assets.

Management, after giving due consideration to their strong financial standing, does not expect non-performance by these counter parties on their obligations to the Fund. The maximum exposure to credit risk before any credit enhancement as at June 30, 2013 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

### 26.2.2 Concentration of credit risk

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

The table below analyses the concentration of credit risk in investments in sukuk and term finance certificates made by the Fund by sectoral distribution:

	% of debt instruments	
	2013	2012
Financial services	56.54	31.63
Personal Goods	-	11.47
Construction and materials	10.27	-
Real Estate Investment and Services	0.33	4.63
Chemicals	9.84	13.84
Fixed Line Telecommunication	-	1.76
Mobile Telecommunications	18.29	17.69
Travel and Leisure	4.73	7.74
Electricity	-	11.24
	100.00	100.00

The above excludes government guaranteed investments.

### 26.2.3 Collateral

The Fund does not hold any collateral against its investment in Government Treasury Bills, money market placements and balances with banks and these are unsecured. In respect of collateral against investment in term finance certificates and sukuk please refer note 6.4.

### 26.3 Liquidity risk

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

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

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

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



## 27 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

### Financial assets

Investment in securities - at fair value through profit or loss

Investment in securities - available for sale

### Total

----- As at June 30, 2013 -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
-	2,372,883,979	-	2,372,883,979
5,614,111	-	-	5,614,111
5,614,111	2,372,883,979	-	2,378,498,090

### Financial assets

Investment in securities - at fair value through profit or loss

### Total

----- As at June 30, 2012 -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
-	904,459,981	-	904,459,981
-	904,459,981	-	904,459,981

## 28 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing the unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open-end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirement of minimum fund size during the current year.

**29 NON-ADJUSTING EVENT AFTER THE REPORTING DATE**

The Board of Directors of the Management Company in the meeting held on July 5, 2013 have approved a distribution by way of bonus issue of Re 0.2765/- per unit for the year ended June 30, 2013 (2012: Rs 0.9492/- per unit). The financial statements of the Fund for the year ended June 30, 2013 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2014.

**30 DATE OF AUTHORISATION FOR ISSUE**


These financial statements were authorised for issue on **August 30, 2013** by the Board of Directors of the Management Company.

**31 GENERAL**

**31.1** Figures have been rounded off to the nearest rupee.

**31.2** Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of better presentation. No significant reclassifications have been made during the current year.

For Askari Investment Management Limited  
(Management Company)

  
\_\_\_\_\_  
Acting Chief Executive  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

As the office of the Chief Executive is currently vacant, these financial statements have been signed by the Acting Chief Executive Officer and two directors authorised in this behalf by the Board of Directors of the Management Company.

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**Invest with Aim!**

**Askari Investment Management Ltd.**

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