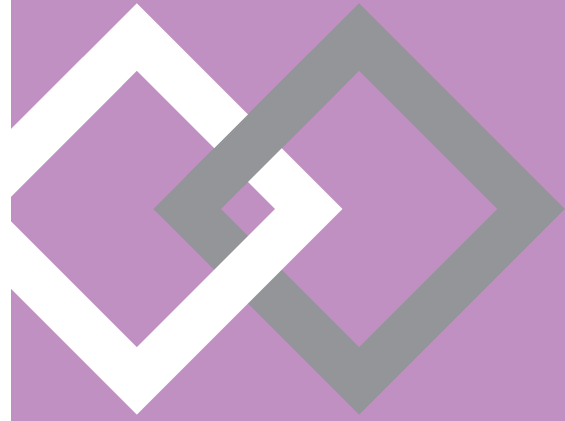


The main title of the report, centered on the page. It includes the text "ANNUAL REPORT 2014" in a blue, sans-serif font, followed by the askari logo (a stylized square icon) and the text "askari High Yield Scheme" in a bold, dark blue, sans-serif font.

ANNUAL REPORT 2014
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

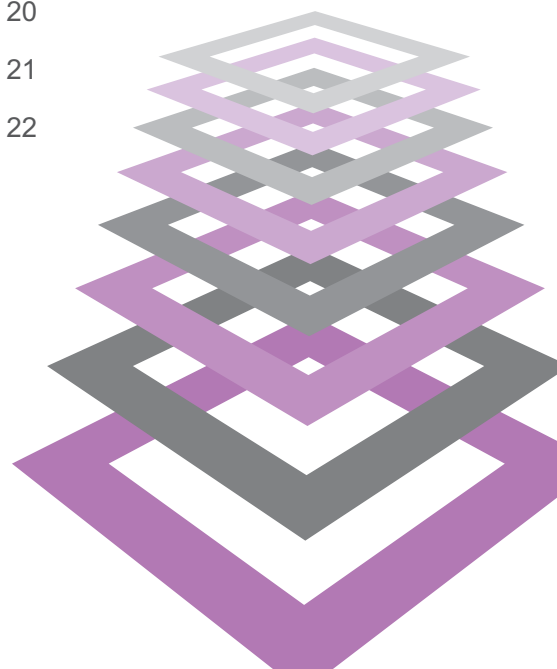
Good people ■ Sound advice ■ Great returns

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Information about the Management Company

Registered Office

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

Board of Directors

- Lt Gen Muhammad Mustafa Khan, HI (M) (Retd) - Chairman
- Syed Majeedullah Husaini
- Mr. Khurshid Zafar
- Mr. Shahid Hafeez Azmi
- Mr. Farrukh Iqbal Khan
- Mr. Amer Maqbool - CEO

Audit Committee

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

HR Committee

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

Chief Financial Officer - Acting

- Syed Adeel Shahid

Company Secretary

- Muhammad Farrukh

Fund's Information

Bankers

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

Trustee

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

Auditors

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

Legal Advisors

- **Akhund Forbes**
Corporate and Commercial Law Firm
D-21, Block-4, Scheme 5,
Clifton, Karachi.

Transfer Agent

- **Askari Investment Management Ltd.**
20-C, Khayaban-e-Nishat,
Ittehad Commercial Area,
DHA Phase VI, Karachi.
UAN: (021)111-246-111
Fax: (021) 35250155-6

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, 2014.

Economic Review

Real GDP growth picked at 4.14% versus the government target of 4.4% for the year. This is mainly attributable to better performance of the industrial sector, which registered a growth of 5.84% versus 4.5% in FY13, exceeding the target rate of 4.8%. On the other hand, the services and agricultural sector recorded growth of 4.3% and 2.1% respectively. However, worsening law and order situation and persistence of energy crisis has hurt investment to GDP ratio as it declined from 14.6% in FY13 to 14.0% in FY14.

Tax revenues in FY14 amounted to PKR 1,786.2bn against PKR 1,527.8Bn in the previous year, thus posted a growth of 16.9%. Significant growth in tax revenues was mainly on account of considerable rise in sales tax collection by 16.3%. Tax to GDP ratio has picked up from 9.3% in FY13 to 9.9% in FY14. The government fell short of achieving its original FBR revenue collection target by 8%.

Major positives for the year included successful entry into the IMF program, Pakistan being given the GSP Plus status, successful Eurobond/3G auctions and restart of the privatization process. These measures enabled the government to achieve a below target fiscal deficit to GDP ratio of 5.8% (provisional) versus 8.8% in FY13. In the previous year, higher fiscal deficit was on account of clearance of unpaid electricity sector payments (circular debt) of Rs 480 billion, while during FY14, an approximately Rs 300 billion circular debt of power sector has not yet been cleared, which if cleared in a similar manner will push up the fiscal deficit.

On the price front, unwinding of fiscal subsidies and acceleration in food prices coupled with low base effect led to Consumer Price Index (CPI) rising by an average rate of 8.62% YoY during FY14 over an increase of 7.36% YoY in FY13. Food inflation during FY14 went up by 9.03% YoY on average versus 7.1% YoY during FY13. Meanwhile, Non-food prices saw a growth of 8.35% YoY as opposed to 7.5% YoY during FY13. As a result of this, core inflation, as measured by NFNE, recorded an 8.3% YoY rise compared to 9.6% YoY in FY13. Overall the annual average inflation figure missed the government's target of 8% for FY14.

Given the rise in inflation during the year and risks eminent on the external side, the State Bank of Pakistan opted for a relatively tighter monetary stance and increased the interest rate by 100bps (50bps each in Sep'13 and Nov'13) to 10%.

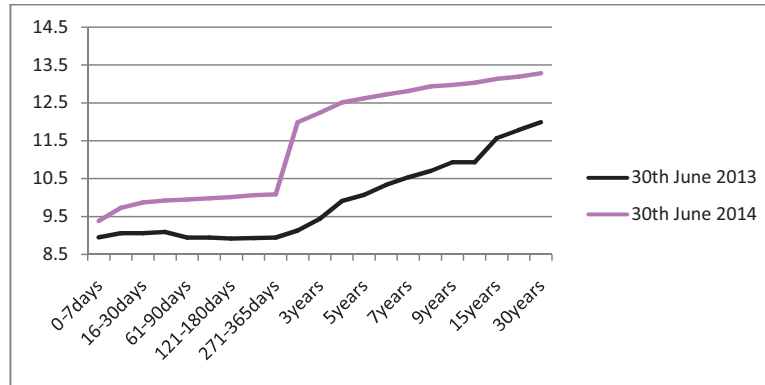
The current account balance for FY14 recorded a deficit of USD 2.9bn (or -1.2% of GDP) compared to USD 2.5bn (-1.1% of GDP) last year. The relatively higher deficit figure came mainly from 70% rise in services deficit which stood at USD 2.6bn for the year. Services deficit increased primarily on account of less CSF (Coalition Support Fund) receipts during FY14 which stood at USD 0.68bn as compared to USD 1.8bn during same period last year. Also, imports rose at a higher rate than exports, as the former grew by 3.9% to USD 41.8bn versus a mere growth in exports of 1.5% to USD 25.2bn during FY14. Resultantly, trade deficit rose to USD 16.6bn during the period (+7.7% YoY). Meanwhile, workers remittances made for some part of the deficit while showing a substantial growth of 13.7% to stand at USD 15.8bn during the year.

Capital account balance during the year saw an overwhelming increment to stand at USD 1,833mn versus USD 264mn in FY13, mainly on the account of grant received from Saudi Arabia worth USD 1.5bn along with various project grants. Besides, financial account witnessed an impressive inflow of USD 5,233mn versus USD 549mn in FY13. This was driven by inflows from the issue of Eurobond and project loan flows from various multilateral organizations including the World Bank and the Asian Development Bank. Subsequently, the balance of payments figure summed to USD 3.8bn for the FY14 as compared to a deficit of USD 1.9bn during FY13. As a result of the above mentioned inflows, the country's foreign exchange reserves swelled to USD 14bn by June 2014 end versus USD 11bn in June 2013. The building up of reserves compensated for the rising current account deficit pressures, and thereby helped to maintain the PKR at 98.55 against USD by June 2014 end.

Fixed Income Review

Followed by rise in topline inflation which stood at 8.62% against 7.36% in FY13, the central bank decided to raise policy rate by 100 bps in FY14. The interest rate hike by 50bps was witnessed in Sep'13 followed by another 50bps hike in Nov'13. Resultantly the yields across all tenors rose sharply. Yields on short-term paper witnessed a rise of 101bps, 109bps and 114bps to stand at 9.95%, 10.01% and 10.08% for 3m, 6m and 12m paper respectively. Similarly Yields on longer-tenor paper rose by 109bps, 255bps and 210bps ending the year at 12.24%, 12.62% and 13.03% for 3yr, 5yr and 10yr paper respectively.

During the financial year'14, SBP raised a total of PKR 6.46 trillion through T-Bill auction against the maturing amount of PKR 8.02 trillion. The last cut-off yield settling at 9.95%, 9.97% and 9.99% for 3m, 6m and 12m paper respectively. In addition to this SBP also raised a total of PKR 1.91 trillion through PIB auction with last cut-off yield settling at 12.09%, 12.55% and 12.90% for 3yr, 5yr and 10yr paper respectively. Greater activity was witnessed in longer tenor instruments during second half of financial year. This was due to market expecting a rate cut, supported by sharp recovery in PKR, rise in forex reserves that reached to \$ 14 billion by year end. However these expectations were reversed based on SBP's decision to maintain policy rate at 10% in March MPS.



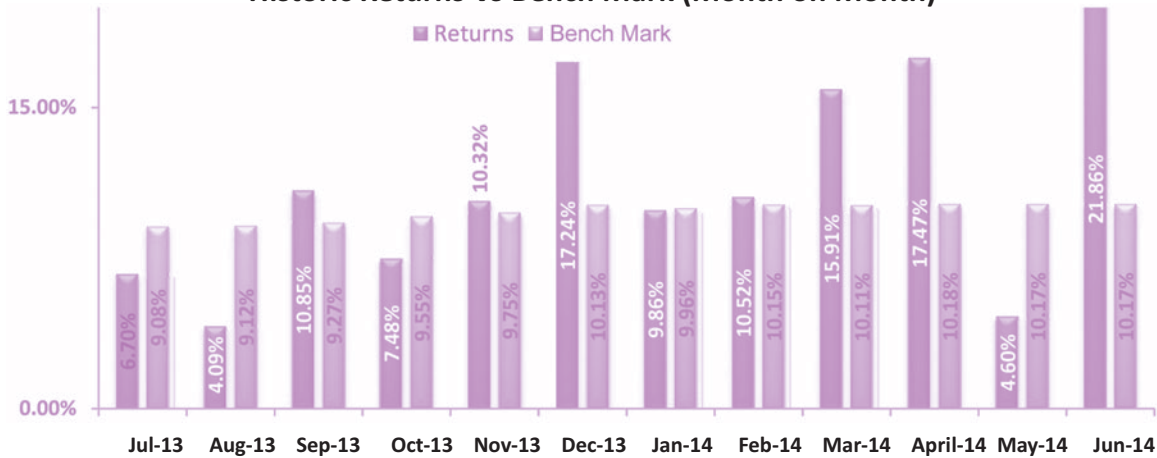
Performance Review

During FY14, AHYS delivered a return of 11.14% against the benchmark return of 9.8%. The fund outperformed its benchmark by 161 bps on the back of recoveries in respect of non-performing assets of the portfolio and partially on the back of heavy portfolio allocation towards PIBs and trading in these instruments.

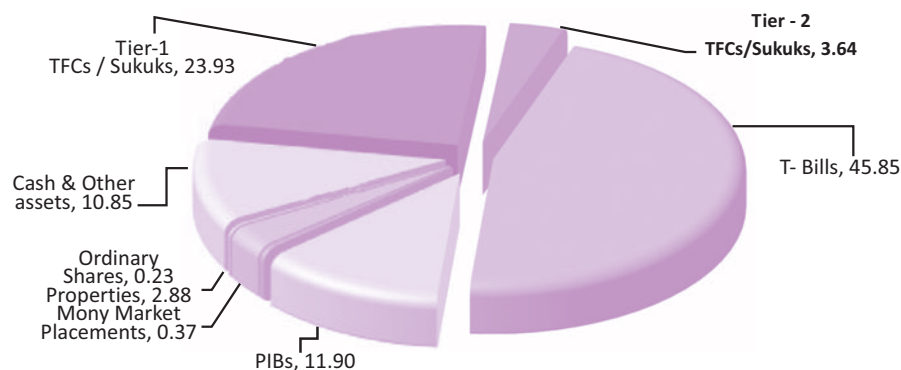
The asset under management of the fund saw a sharp increase of 36% and stood at PKR 3.59 billion in comparison to PKR 2.6 billion in the start of financial year. AHYS managed to attract higher inflows during the year, given the expectation of strong returns on account of recoveries from non-performing assets despite the changes on the taxation front at year end, which had resulted in outflows from other funds.

By the end of FY14, allocation in Tier-1 TFC(s) remained at 23.93% in comparison to 22.12% in previous year. Average Allocation in T-bill and PIB was maintained at 45% and 11% respectively. However approximately 10% of the funds were invested as cash with AA and above rated banks.

Historic Returns Vs Bench Mark (Month on Month)



Average Asset Allocation (Year Ended June '14)



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, 2014 is as follows:

Category	Unit holding	Percentage of Unit holding
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Askari Bank Limited	11,642,356	32.49%
Askari Investment Management Limited.	1,222,858	3.41%
Askari General Insurance Co. Limited.	757,738	2.11%
MUTUAL FUND	-	-
DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN	-	-
EXECUTIVES	19,501	0.05%
PUBLIC SECTOR COMPANIES AND CORPORATIONS	702,666	1.96%
BANKS, DFIS, NBFCS, INSURANCE COMPANIES, TAKAFULS, MODARABAS AND PENSION FUNDS	3,477,200	9.70%
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS	-	-
Habib Metro Bank Limited	3,514,633	9.81%
Attock Cement Pakistan Limited	3,154,232	8.87%
Others	11,357,733	31.69%
Total	35,848,917	100.00%

The Board of Directors of the Management Company state that:

- 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.
- Proper books of accounts have been maintained by the Fund.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 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.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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

No of Units	
Investment	10,547
Redemption	8,792

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 the current and prior years is as follows:

	Jun-14	Jun-13	Jun-12	Jun-11	Jun-10	Jun-09
Net Assets as on June 30 th	3,592,381,604	2,650,661,079	1,231,843,143	1,731,515,67	1,312,868,229	3,049,420,048
Net Asset Value per unit as on June 30 th	100.2089	99.0791	98.4580	100.03	94.90	102.14
Net income / (loss) for the year/ period	384,309,164	7,786,972	12,769,208	71,062,507	(134,398,403)	137,287,852
*Dividend Distribution during the year/period	341,233,071	11,875,778	32,519,121	-	-	392,798,236

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

On July 04, 2014, the Board of Directors of the Management Company approved a final distribution at the rate of Re 0.7237 per unit (Par value of Rs. 100 per Unit) out of the accounting income for the year ended June 30, 2014. 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 re-appointment of M/s A.F. Ferguson & Co. - Chartered Accountants as the auditors of the Fund for the financial year ending June 30, 2015.

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

August 22, 2014

Karachi

Fund Manager's Report



FUND MANAGER'S REPORT

Askari High Yield Scheme (AHYS) is an open-ended aggressive income scheme. The objective of the Fund is to provide investors an opportunity to make competitive returns from fixed income securities while targeting a portfolio duration of six months. In addition to accruing benefits from fixed income securities, the Fund would target capitalizing on yield enhancing opportunities available in the market using its proprietary investment efficiency tools. The Fund aims to achieve top quartile performance in its category.

Economic Review

Real GDP growth picked at 4.14% versus the government target of 4.4% for the year. This is mainly attributable to better performance of the industrial sector, which registered a growth of 5.84% versus 4.5% in FY13, exceeding the target rate of 4.8%. On the other hand, the services and agricultural sector recorded growth of 4.3% and 2.1% respectively. However, worsening law and order situation and persistence of energy crisis has hurt investment to GDP ratio as it declined from 14.6% in FY13 to 14.0% in FY14.

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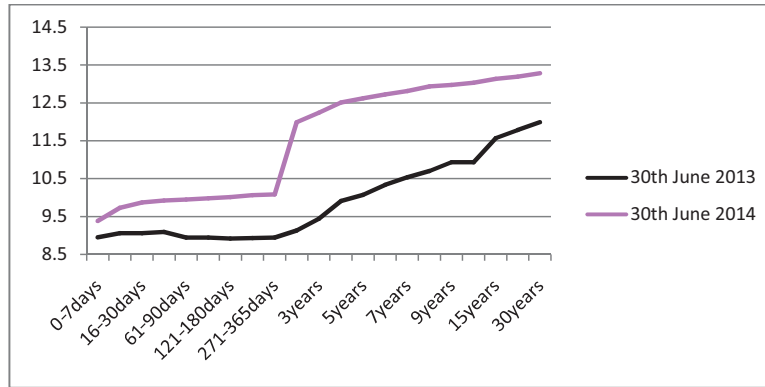
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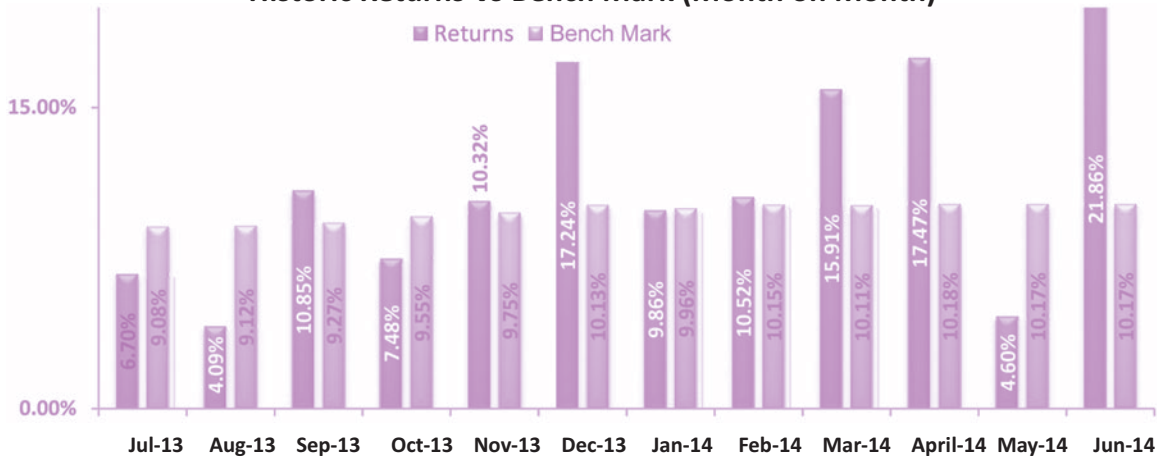
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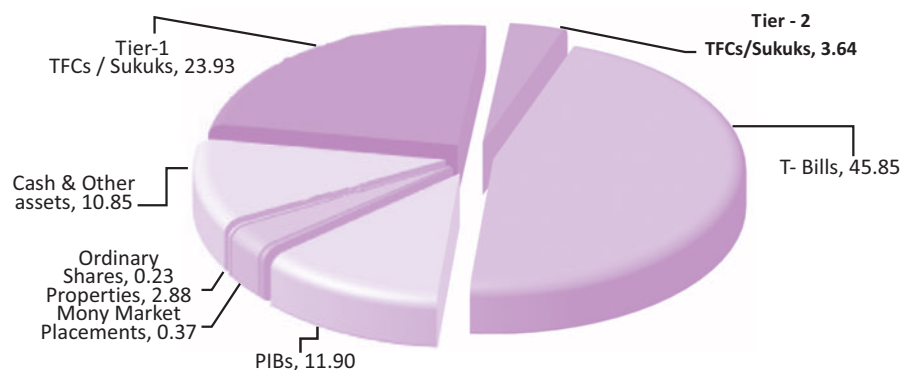
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Historic Returns Vs Bench Mark (Month on Month)



Average Asset Allocation (Year Ended June '14)



**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, 2014 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 out of seven properties which were taken over in settlement due to default by the issuer against fund Investments, two properties were sold out during the financial year. The mutation of three properties located at Lakson Square building are in process. The Management Company have requested SECP to grant time extension up to June 2015 for disposal of properties the reply of which is still awaited.


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi: October 09, 2014





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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Askari Investment Management Limited, the Management Company of **Askari High Yield Scheme** (the Fund), for the year ended June 30, 2014 to comply with the requirements of Listing Regulation no. 35 (Chapter XI) of the Lahore Stock Exchange Limited where the Fund is listed.

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


As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval the Fund's 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph reference	Description
4	As required by the Code, the casual vacancy occurring on the Board of Directors is required to be filled up within 90 days. However, in case of two instances, casual vacancies occurring on the Board were not filled within the time frame as stipulated in the Code.
9	At least two directors on the Board of Directors should have obtained the certification as required under the Code by the year ended June 30, 2014. However, only one director has obtained the required certification. Further, no orientation course has been conducted by the Management Company for its directors during the year ended June 30, 2014 to acquaint them with the applicable laws and statutes.
17	The Terms of Reference of the Human Resource and Remuneration Committee have not been approved by the Board of Directors.
24	The Board of Directors has not placed a mechanism for annual evaluation of the Board's own performance.


Chartered Accountants
Karachi
Dated: October 1, 2014

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Faisal-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

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 Lahore 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 Lahore 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 Director	1. Mr. Shahid Hafeez Azmi
Executive Director	1. Mr. Amer Maqbool (CEO)
Non – Executive Directors	1. Mr. Majeedullah Husaini 2. Mr. Farrukh Iqbal Khan 3. Mr. Khurshid Zafar 4. Lt Gen Muhammad Mustafa Khan (Retd)

The independent director 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, four casual vacancies arose on the board. Three of these vacancies were filled up by the directors within 90 days whereas one casual vacancy was not filled within 90 days. The casual vacancy (exceeding 90 days) existing at the beginning of the year due to appointment not approved by SECP has also not been filled to date.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the management 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. The whistle blowing policy has been prepared by the management and is in the approval process of the Board of Directors.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of the CEO and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose 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 except for an emergency meeting. 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 have certification under the director's training program by the year 2016 and at least one director shall have certification under the training program each year during the period from June 30, 2012 to June 30, 2016. As per this requirement at least two directors on the board should have obtained the certification as required under the code by the year ended June 30, 2014. However, only one of the non-executive directors has obtained the required certification. Further, the management intends to conduct orientation course for its directors during the year ending June 30, 2015 to acquaint them with the applicable laws and statutes.
10. The board has approved the appointment of Head of Internal Audit & Company Secretary. Currently, the position of Chief Financial Officer (CFO) is vacant.
11. The Directors' Report relating to the Fund for the year ended June 30, 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The Directors' Report relating to the Fund for the year ended June 30, 2014 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 Chief Executive Officer and Financial Controller (as currently the post of Chief Financial Officer is vacant) 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 a non-executive director. The Company Secretary acted as the secretary to the Audit Committee for all the Board Audit Committee meetings held after his appointment.
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 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 an independent director. The Terms of Reference (TORs) of the HR and Remuneration Committee have not been approved by the Board. However, they are expected to be approved shortly.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The Board has set up an internal audit function within the entity after December 31, 2013. Uptil December 31, 2013 the internal audit function was outsourced to M. Yousuf Adil Saleem & Co. Chartered Accountants.
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 Net Assets Value (NAV) 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 except the following, towards which progress is being made by the Management Company to seek compliance by the end of next accounting year:

The Board of Directors have not placed mechanism for annual evaluation of Board's own performance.

On behalf of the Board



Chief Executive Officer

Dated: August 22, 2014

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, 2014, 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 (**Askari Investment Management Limited**) 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 about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of financial position of the Fund as at June 30, 2014 and of its financial performance, cash flows and its transactions for the year then ended in accordance with the 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 1, 2014

Karachi

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Financial Statements



ASKARI HIGH YIELD SCHEME
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2014

	Note	2014	2013
		----- Rupees -----	
ASSETS			
Cash and bank balances	4	613,077,247	73,003,389
Term deposit and money market placements	5	175,000,000	100,000,000
Investments	6	2,820,926,074	2,378,498,090
Accrued profit, prepayments and other receivables	7	84,905,427	35,088,106
Security deposits	8	3,850,000	3,600,000
Assets acquired against settlement of investments - held for sale	9	40,200,000	76,000,000
Total assets		3,737,958,748	2,666,189,585
LIABILITIES			
Payable to Askari Investment Management Limited - Management Company	10	8,438,363	6,758,178
Payable to the Central Depository Company of Pakistan Limited - Trustee	11	309,553	243,133
Payable to the Securities and Exchange Commission of Pakistan	12	1,908,178	1,177,856
Payable against redemption of units		-	84,358
Accrued expenses and other liabilities	13	134,921,050	7,264,981
Total liabilities		145,577,144	15,528,506
NET ASSETS		3,592,381,604	2,650,661,079
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,592,381,604	2,650,661,079
CONTINGENCIES AND COMMITMENTS			
NUMBER OF UNITS IN ISSUE			
	14	35,848,917	26,752,989
NET ASSET VALUE PER UNIT			
	3.11	100.2089	99.0791

The annexed notes 1 to 32 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI HIGH YIELD SCHEME
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

Income

Profit on bank balances, term deposits and money market placements
Income from government securities
Markup on term finance and sukuks certificates
Capital gain on sale of investments - net
Markup on finance lease
Rental income on assets acquired in settlement of investments
Income from reverse repurchase transactions
Other income

Unrealised appreciation on remeasurement of investments classified as
'financial assets at fair value through profit or loss' - net

Reversal of provision / (provisions) against non-performing money
market placements

(Loss) / gain on revaluation of assets acquired in settlement of investments

Gain on disposal of assets acquired in settlement of investments

Reversal of provision on exchange of financial asset

Reversal of provision / (provision) against non-performing debt securities - net

Total income**Expenses**

Remuneration of Askari Investment Management Limited

- Management Company

Federal Excise Duty on Management Company's remuneration

Sindh sales tax on the Management Company's remuneration

Remuneration of the Central Depository Company of Pakistan Limited - Trustee

Annual fee to the Securities and Exchange Commission of Pakistan

Auditors' remuneration

Securities transaction costs

Fees and subscription

Settlement and bank charges

Legal and professional charges

Printing charges

Property expenses

Total expenses**Net income from operating activities**

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

Provision for Workers' Welfare Fund

Net income for the year before taxation

Taxation

Net income for the year after taxation**Earnings per unit**

Note	2014	2013
	----- Rupees -----	
	18,611,487	6,923,726
	150,718,201	61,379,942
	127,722,704	109,119,384
	2,080,471	1,754,776
	-	4,951,822
	4,203,144	1,965,688
	943,798	236,698
	5,770,749	899,788
	310,050,554	187,231,824
	24,680,533	12,199,170
	334,731,087	199,430,994
5.2.1	1,500,000	(42,639,079)
9	(11,800,000)	815,102
	1,600,000	-
6.2	-	6,540,000
6.1.3	33,335,262	(65,263,731)
	24,635,262	(100,547,708)
	359,366,349	98,883,286
10.1	38,163,499	23,490,300
10.2	6,106,160	303,522
10.3	7,083,145	3,806,917
11.1	3,012,599	2,181,204
12	1,908,178	1,177,856
16	972,150	1,007,515
	1,049,176	703,133
	281,999	249,094
	545,913	469,484
	115,000	50,000
	168,999	168,999
	3,931,203	871,999
	63,338,021	34,480,023
	296,028,328	64,403,263
	96,762,057	(56,457,373)
13.1	(7,855,808)	(158,918)
	384,934,577	7,786,972
18	-	-
	384,934,577	7,786,972
19		

The annexed notes 1 to 32 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI HIGH YIELD SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 ----- Rupees -----	2013
Net income for the year after taxation	384,934,577	7,786,972
Other comprehensive income		
<i>Items that may be reclassified subsequently to income statement</i>		
Unrealised diminution on remeasurement of investments classified as 'available - for - sale' - net	(625,413)	(925,989)
Total comprehensive income for the year	<u>384,309,164</u>	<u>6,860,983</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For Askari Investment Management Limited
 (Management Company)



Chief Executive Officer



Director

ASKARI HIGH YIELD SCHEME
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 ----- Rupees -----	2013 ----- Rupees -----
Accumulated loss		
- 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>
Net income for the year after taxation	384,934,577	7,786,972
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount transferred to the distribution statement	(56,634)	(355,842)
Final distribution of Re 0.2765 per unit on July 5, 2013 for the year ended June 30, 2013 (2013: Re 0.9492 per unit declared on July 6, 2012)		
- Cash dividend	(3,306,303)	(11,070,446)
- Issue of bonus units	(4,090,898)	(805,332)
	(7,397,201)	(11,875,778)
Interim distribution of Rs 10.0728 per unit on June 27, 2014 for the year ended June 30, 2014		
- Cash dividend	(118,680,937)	-
- Issue of bonus units	(215,154,933)	-
	(333,835,870)	-
Undistributed income / (accumulated loss) carried forward	<u>19,936,231</u>	<u>(23,708,641)</u>
Undistributed income / (accumulated loss) carried forward comprising:		
- Realised loss	(4,744,302)	(35,907,811)
- Unrealised income	24,680,533	12,199,170
	<u>19,936,231</u>	<u>(23,708,641)</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI HIGH YIELD SCHEME
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014 ----- Rupees -----	2013
Net assets at the beginning of the year	2,650,661,079	1,231,843,143
Issue of 16,789,413 units (2013: 27,010,012 units)	1,777,394,961	2,599,912,156
Redemption of 9,884,535 units (2013: 12,776,637 units)	(1,001,234,303)	(1,233,342,130)
Issue of 2,191,050 bonus units (2013: 8,259 units)	219,245,831	805,332
	995,406,489	1,367,375,358
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - amount transferred to the Income Statement	(96,762,057)	56,457,373
Capital gain on sale of investments - net	2,080,471	1,754,776
Unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net	24,680,533	12,199,170
Other income (net of expenses) for the year	358,173,573	(6,166,974)
Other comprehensive loss	(625,413)	(925,989)
	384,309,164	6,860,983
Final distribution of Re 0.2765 per unit on July 5, 2013 for the year ended June 30, 2013 (2013: Re 0.9492 per unit declared on July 6, 2012)		
- Cash dividend	(3,306,303)	(11,070,446)
- Issue of bonus units	(4,090,898)	(805,332)
	(7,397,201)	(11,875,778)
Interim distribution of Rs 10.0728 per unit on June 27, 2014 for the year ended June 30, 2014		
- Cash dividend	(118,680,937)	-
- Issue of bonus units	(215,154,933)	-
	(333,835,870)	-
Net assets at the end of the year	<u>3,592,381,604</u>	<u>2,650,661,079</u>
Net asset value per unit at the beginning of the year	<u>99.0791</u>	<u>98.4580</u>
Net asset value per unit at the end of the year	<u>100.2089</u>	<u>99.0791</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI HIGH YIELD SCHEME
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOW FROM OPERATING ACTIVITIES

Net income for the year before taxation

Adjustments for:

Capital gain on sale of investments - net
 Unrealised appreciation on remeasurement of investments classified as
 'financial assets at fair value through profit or loss' - net
 Provision for Workers' Welfare Fund
 Reversal of provision / (provisions) against non-performing money
 market placements
 Reversal of provision on exchange of financial asset
 Reversal of provision / (provision) against non-performing debt securities - net
 Provision / (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 against settlement of investments
 Accrued profit, prepayments and other receivables
 Security deposits

Increase / (decrease) in liabilities

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

Net cash used in operating activities

CASH FLOW FROM FINANCING ACTIVITIES

Receipts from issue of units
 Payments against redemption of units
 Cash distribution paid

Net cash generated from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note	2014	2013
	----- Rupees -----	
	384,934,577	7,786,972
	(2,080,471)	(1,754,776)
	(24,680,533)	(12,199,170)
	7,855,808	158,918
	(1,500,000)	42,639,079
	-	(6,540,000)
	(33,335,262)	65,263,731
	11,800,000	(815,102)
	(96,762,057)	56,457,373
	(138,702,515)	143,210,053
	(23,500,000)	-
	(483,723,892)	(1,384,867,141)
	24,000,000	67,126,514
	(49,817,321)	1,662,389
	(250,000)	-
	(533,291,213)	(1,316,078,238)
	1,680,185	3,673,779
	66,420	87,129
	730,322	(98,945)
	1,116,825	(3,750,177)
	3,593,752	(88,214)
	(283,465,399)	(1,165,169,427)
	1,777,394,961	2,599,912,156
	(1,001,318,661)	(1,233,268,745)
	(3,303,804)	(11,070,446)
	772,772,496	1,355,572,965
	489,307,097	190,403,538
	406,611,719	216,208,181
17	895,918,816	406,611,719

The annexed notes 1 to 32 form an integral part of these financial statements.

For Askari Investment Management Limited
 (Management Company)



Chief Executive Officer



Director

ASKARI HIGH YIELD SCHEME
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

Askari High Yield Scheme (the Fund) was established under a Trust Deed executed between Askari Investment Management Limited (a wholly owned subsidiary of Askari Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee on December 5, 2005. The Fund was registered 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 units of the Fund were initially issued at Rs 100 per unit.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered and head office of the Management Company is situated at 20-C, Khayaban-e-Nishat, Phase VI, DHA, Karachi.

The Fund is an open-end collective investment scheme categorised as an 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan. Units are quoted on the Lahore Stock Exchange Limited and are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide investors an opportunity to make competitive returns from fixed income securities while targeting a portfolio duration of six months.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM3+' to the Management Company. The rating, announced on April 17, 2014 reflects the Management Company's strong capacity to manage the risk inherent in asset management and that the asset manager meets high investment industry standards and benchmarks. PACRA has also assigned stability rating of 'A (f)' to the Fund on January 30, 2014.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) as the 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) 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 IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Amendments and improvements applicable to the financial statements for the year ended 30 June 2014

The following amendments and improvements to approved accounting standards have been published and are mandatory for the Fund current accounting period:

IFRS 7 – Financial Instruments: Disclosures – (Amendments)

--Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

Standard, interpretation or amendment**Effective date**
(accounting periods
beginning on or after)

IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	January 01, 2014

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretation that are mandatory for the Fund's accounting periods beginning on or after July 1, 2014 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.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard**Effective date**
as per IASB
(accounting periods
beginning on or after)

IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 financial (notes 3.2 and 6); and
- ii) assessment of 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 that certain financial assets have been carried at fair values in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

These include balances with banks and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are, currently, categorised as follows:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

These 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. These are intended to be held for an indefinite period of time and may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair values and transaction costs associated with these financial assets are taken directly to the Income Statement.

3.2.4 Subsequent measurement

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

a) Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

- Basis of valuation of debt securities

The investments of the Fund in debt securities are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities vide its various circulars issued from time to time. In the determination of the rates the MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circulars also specify 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

The investments of the Fund in ijara sukuks issued by the Government of Pakistan (GoP Ijara Sukuk) are valued on the basis of latest weighted average Reuter's rates. The investments 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

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on changes in fair values 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 'other comprehensive income' is transferred to the 'Income statement' as capital gain / (loss).

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.

b) Loans and receivables

These are carried at amortised cost using the effective interest method. Gains or losses are recognised in the Income Statement through the amortisation process or when financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. 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 measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is reclassified from the unit holder's fund to the Income Statement.

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is measured as the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

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

3.2.6 Derecognition

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

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

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

3.4 Derivatives

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

3.5 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.

3.6 Securities purchased under resale agreements

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.

3.7 Assets acquired against settlement of investments

These are classified as held for sale and are measured at the lower of carrying amounts and forced sale value determined on the basis of the lower of values assigned by two independent valuers in respect of each property.

3.8 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 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 probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received during business hours 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 redemption applications received 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.

3.10 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.

During the year, the Fund has revised the method of computation and recording of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. Previously, the element was recognised based on cumulative values of undistributed income and unrealised surplus / (deficit) on available-for-sale financial assets present in the net asset value of units and the entire amount was recognised in the Income Statement. As per the revised treatment, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the Income Statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available-for-sale financial assets is recognised in the Distribution Statement. The remaining portion of element forms part of the unit holders' fund and is not available for distribution.

Had the aforementioned change in estimate not been made during the current year:

- net asset value of the Fund would have been higher by Rs 217,831 (Re 0.0061 per unit);
- provision maintained with respect to Workers' Welfare Fund as at June 30, 2014 would have been lower by Rs 217,831; and
- profit for the year after taxation would have been lower by Rs 10,891,526. However, as noted above, the Unit Holders' Fund would have been higher by only Rs 217,831.

In the opinion of the management, the revised method of computation will result in a more accurate presentation of element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed in the financial statements.

3.11 Net asset value per unit

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

3.12 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.

3.13 Proposed distributions

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

3.14 Revenue recognition

- Profit on savings and term deposits and money market placements is recognised on an accrual basis.
- Income on debt and government securities is recognised on an accrual basis.
- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Rental income on properties held-for-sale is recognised on an accrual basis.
- Income on reverse repo arrangements is recognised on an accrual basis.
- Unrealised gains / (losses) on remeasurement 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.

3.15 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee and annual fee payable to the SECP) are recognised in the Income Statement on an accrual basis.

3.16 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4 CASH AND BANK BALANCES

In savings accounts
Pay orders in hand

Note	2014	2013
	Rupees	
4.1	611,932,121	73,003,389
	1,145,126	-
	<u>613,077,247</u>	<u>73,003,389</u>

- 4.1 These carry mark-up at the rates ranging from 6.50% to 9.00% (2013: 6.00% to 9.00%) per annum. Deposits in savings accounts include Rs 548,331,805 (2013: Rs 6,168,043) maintained with Askari Bank Limited, a connected person, which carries profit at the rate of 9% (2013: 8.50%) per annum.

5 TERM DEPOSIT AND MONEY MARKET PLACEMENTS

Term deposit receipt
Placements with banks and financial institutions

Note	2014	2013
	Rupees	
5.1	150,000,000	100,000,000
5.2.2	25,000,000	-
	<u>175,000,000</u>	<u>100,000,000</u>

5.1 This carries mark-up at the rate of 10.50% (2013: 9.75%) and is due to mature on August 4, 2014 (2013: July 25, 2013).

5.2 Placements with banks and financial institutions

Trust Investment Bank Limited
 Saudi Pak Leasing Company Limited
 Escort Investment Bank Limited

Provisions held at the beginning of the year
 Reversal of provision / (provision) made during the year

Note	2014	2013
	Rupees	
5.2.1	129,111,798	129,111,798
5.2.1	13,500,000	15,000,000
5.2.2	25,000,000	-
	167,611,798	144,111,798
	(144,111,798)	(101,472,719)
	1,500,000	(42,639,079)
	(142,611,798)	(144,111,798)
	25,000,000	-

5.2.1 The facilities have been classified as non-performing and have been fully provided in accordance with the Fund's provisioning policy. During the current year, an amount of Rs 1.50 million has been received from Saudi Pak Leasing Company Limited against placements made by the Fund. Accordingly, provision to this extent has been reversed in these financial statements.

5.2.2 This carries mark-up at the rate of 14.00% and is due to mature on November 24, 2014.

6 INVESTMENTS

Financial assets at fair value through profit or loss

- Government securities

Market Treasury Bills
 Pakistan Investment Bonds
 Government of Pakistan (GoP) ijarah sukuks

- Debt securities

Term finance certificates - listed
 Term finance certificates - unlisted
 Sukuk certificates - unlisted

Available-for-sale financial assets

- Listed equity securities

Note	2014	2013
	Rupees	
6.1.1.1	622,312,069	1,466,459,911
6.1.1.2	1,125,279,100	-
6.1.1.3	-	300,130,000
	1,747,591,169	1,766,589,911
6.1.2.1	609,735,480	319,817,297
6.1.2.2	168,449,732	221,620,362
6.1.2.3	290,160,995	64,856,409
	1,068,346,207	606,294,068
6.2	4,988,698	5,614,111
	2,820,926,074	2,378,498,090

6.1 Financial assets at fair value through profit or loss

6.1.1 Government securities

6.1.1.1 Market Treasury Bills

Issue date	Tenor	Face value				Balance as at June 30, 2014			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2013	Purchased during the year	Disposed / matured during the year	As at June 30, 2014	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees -----										
July 12, 2012	12 months	17,000,000	-	17,000,000	-	-	-	-	-	-
July 26, 2012	12 months	685,000,000	-	685,000,000	-	-	-	-	-	-
August 9, 2012	12 months	540,000,000	480,000,000	1,020,000,000	-	-	-	-	-	-
July 12, 2013	6 months	-	1,100,000,000	1,100,000,000	-	-	-	-	-	-
January 10, 2013	6 months	-	200,000,000	200,000,000	-	-	-	-	-	-
February 7, 2013	6 months	-	500,000,000	500,000,000	-	-	-	-	-	-
January 24, 2013	6 months	-	300,000,000	300,000,000	-	-	-	-	-	-
July 25, 2013	6 months	-	500,000,000	500,000,000	-	-	-	-	-	-
May 30, 2013	6 months	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
January 23, 2014	6 months	-	500,000,000	500,000,000	-	-	-	-	-	-
April 17, 2014	6 months	-	30,000,000	30,000,000	-	-	-	-	-	-
March 20, 2014	6 months	-	500,000,000	-	500,000,000	489,667,294	489,470,500	(196,794)	13.63%	17.35%
May 2, 2013	3 months	235,000,000	-	235,000,000	-	-	-	-	-	-
August 7, 2013	3 months	-	250,000,000	250,000,000	-	-	-	-	-	-
July 12, 2013	3 months	-	600,000,000	600,000,000	-	-	-	-	-	-
September 19, 2013	3 months	-	2,875,000,000	2,875,000,000	-	-	-	-	-	-
July 25, 2013	3 months	-	1,350,000,000	1,350,000,000	-	-	-	-	-	-
October 21, 2013	3 months	-	35,000,000	35,000,000	-	-	-	-	-	-
October 31, 2013	3 months	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
November 28, 2013	3 months	-	1,545,000,000	1,545,000,000	-	-	-	-	-	-
December 12, 2013	3 months	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
December 26, 2013	3 months	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
January 23, 2014	3 months	-	816,180,000	816,180,000	-	-	-	-	-	-
February 20, 2014	3 months	-	850,000,000	850,000,000	-	-	-	-	-	-
February 28, 2014	3 months	-	830,000,000	830,000,000	-	-	-	-	-	-
April 17, 2014	3 months	-	450,000,000	450,000,000	-	-	-	-	-	-
May 15, 2014	3 months	-	175,000,000	150,000,000	25,000,000	24,750,882	24,752,049	1,167	0.69%	0.88%
June 12, 2014	3 months	-	510,000,000	400,000,000	110,000,000	108,093,332	108,089,520	(3,812)	3.01%	3.83%
Total - June 30, 2014		1,477,000,000	18,396,180,000	19,238,180,000	635,000,000	622,511,508	622,312,069	(199,439)		
Total - June 30, 2013		100,000,000	15,362,000,000	13,985,000,000	1,477,000,000	1,466,065,166	1,466,459,911	394,745		

The outstanding security have remaining maturity period of upto 6 months (2013: 3 months) with yield ranging between 9.88% and 9.93% per annum (2013: 8.99% and 9.06% per annum).

6.1.1.2 Pakistan Investment Bonds

Issue date	Tenor	Face value				Balance as at June 30, 2014			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2013	Purchased during the year	Disposed / matured during the year	As at June 30, 2014	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees -----										
July 19, 2012	10 years	-	725,000,000	525,000,000	200,000,000	190,830,243	190,803,400	(26,843)	5.31%	6.76%
July 18, 2013	5 years	-	400,000,000	250,000,000	150,000,000	145,636,577	145,250,100	(386,477)	4.04%	5.15%
July 18, 2013	3 years	-	1,000,000,000	200,000,000	800,000,000	789,088,853	789,225,600	136,747	21.97%	27.98%
July 19, 2012	3 years	-	25,000,000	25,000,000	-	-	-	-	-	-
Total - June 30, 2014		-	2,150,000,000	1,000,000,000	1,150,000,000	1,125,555,674	1,125,279,100	(276,574)		
Total - June 30, 2013		5,000,000	1,425,000,000	143,000,000	5,000,000	-	-	-		

6.1.1.3 Government of Pakistan (GoP) ijarah sukuks

Face value of Rs 100,000 each unless otherwise stated.

Issue date	Tenor	Number of certificates				Balance as at June 30, 2014			Market value as percentage of net assets	Market value as percentage of total investments
		As at July 01, 2013	Purchases during the year	Disposed / matured during the year	As at June 30, 2014	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees -----										
GoP ijarah sukuk (issue date - March 02, 2012)	3 years	2,000	-	2,000	-	-	-	-	-	-
GoP ijarah sukuk (issue date - September 18, 2012)	3 years	1,000	-	1,000	-	-	-	-	-	-
Total - June 30, 2014		3,000	-	3,000	-	-	-	-	-	-
Total - June 30, 2013		-	4,900	1,900	3,000	300,350,000	300,130,000	(220,000)		

6.1.2 Debt securities

6.1.2.1 Term Finance Certificates - listed

Name of Investee Company	Number of certificates				Balance as at June 30, 2014			Market value as percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 01, 2013	Purchased during the year	Disposed / matured during the year	As at June 30, 2014	Carrying value	Market value	Appreciation / (diminution)			
----- Rupees -----										
(Certificates having a face value of Rs 5,000 each)										
Bank Alfalah Limited (02-Dec-09)	500	-	500	-	-	-	-	-	-	-
Bank Alfalah Limited (20-Feb-13)	24,600	28,100	-	52,700	268,312,424	266,883,261	(1,429,163)	7.43%	9.46%	5.27%
Dewan Cement Limited	25,000	-	-	25,000	-	-	-	-	-	-
Engro Fertilizer Limited (30-Nov-07)	4,050	36,600	2,000	38,650	191,281,004	191,053,299	(227,705)	5.32%	6.77%	4.83%
NIB Bank Limited (19-June-14)	-	30,000	-	30,000	150,000,000	150,000,000	-	4.18%	5.32%	3.75%
Pace Pakistan Limited (15-Feb-08)	15,000	-	-	15,000	-	-	-	-	-	-
Pakistan Mobile Communication Limited (28-Oct-08)	21,710	-	21,710	-	-	-	-	-	-	-
Telecard Limited (27-May-05)	10,000	-	10,000	-	-	-	-	-	-	-
Trust Investment Bank Limited (04-July-08)	10,000	-	-	10,000	-	-	-	-	-	-
United Bank Limited (14-Feb-08)	12,000	-	12,000	-	-	-	-	-	-	-
Worldcall Telecom Limited (07-Oct-08)	4,200	-	-	4,200	1,798,920	1,798,920	-	0.05%	0.06%	0.53%
Total - June 30, 2014					611,392,347	609,735,480	(1,656,867)	16.97%	21.61%	
Total - June 30, 2013					315,403,669	319,817,297	4,413,628	12.07%	13.45%	

6.1.2.2 Term Finance Certificates - unlisted

Name of Investee Company	Number of certificates				Balance as at June 30, 2014			Market value as percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 01, 2013	Purchased during the year	Disposed / matured during the year	As at June 30, 2014	Carrying value	Market value	Appreciation / (diminution)			
----- Rupees -----										
(Certificates having a face value of Rs 5,000 each)										
AgriTech Limited 5th issue (1-Jul-11)	2,375	-	-	2,375	-	-	-	-	-	-
AgriTech Limited (29-Nov-07)	12,000	-	-	12,000	-	-	-	-	-	-
Avani Hotels Limited (30-Apr-09)	15,200	-	-	15,200	21,543,251	21,832,070	288,819	0.61%	0.77%	2.03%
Azgard Nine Limited 3rd issue (4-Dec-07)	6,000	-	-	6,000	-	-	-	-	-	-
Bank AL Habib Limited (30-Jun-11)	23,984	-	12,000	11,984	67,060,570	66,997,370	(63,200)	1.86%	2.38%	2.00%
Bank Al Habib Limited (15-Jun-09)	4,400	-	4,400	-	-	-	-	-	-	-
Engro Fertilizer Limited - PRP I (18-Mar-08)	7,400	26,525	21,400	12,525	59,617,617	60,748,692	1,131,075	1.69%	2.15%	1.57%
Engro Fertilizer Limited - PRP II (18-Mar-08)	-	10,800	10,000	800	3,700,000	3,841,600	141,600	0.11%	0.14%	0.20%
New Allied Electronics Industries (Private) Limited (15-May-07)	5,000	-	-	5,000	-	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited (29-Jun-12)	-	3,000	-	3,000	15,052,500	15,030,000	(22,500)	0.42%	0.53%	0.75%
					166,973,938	168,449,732	1,475,794	4.69%	5.97%	
Total - June 30, 2014					778,366,286	778,185,212	(181,074)	21.66%	27.59%	
Total - June 30, 2013					214,009,565	221,620,362	7,610,797	8.36%	9.32%	

6.1.2.3 Sukuk certificates - unlisted

Name of Investee Company	Number of certificates			Balance as at June 30, 2014			Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size	
	As at July 01, 2013	Purchased during the year	Disposed / matured during the year	As at June 30, 2014	Carrying value	Market value				Appreciation / (diminution)
----- Rupees -----										
(Certificates having a face value of Rs 5,000 each)										
K-Electric Limited (19-Mar-2014)	-	46,000	10,000	36,000	180,000,000	185,310,000	5,310,000	5.16%	6.57%	4.80%
Maple Leaf Cement Factory Limited I (03-Dec-07)	35,000	-	-	35,000	84,823,375	104,850,995	20,027,620	2.92%	3.72%	4.38%
Security Leasing Corporation Limited II (Sep-07)	8,000	-	-	8,000	-	-	-	-	-	-
Total - June 30, 2014					264,823,375	290,160,995	25,337,620	8.08%	10.29%	
Total - June 30, 2013					64,856,409	64,856,409	-	2.45%	2.73%	

6.1.3 The following securities 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. Accordingly, the carrying values stated below have been arrived at after taking into account provisions as under:

	2014			2013		
	Carrying value	Provision held	Net carrying value	Carrying value	Provision held	Net carrying value
----- Rupees -----						
Term Finance Certificates - listed						
Dewan Cement Limited	125,000,000	125,000,000	-	125,000,000	125,000,000	-
Pace (Pakistan) Limited (15-Feb-08)	50,367,711	50,367,711	-	50,367,711	50,367,711	-
Trust Investment Bank Limited (04-Jul-08)	14,056,875	14,056,875	-	14,056,875	14,056,875	-
Worldcall Telecom Limited (07-Oct-08)	6,296,227	4,497,307	1,798,920	6,296,227	2,998,212	3,298,015
Telecard Limited (27-May-05)	-	-	-	11,471,000	11,471,000	-
Term Finance Certificates - unlisted						
Agri-tech Limited (29-Nov-07)	59,952,000	59,952,000	-	59,952,000	59,952,000	-
Agri-tech Limited (01-Jul-11)	11,875,000	11,875,000	-	11,875,000	11,875,000	-
Azgard Nine Limited (04-Dec-07) - note 6.2	13,007,615	13,007,615	-	13,007,615	13,007,615	-
New Allied Electronics Industries (Private) Limited (issue date - 15-May-07)	10,221,616	10,221,616	-	10,221,616	10,221,616	-
Sukuk Certificates - unlisted						
Maple Leaf Cement Factory Limited -1 (issue date - 03-12-07)	6.1.3.1	84,823,375	-	84,823,375	35,691,478 *	62,850,694
Security Leasing Corporation Limited (19-Nov-07)		8,710,139	8,710,139	9,858,732	7,853,018	2,005,714
		384,310,559	297,688,263	86,622,296	410,648,948	342,494,525
						68,154,423

6.1.3.1 Maple Leaf Cement Factory Limited defaulted in principal and profit payments on its sukuk bonds in September 2011. During the current year, this security has become performing and, accordingly, provision held against it amounting to Rs 35.691 million has been reversed.

6.1.4 Movement in provision against debt securities for the year

Provision at the beginning of the year
Less: Provision written off during the year
Provision reversed during the year
Add: Provision made during the year
Provision at the end of the year

2014	2013
----- Rupees -----	
342,494,525	314,634,218
(11,471,000)	(20,435,039)
(35,691,478)	(16,968,385)
(47,162,478)	(37,403,424)
2,356,216	65,263,731
297,688,263	342,494,525

6.1.5 The constitutive documents of the Fund require that the debt securities of the Fund should not be rated lower than A minus (A-). As at June 30, 2014, the following securities are non-compliant with the aforementioned requirement and have been disclosed in accordance with the provisions contained in circular 16 of 2010:

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 -----							
Dewan Cement Limited	Term finance certificates - listed	125,000,000	125,000,000	-	0.00%	0.00%	NPA
Pace (Pakistan) Limited (15-Feb-08)	Term finance certificates - listed	50,367,711	50,367,711	-	0.00%	0.00%	NPA
Trust Investment Bank Limited (04-Jul-08)	Term finance certificates - listed	14,056,875	14,056,875	-	0.00%	0.00%	NPA
Worldcall Telecom Limited (07-Oct-08)	Term finance certificates - listed	6,296,227	4,497,307	1,798,920	0.05%	0.05%	NPA
Agri-tech Limited (01-Jul-11)	Term finance certificates - unlisted	11,875,000	11,875,000	-	0.00%	0.00%	NPA
Agri-tech Limited (29-Nov-07)	Term finance certificates - unlisted	59,952,000	59,952,000	-	0.00%	0.00%	NPA
Azgard Nine Limited (04-Dec-07) - note 6.2	Term finance certificates - unlisted	13,007,615	13,007,615	-	0.00%	0.00%	NPA
New Allied Electronics Industries (Private) Limited (15-May-07)	Term finance certificates - unlisted	10,221,616	10,221,616	-	0.00%	0.00%	NPA
Security Leasing Corporation Limited (19-Nov-07)	Sukuk certificates - unlisted	8,710,139	8,710,139	-	0.00%	0.00%	NPA

6.1.6 Significant terms and conditions of debt securities outstanding as at the June 30, 2014

Description	Number of certificates	Redeemable face value	Mark-up rate (Per annum)	Maturity date	Secured / Unsecured	Rating
Rupees						
Term Finance Certificates - listed						
Bank Alfalah Limited (20-Feb-13)	52,700	4,998	6 months KIBOR + 1.25%	February 20, 2021	Unsecured	AA-
Dewan Cement Limited	25,000	5,000	6 months KIBOR + 2.00%	January 9, 2014	Secured	NPA
Engro Fertilizer Limited (30-Nov-07)	38,650	4,987	6 months KIBOR + 1.55%	November 30, 2015	Secured	A+
NIB Bank Limited (19-June-14)	30,000	5,000	6 months KIBOR + 1.15%	June 19, 2022	Secured	A+
Pace Pakistan Limited (15-Feb-08)	15,000	4,993	6 months KIBOR + 2.00%	February 15, 2017	Secured	NPA
Trust Investment Bank Limited (04-July-08)	10,000	1,874	6 months KIBOR + 1.85%	July 4, 2013	Unsecured	NPA
Worldcall Telecom Limited (07-Oct-08)	4,200	2,142	6 months KIBOR + 1.60%	October 7, 2013	Secured	NPA
Term Finance Certificates - unlisted						
AgriTech Limited 5th issue (1-Jul-11)	2,375	5,000	Fixed	January 1, 2015	Secured	NPA
AgriTech Limited (29-Nov-07)	12,000	3,997	6 months KIBOR + 1.75%	November 29, 2014	Secured	NPA
Avari Hotels Limited (30-Apr-09)	15,200	1,384	6 months KIBOR + 3.25%	October 30, 2014	Secured	A-
Azgard Nine Limited 3rd issue (4-Dec-07)	6,000	4,496	6 months KIBOR + 2.25%	December 4, 2014	Secured	NPA
Bank AL Habib Limited (30-Jun-11)	11,984	4,994	Fixed	June 30, 2021	Unsecured	AA
Engro Fertilizer Limited - PRP I (18-Mar-08)	12,525	5,000	6 month KIBOR + 1.70%	March 18, 2018	Secured	A+
Engro Fertilizer Limited - PRP II (18-Mar-08)	800	5,000	6 Month KIBOR + 1.25%	March 18, 2018	Secured	A+
New Allied Electronics Industries (Private) Limited (15-May-07)	5,000	2,188	3 months KIBOR + 3%	May 15, 2011	Secured	NPA
Standard Chartered Bank (Pakistan) Limited (29-Jun-12)	3,000	5,000	6 Month Kibor + 0.75%	June 29, 2022	Unsecured	AAA
Sukuk certificates - unlisted						
K Electric Limited (19-Mar-2014)	36,000	5,000	3 months KIBOR + 2.25%	March 19, 2017	Secured	A+
Maple Leaf Cement Factory Limited I (03-Dec-07)	35,000	3,864	3 months KIBOR + 1%	December 3, 2018	Secured	BBB
Security Leasing Corporation Limited II (19-Sep-07)	8,000	1,540	1 month KIBOR + 1.95%	September 19, 2012	Secured	NPA

The term finance and sukuk certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the Issuers.

6.2 Available-for-sale financial assets

Listed equity securities

Name of the Investee Company	As at July 01, 2013	Purchased / (sold) during the year	As at June 30, 2014	Balance as at June 30, 2014			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	4,988,698	(1,551,302)	0.14%	0.18%	0.12%
Total - June 30, 2013				6,540,000	5,614,111	(925,889)	0.21%	0.21%	0.12%

During the year ended 2013, 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 Management Company sought clarification from the SECP for the treatment of the shares received and the SECP instructed that the shares should be carried at market value which is being complied with by the Management Company.

7 ACCRUED PROFIT, PREPAYMENTS AND OTHER RECEIVABLES	Note	2014	2013
----- Rupees -----			
Advance tax		-	407,490
Receivable against sale of investments		-	8,987,961
Other receivables		-	112,825
Rent receivable		174,000	-
Prepaid expenses		351,316	110,904
Profit receivable on term deposit and money market placements		819,866	80,137
Profit receivable on balances with banks		885,146	880,549
Markup receivable on term finance and sukuk certificates		23,768,251	24,508,240
Markup receivable on Pakistan Investment Bonds		58,906,848	-
		<u>84,905,427</u>	<u>35,088,106</u>
8 SECURITY DEPOSITS			
Security deposits maintained with:			
Central Depository Company of Pakistan Limited		100,000	100,000
National Clearing Company of Pakistan Limited		3,750,000	3,500,000
		<u>3,850,000</u>	<u>3,600,000</u>
9 ASSETS ACQUIRED AGAINST SETTLEMENT OF INVESTMENTS - HELD FOR SALE			
Properties - held for sale	9.1	95,622,261	137,154,934
Less: Provision for diminution in value of properties held for sale		(55,422,261)	(61,154,934)
		40,200,000	76,000,000
		<u>40,200,000</u>	<u>76,000,000</u>
Movement in provision			
Provision at beginning of the year		61,154,934	61,970,036
Less: Reversal of provision on properties disposed off		(17,532,673)	-
Provision / (reversal) made during the year		11,800,000	(815,102)
Provision at year end		<u>55,422,261</u>	<u>61,154,934</u>

9.1 This represents settlement value (together with related costs incurred) of seven different properties situated in Karachi acquired by the Fund during the year ended June 30, 2010 against certificate of investment and letter of placement due from an Investment Bank as allowed by the SECP vide its letter dated August 12, 2009. In terms of the same letter, the Fund was required to dispose of these properties within one year i.e. till August 12, 2010. 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 which also specified that in case the Management Company failed to dispose of the said properties within the stipulated time the Management Company would 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. However, due to the prevailing conditions in the property market these properties remained unsold till the date the final extension was granted.

Subsequently, the SECP vide its letter dated July 19, 2013 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 this, the Management Company vide its letter dated August 2, 2013 informed the SECP that they were taking all possible steps to sell these properties.

Vide its letter dated September 2, 2013 the Management Company has informed the SECP that the sponsor is not in a position to buy these properties and has also sought extension till June 2014 for their disposal. Furthermore, it has reassured the SECP that all possible steps are being taken to sell these in open market. During the current year, the Management Company was able to dispose two of the seven properties held by the Fund. Gain arising on sale amounted to Rs 1.6 million. Keeping in view the property market condition and the difficulties in sale of the properties, the management company has decided to carry the remaining five properties at their forced sale values as assessed by independent valuers. Previously, these were being carried in the financial statements at market values assessed by the independent valuers. This has resulted in the recognition of an additional provision of Rs 11 million against the values of these properties.

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

	Note	2014	2013
Rupees			
Remuneration of the Management Company	10.1	726,824	3,057,761
Federal Excise Duty on Management Company's remuneration	10.2	6,409,682	303,522
Sindh Sales Tax on Management Company's remuneration	10.3	1,141,841	537,805
Front end load payable		7,016	8,591
Other payable		153,000	2,850,499
		<u>8,438,363</u>	<u>6,758,178</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.

Accordingly, the Management Company has charged its remuneration at the rate of 1.50% (2013: 1.50%) per annum of the net assets of the Fund during the year computed on a daily basis.

- 10.2** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board (as explained in note 10.3 below), which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On September 4, 2013, a Constitutional Petition has been filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honourable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

Consequently, pending the decision of the SHC, the Fund has not made any payments in respect of FED since the date it became effective although full provision is being maintained in the books of account.

- 10.3** The Provincial Government of Sindh has levied Sindh sales tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

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

	Note	2014	2013
Rupees			
Trustee fee	11.1	309,553	243,133

- 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 the average daily Net Assets Value (NAV) of the Fund.

The tariff structure applicable to the Fund as at June 30, 2014 is as follows:

Amounts of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs 1,000 million	0.17% per annum of the Net Asset Value
Exceeding Rs 1,000 million upto Rs 5,000 million	Rs 1.7 million plus 0.085% per annum of the Net Asset Value exceeding Rs 1,000 million
Over Rs 5,000 million	Rs 5.1 million plus 0.07% per annum of the 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	2014	2013
Rupees			
Annual fee	12.1	1,908,178	1,177,856

- 12.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an aggressive fixed income scheme is required to pay as an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the scheme. The fee is payable to the SECP within three months of close of the financial year.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2014	2013
		Rupees	
Provision for Workers' Welfare Fund	13.1	12,471,240	4,615,432
Unearned rental income		-	405,700
Withholding tax payable		47,443	117,512
Brokerage payable		374,916	544,118
Auditors' remuneration payable		650,000	650,000
Legal and professional charges payable		-	135,000
Distribution payable		118,683,436	-
Other payable		2,694,015	797,219
		<u>134,921,050</u>	<u>7,264,981</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 (CISs) / pension schemes whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension schemes, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several CISs / pension schemes for the collection of WWF in respect to which certain CISs / pension schemes have been granted stay by Honourable SHC on the basis of the pending Constitutional Petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honourable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills.

In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension schemes is, currently, pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs 12,471,240 (including Rs 7,855,808 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, 2014 would have been higher by Rs 0.3479 per unit.

14 CONTINGENCIES

There were no contingencies outstanding as at June 30, 2014 and June 30, 2013.

15 COMMITMENTS

There were no commitments outstanding as at June 30, 2014 and June 30, 2013.

16 AUDITORS' REMUNERATION

	Note	2014	2013
		Rupees	
Annual audit fee		550,000	550,000
Half yearly review fee		200,000	200,000
Fee for review of compliance with the Code of Corporate Governance		50,000	50,000
Fee for income certification		50,000	100,000
Out of pocket expenses		122,150	107,515
		<u>972,150</u>	<u>1,007,515</u>

	Note	2014	2013
Rupees			
17 CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	613,077,247	73,003,389
Term deposit receipt	5	150,000,000	100,000,000
Treasury bills having original maturity of three months or less	6.1.1.1	132,841,569	233,608,330
		<u>895,918,816</u>	<u>406,611,719</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 has distributed the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

19 EARNINGS PER UNIT

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

20 FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets**

Cash and bank balances
Term deposit and money market placements
Investments
Accrued profit and other receivables
Security deposits

-----As at June 30, 2014-----			
Available for sale	At fair value through profit or loss	Loans and receivables	Total
-----Rupees-----			
-	-	613,077,247	613,077,247
-	-	175,000,000	175,000,000
4,988,698	2,815,937,376	-	2,820,926,074
-	-	84,554,111	84,554,111
-	-	3,850,000	3,850,000
<u>4,988,698</u>	<u>2,815,937,376</u>	<u>876,481,358</u>	<u>3,697,407,432</u>

Financial liabilities

Payable to Askari Investment Management Limited - Management Company
Payable to the Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

-----As at June 30, 2014-----		
At fair value through profit or loss	At amortised cost	Total
-----Rupees-----		
-	8,438,363	8,438,363
-	309,553	309,553
-	122,402,367	122,402,367
-	131,150,283	131,150,283

Financial assets

Cash and bank balances	-	-	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	-	2,372,883,979
Accrued profit and other receivables	-	-	34,569,712	34,569,712
Security deposits	-	-	3,600,000	3,600,000
	<u>5,614,111</u>	<u>2,372,883,979</u>	<u>211,173,101</u>	<u>2,584,057,080</u>

-----As at June 30, 2013-----			
Available for sale	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	-	2,372,883,979
-	-	34,569,712	34,569,712
-	-	3,600,000	3,600,000
<u>5,614,111</u>	<u>2,372,883,979</u>	<u>211,173,101</u>	<u>2,584,057,080</u>

Liabilities

Payable to Askari Investment Management Limited - Management Company	-	6,758,178	6,758,178
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	243,133	243,133
Payable against redemption of units	-	84,358	84,358
Accrued expenses 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-----		
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>

21 TRANSACTIONS WITH CONNECTED PERSONS

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, AIM Employees Provident Fund, Askari Securities Limited and Askari Asset Allocation Fund, Askari Sovereign Cash Fund, Askari Islamic Income Fund, Askari Islamic Asset Allocation Fund, Askari Sovereign Yield Enhancer and Askari Equity Fund being collective investment schemes under common management of the Management Company, entities having 10% or more of the unit holding of the Fund and the directors and key management personnel of the Management Company.

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

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

Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Transactions during the year

Askari Investment Management Limited - Management Company

	2014	2013
	----- Rupees -----	
Management remuneration	38,163,499	23,490,300
Federal Excise Duty on Management Company's remuneration	6,106,160	303,522
Sindh Sales Tax on Management Company's remuneration	7,083,145	3,806,917
Issue of 281,879 units (2013: 1,664,557 units)	29,000,000	159,993,933
Issue of 115,507 bonus units (2013: 1,567 units)	11,556,173	152,825
Redemption of 494,058 units (2013: 507,598 units)	50,416,915	49,300,000
Front end load	1,123,550	57,585
Liabilities no longer payable written back during the year	1,259,274	-
Payment made on behalf of the Fund	1,711,225	-

AIM Employees Provident Fund

Issue of nil units (2013: 23,777 units)	-	2,300,000
Issue of 1,452 bonus units (2013: nil units)	145,210	-
Redemption of 10,080 units (2013: nil units)	1,075,000	-

Askari Bank Limited - Holding Company of the Management Company

Cash dividend declared	120,490,230	11,050,924
Profit on bank deposits	7,071,793	1,947,227
Bank charges	69,334	-

Askari Bank Limited Employees' Provident Fund

Issue of 32,167 bonus units (2013: 2,990 units)	3,218,416	291,542
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President ACBL Fund

Issue of 8,798 bonus units (2013: 818 units)	880,318	79,744
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Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	3,012,599	2,181,204
Custodian fee	47,866	15,330

Askari General Insurance Company Limited

Issue of 430,487 units(2013: 204,856 units)	46,740,841	20,000,000
Issue of 70,005 bonus units (2013: 505 units)	7,005,780	49,250

Askari General Insurance Company Limited Employees Gratuity Fund

Issue of 129,917 units (2013: 165,608 units)	14,085,000	15,550,000
Redemption of 165,608 units (2013: nil units)	16,639,587	-
Cash dividend declared	1,354,417	-

Askari General Insurance Company Limited Employees Provident Fund

Issue of nil units (2013: 130,948 units)	-	12,300,000
Redemption of 130,948 units (2013: nil units)	13,157,081	-
Cash dividend declared	36,207	-

Key Management Personnel

Issue of 21,841 units (2013: 73,009 units)	2,322,746	7,010,791
Issue of 1,923 bonus units (2013: nil units)	192,485	-
Redemption of 13,604 units (2013: 19,106 units)	1,379,278	1,859,883

Amounts outstanding as at year end

Askari Investment Management Limited - Management Company

Remuneration payable to management company	726,824	3,057,761
Federal Excise Duty on Management Company's remuneration	6,409,682	303,522
Sindh Sales Tax payable on Management Company's remuneration	1,141,841	537,805
Front end load payable	7,016	8,591
Other payable	153,000	2,850,499
Outstanding 1,222,858 units (2013: 1,319,530 units)	122,541,255	130,737,844

AIM Employees Provident Fund

Outstanding 15,149 units (2013: 23,777 units)

Askari Bank Limited - Holding Company of the Management Company

Outstanding 11,642,356 units (2013: 11,642,356 units)

Balances with bank

Sale proceeds - term finance certificate

Accrued profit on bank balance

Dividend payable

Askari Bank Limited Employees' Provident Fund

Outstanding 342,302 units (2013: 310,134 units)

President ACBL Fund

Outstanding 93,628 units (2013: 84,830 units)

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable

Security deposit

Askari General Insurance Company Limited

Outstanding 757,738 units (2013: 257,246 units)

Askari General Insurance Company Limited Employees Gratuity Fund

Outstanding 129,917 units (2013: 165,608 units)

Dividend payable

Askari General Insurance Company Limited Employees Provident Fund

Outstanding nil units (2013: 130,948 units)

Key Management Personnel

Outstanding 19,502 units (2013: 53,902 units)

	2014	2013
	----- Rupees -----	
AIM Employees Provident Fund	1,518,064	2,355,804
Askari Bank Limited - Holding Company of the Management Company		
Outstanding	1,166,667,688	1,153,514,154
Balances with bank	548,331,805	6,168,043
Sale proceeds - term finance certificate	-	54,318,389
Accrued profit on bank balance	736,342	213,391
Dividend payable	117,271,119	-
Askari Bank Limited Employees' Provident Fund		
Outstanding	34,301,607	30,727,897
President ACBL Fund		
Outstanding	9,382,359	8,404,880
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	309,553	243,133
Security deposit	100,000	100,000
Askari General Insurance Company Limited		
Outstanding	75,932,091	25,487,702
Askari General Insurance Company Limited Employees Gratuity Fund		
Outstanding	13,018,840	16,408,292
Dividend payable	1,308,626	-
Askari General Insurance Company Limited Employees Provident Fund		
Outstanding	-	12,974,210
Key Management Personnel		
Outstanding	1,954,274	5,340,562

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of the members of the investment committee of the Fund as on June 30, 2014 are as follows:

S.No	Name	Designation	Qualification	Experience in years
1	Mr. Amer Maqbool	Chief Executive Officer	MBA	21
2	Mr. Basharat Ullah	Chief Operating / Investment officer	MBA	21
3	S. Adeel Shahid	Chief Financial Officer - (Acting)	CA Finalist	12
4	Mr. Shahbaz Ashraf	Head of Research	CFA	6.5
5	Mr. Mustafa kamal	Fund Manager	MBA	11

- 22.1** Mr. Mustafa Kamal is the Manager of the Fund. He is also the Fund manager of Askari Islamic Income Fund and Askari Sovereign Cash Fund being managed by the Management Company.

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION EXPENSED

	2014
1 JS Global Capital Limited	29.43%
2 Global Securities Pakistan Limited	13.90%
3 Invest One Markets (Private) Limited	10.63%
4 Invest Capital and Securities (Private) Limited	7.50%
5 Summit Capital (Private) Limited	5.88%
6 Invest and Finance Securities Limited	4.73%
7 KASB Securities Limited	4.71%
8 Icon Securities (Private) Limited	4.34%
9 Elixir Securities Pakistan (Private) Limited	4.09%
10 Vector Capital	3.87%
	2013
1 JS Global Capital Limited	32.27%
2 Global Securities Pakistan Limited	13.27%
3 Invest Capital and Securities (Private) Limited	12.21%
4 Invest and Finance Securities Limited	7.66%
5 BMA Capital Management	7.14%
6 KASB Securities Limited	6.88%
7 Invest One Markets (Private) Limited	6.77%
8 Icon Securities (Private) Limited	4.06%
9 Summit Capital (Private) Limited	3.10%
10 Alfalah Securities (Private) Limited	2.42%

24 PATTERN OF UNIT HOLDING

----- As at June 30, 2014 -----				
Category	Number of unit holders	Number of units held	Investment amount	Percentage investment
Rupees				
Individuals	256	6,982,969	699,755,707	19.48%
Associated Companies / Directors	3	13,622,952	1,365,141,034	38.00%
Bank / DFIs	1	3,514,633	352,197,507	9.80%
Retirement funds	22	3,477,200	348,446,387	9.70%
Public Limited Companies	3	3,836,084	384,409,758	10.70%
Others	20	4,415,079	442,430,211	12.32%
	<u>305</u>	<u>35,848,917</u>	<u>3,592,380,604</u>	<u>100.00%</u>

----- As at June 30, 2013 -----				
Category	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%
	<u>228</u>	<u>26,752,989</u>	<u>2,650,661,079</u>	<u>100.00%</u>

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 50th, 51st, 52nd, 53rd, 54th and 55th Board meetings were held on July 05, 2013, July 30, 2013, August 30, 2013, October 10, 2013, February 06, 2014 and April 17, 2014 respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	July 5, 2013	July 30, 2013	August 30, 2013	October 10, 2013	February 6, 2014	April 17, 2014
Lt Gen (R) Muhammad Mustafa	N/A	N/A	N/A	N/A	P	P
Mr. Farrukh Iqbal Khan	N/A	P	P	P	P	P
Mr. Khurshid Zafar	N/A	P	P	P	P	P
Mr. Shahid Hafeez Azmi	P	P	P	P	P	P
Syed Majeedullah Husaini	N/A	P	P	P	P	P
Amer Maqbool	N/A	N/A	N/A	N/A	P	P
Maj. Gen (R) Mukhtar Ahmed	P	N/A	N/A	N/A	N/A	N/A
Lt Gen (R) Tahir Mehmood	P	N/A	N/A	N/A	N/A	N/A
Mr. Sufian Mazhar	P	L	L*	L*	N/A	N/A
Mr. Adnan Siddiqui	P	P	N/A	N/A	N/A	N/A
Mr. Basharat Ullah	N/A	N/A	P	P	N/A	N/A

P Present
 L Leave of absence
 L* Without Leave of absence
 N/A Not serving as director on the date of meeting

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 investment guidelines approved by the Investment Committee and the 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

Currency risk is the risk that 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 its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

26.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on its investments in government and debt securities, money market placements and balances maintained 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, 2014, the Fund holds KIBOR based interest bearing term finance and sukuk certificates classified as 'financial assets at fair value through profit or loss' which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these term finance and sukuk certificates, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs 1.606 million (2013: Rs 2.119 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2014, the Fund holds Market Treasury Bills 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, 2014, with all other variables held constant, the net income for the year and net assets would be lower by Rs 1.248 million (2013: Rs 1.549 million) for market treasury bill. In case of 100 basis points decrease in rates announced by Financial Markets Association of Pakistan on June 30, 2014, with all other variables held constant, the net income for the year and net assets would be higher by Rs 1.253 million (2013: Rs 0.838 million).

As at June 30, 2014, the Fund holds Pakistan Investment Bonds 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, 2014, with all other variables held constant, the net income for the year and net assets would be lower by Rs 27.578 million (2013: nil). In case of 100 basis points decrease in rates announced by Financial Markets Association of Pakistan on June 30, 2014, with all other variables held constant, the net income for the year and net assets would be higher by Rs 28.741 million (2013: nil).

The composition of the Fund's investment portfolio, KIBOR and rates announced by the Financial Market Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

----- As at June 30, 2014 -----						
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 -----						
On-balance sheet financial instruments						
Financial assets						
Cash and bank balances	6 % to 9 %	613,077,247	-	-	-	613,077,247
Term deposit and money market placements	10.50 % to 14 %	150,000,000	25,000,000	-	-	175,000,000
Investments	Refer note 6	622,312,069	21,832,070	2,171,793,237	4,988,698	2,820,926,074
Accrued profit and other receivables		-	-	-	84,554,111	84,554,111
Security deposits		-	-	-	3,850,000	3,850,000
Sub-total		1,385,389,316	46,832,070	2,171,793,237	93,392,809	3,697,407,432
Financial liabilities						
Payable to Askari Investment Management Limited - Management Company		-	-	-	8,438,363	8,438,363
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	309,553	309,553
Accrued expenses and other liabilities		-	-	-	122,402,367	122,402,367
Sub-total		-	-	-	131,150,283	131,150,283
On-balance sheet gap		1,385,389,316	46,832,070	2,171,793,237	(37,757,474)	3,566,257,149
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		1,385,389,316	46,832,070	2,171,793,237		
Cumulative interest rate sensitivity gap		1,385,389,316	1,432,221,386	3,604,014,623		

On-balance sheet financial instruments

Financial assets

	As at June 30, 2013				Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			
		Upto three months	More than three months and upto one year	More than one year	
Cash and bank balances	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	2,378,498,090
Accrued profit and other receivables		-	-	-	34,569,712
Security deposits		-	-	-	3,600,000
Sub Total		1,527,220,430	858,690,905	2,005,714	2,589,671,191

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 expenses and other liabilities		-	-	-	2,126,337	2,126,337
Sub Total		-	-	-	9,212,006	9,212,006
On-balance sheet gap		1,527,220,430	858,690,905	2,005,714	192,542,136	2,580,459,185

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

1,527,220,430 858,690,905 2,005,714

1,527,220,430 2,385,911,335 2,387,917,049

26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest 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.

The Fund is exposed to equity price risk on investments held by the Fund and classified on the Statement of Assets and Liabilities as 'available-for-sale financial assets'. In case of 5% increase / decrease in KSE 100 index on June 30, 2014, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs 0.0136 million and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

26.2 Credit risk

Credit risk represents the risk of loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments in money market placements, debt securities and balances maintained with banks in the form of savings and term deposits. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government while bank balances are maintained with the banks having reasonably credit ratings.

For investments in debt securities (other than these which have already been classified as non-performing), the risk of default is considered minimal since the securities have considerably high instrument ratings as disclosed in note 6.1.6.

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.

The analysis below summarises the credit quality of the Fund's bank balances, term deposits and money market placements:

Balances with banks by rating category		Rating Agency	2014	2013
			Percentage	
A1+		PACRA	99.86%	85.39%
A-1+		JCR-VIS	0.12%	-
A-1		JCR-VIS	0.02%	14.61%
A1		PACRA	0.002%	-
			<u>100.00%</u>	<u>100.00%</u>
Term Deposit Receipt and money market placements by rating category				
A1+		PACRA	85.71%	100.00%
A3		PACRA	14.29%	-
			<u>100.00%</u>	<u>100.00%</u>

Management, after giving due consideration to their strong financial standings, does not expect non-performance by these counter parties on their obligations towards the Fund. The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 and June 30, 2013 is the carrying amounts of these financial assets. None of these assets is 'impaired' nor 'past due but not impaired'.

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 diversified into investments made in money market placements, debt and government securities and deposits maintained with commercial banks having reasonable short-term credit ratings (as disclosed above) thereby minimising any chances of credit risk.

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

	Market value as percentage of debt instruments	
	2014	2013
Financial services	45.94%	56.54%
Construction and materials	9.95%	10.27%
Real Estate Investment and Services	0.00%	0.33%
Chemicals	24.27%	9.84%
Mobile Telecommunications	0.17%	18.29%
Travel and Leisure	2.08%	4.73%
Energy	17.59%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

The aforementioned securities exclude government guaranteed debt instruments.

26.2.3 Collateral

The Fund does not hold any collateral against its financial assets.

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 cash redemptions, if any, at the option of the unit holders. 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 and 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 of the scheme at the time of borrowing payable within a period of ninety days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

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

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

Liabilities

Payable to Askari Investment Management Limited -
Management Company
Payable to the Central Depository Company of Pakistan
Limited - Trustee
Accrued expenses and other liabilities

As at June 30, 2014			
Upto three months	More than three months and up to one year	More than one year	Total
----- Rupees -----			
8,438,363	-	-	8,438,363
309,553	-	-	309,553
122,402,367	-	-	122,402,367
131,150,283	-	-	131,150,283

Liabilities

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

As at June 30, 2013			
Upto three months	More than three months and up to one year	More than one year	Total
----- Rupees -----			
6,758,178	-	-	6,758,178
243,133	-	-	243,133
84,358	-	-	84,358
2,126,337	-	-	2,126,337
9,212,006	-	-	9,212,006

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 reporting date. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically reprised.

International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" 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).

Financial instruments of the Fund carried at fair values are categorised as follows:

----- As at June 30, 2014 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	-	2,815,937,376	-	2,815,937,376
Available-for-sale financial assets	4,988,698	-	-	4,988,698
Total	4,988,698	2,815,937,376	-	2,820,926,074

----- As at June 30, 2013 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	-	2,372,883,979	-	2,372,883,979
Available-for-sale financial assets	5,614,111	-	-	5,614,111
Total	5,614,111	2,372,883,979	-	2,378,498,090

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; and
- 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.

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 PERIOD

The Board of Directors of the Management Company in the meeting held on July 4, 2014 have approved a final distribution of Re 0.7237/- per unit for the year ended June 30, 2014 (2013: bonus issue of Re 0.2765/- per unit). The financial statements of the Fund for the year ended June 30, 2014 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2015.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **August 22, 2014** by the Board of Directors of the Management Company.

31 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

32 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director



Invest with Aim!

Askari Investment Management Ltd.

Head Office: 20-C, Khayaban-e-Nishat, Ittehad Commercial Area, DHA Phase VI, Karachi. UAN: (021) 111-246-111 Fax: (021) 35250155

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