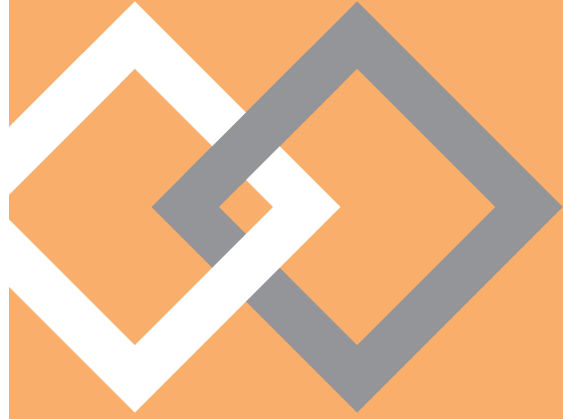


ANNUAL REPORT 2013



askari Equity Fund



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

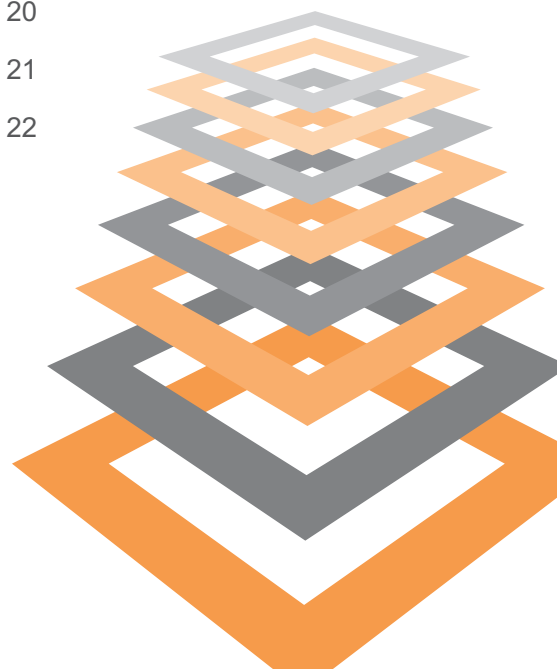
Good people ■ Sound advice ■ Great returns

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ANNUAL REPORT 2013

askari Equity Fund

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Information about the Management Company

Registered Office

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

Head Office

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

Board of Directors

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

Audit Committee

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

HR Committee

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

Chief Financial Officer & Company Secretary:

- Zainab Siddiqui

Fund's Information

Bankers

- Askari Bank Limited
- Habib Metro Bank Limited

Trustee

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

Auditors

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

Legal Advisors

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

Registrar

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

Directors' Report



DIRECTORS' REPORT TO THE UNIT HOLDERS

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

Economic Review

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

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

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

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

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

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

Low private sector credit hinges on higher government borrowing

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

In FY13, Pakistan equity benchmark (KSE-100) recorded a return of 52.3% compared to return of 10.4% posted same period last year, making one of the best performing market in the region. After making high of 22,757 the market closed at 21,005 level. Encouragingly, on average the daily trading volumes topped to 201mn shares per day compared to 130mn shares witnessed same period last year. The major reasons for the equity market to record nine year high return were (1) FIPI inflow of US\$567mn compared to outflow of US\$169mn in FY12), (2) cumulative cut in DR by 300bps (3) single digit inflation of 7.35% (compared to 11% in FY12) (4) massive earnings growth and (5) most importantly PML-N taking the majority seats post elections contrast to market consensus of a hung parliament. The business viewed this as a positive change, with the PML-N knowing to have implemented pro-investment policies in the past. Within the KSE, the star performer of the year was the cement sector; the two cement stocks LUCK and DGKC recorded highest gain of 79% and DGKC, respectively. On the other hand, the banking sector remained under pressure on account monetary easing, increase in minimum deposit rate (MDR) in 1HFY13 by 100 and on directives of SBP to credit profits on average monthly balances on savings account compared to minimum balances earlier.

Performance of the Fund

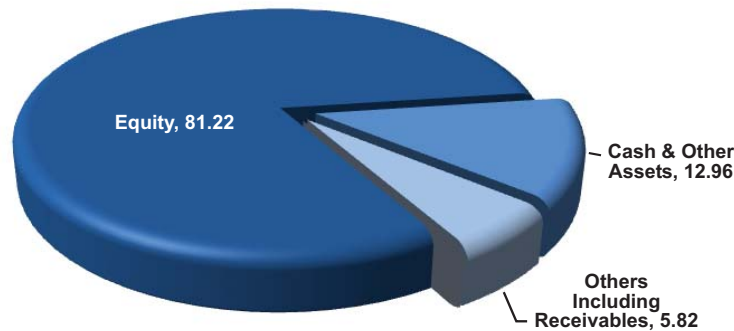
In FY13, the Fund delivered a return of 42.10% against the benchmark return of 35.95%, outperforming the benchmark by 615bps. The return stemmed from KSE-100, which gained above 50pct during the year. In addition to this, we took advantage of the volatile market and went long in sectors of which we had a positive outlook, namely during the year we remained over-weight in cement and oil & gas sector, which remained in limelight during

the year and were top performers in FY13. Furthermore, in line with our expectations DGKC and LUCK were the best performing stocks in the market. On the other hand allocation in the banking sector remained on the lower side attributable to monetary easing stance adopted by SBP. Furthermore, allocation in the chemicals sector remained mix, however we trimmed our exposure towards the latter part of the year due to expectations of eliminating cross subsidy available to the fertilizer manufacturers and international urea prices was on a declining trend. The fund started the year with net asset size of PKR100mn and ended the year with a gain of PKR40mn. Out performance of the fund was due to prudent decision making and capitalizing on investment opportunities. As at June 28th, 2013 the average beta of the fund was 0.95. On average the fund's allocation in equities was maintained at 81% in FY13. During the year the highest allocation in equities was observed at 92% in Oct-12. In June the equity allocation were trimmed to 75% to book capital gains and distribute dividend at the end of the year.

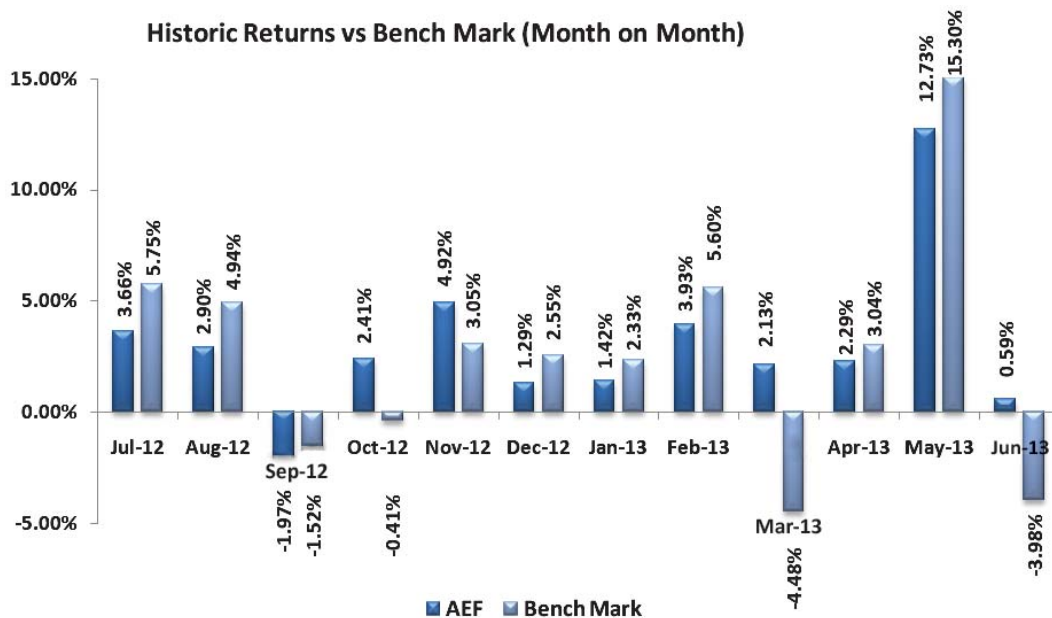
During the year the equity allocation was skewed towards oil & gas and construction & materials owing to double digits earnings growth. In equities, the top five fund's sector exposure were in Oil and Gas (30.07%), Construction & Materials (16.98%), Chemicals (10.72%), Banks (11.39%) and Personal Goods (5.8%).

Askari Equity Fund delivered a return of 15.98% in the fourth quarter as against benchmark return of 14.07%, outperforming the benchmark by 191bps. The fund had 81.77% average allocation in equities in the last quarter of FY13. During the period PSO, FCCL, DGKC, LUCK contributed towards the outperformance of the fund. In June equity exposure was reduced from 89.15% to 75.71% owing to announcement of dividend expectations. At year end equity portfolio was trading at a leading PER of 6.5x.

Average Asset Allocation (12month ending June 13)



Historic Returns vs Bench Mark (Month on Month)



Outlook

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

Details required by the Code of Corporate Governance:

AEF was listed on Islamabad Stock Exchange (Guarantee) Limited on June 29, 2012 and Askari Investment Management Limited, as its Management Company, is committed to observe the Code of Corporate Governance as applicable.

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

Category	Unit holding	Percentage of Unit holding
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Askari Bank Limited	1,000,000	94.54%
Askari Investment Management Ltd	544	0.05%
MUTUAL FUND		
DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN	4,569	0.43%
EXECUTIVES	1,149	0.11%
PUBLIC SECTOR COMPANIES AND CORPORATIONS	21,745	2.05%
BANKS, DFIS, NBFCS, INSURANCE COMPANIES, TAKAFULS, MODARABAS AND PENSION FUNDS	-	-
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS	-	-
Other Individual Shareholders	29,780	2.82%
Total	1,057,787	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, CFO, Company Secretary and their spouses and minor children. Trades of CEO and his spouse and minor children, of the Management Company are as under:

No of Units

Investment	6,969
Redemption	2,400

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.

On July 05, 2013, the Board of Directors of the Management Company approved a final distribution at the rate of Rs39.8548 per unit (Par value of Rs. 100 per Unit) out of the accounting income for the year ended June 30, 2013. This distribution has been made in compliance with Regulation 63 of the NBFC Regulations, 2008, and to avail the income tax exemption for the Fund as available under Clause 99 of the Second Schedule to the Income Tax Ordinance, 2001.

Auditors

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

Acknowledgement

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

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



Chief Executive Officer (Acting)

August 30, 2013

Karachi

Fund Manager's Report



FUND MANAGER'S REPORT

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

Economic Review

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

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

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Performance of the Fund

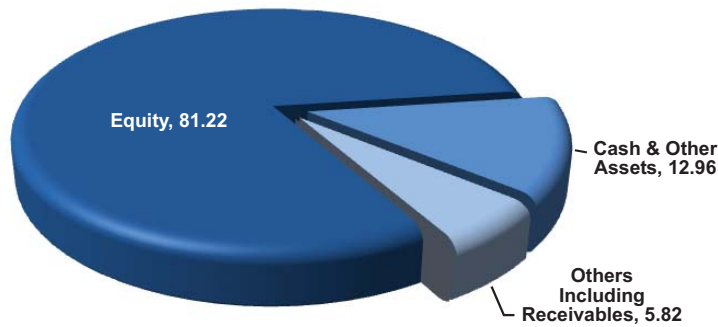
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the year and were top performers in FY13. Furthermore, in line with our expectations DGKC and LUCK were the best performing stocks in the market. On the other hand allocation in the banking sector remained on the lower side attributable to monetary easing stance adopted by SBP. Furthermore, allocation in the chemicals sector remained mix, however we trimmed our exposure towards the latter part of the year due to expectations of eliminating cross subsidy available to the fertilizer manufacturers and international urea prices was on a declining trend. The fund started the year with net asset size of PKR100mn and ended the year with a gain of PKR40mn. Out performance of the fund was due to prudent decision making and capitalizing on investment opportunities. As at June 28th, 2013 the average beta of the fund was 0.95. On average the fund's allocation in equities was maintained at 81% in FY13. During the year the highest allocation in equities was observed at 92% in Oct-12. In June the equity allocation were trimmed to 75% to book capital gains and distribute dividend at the end of the year.

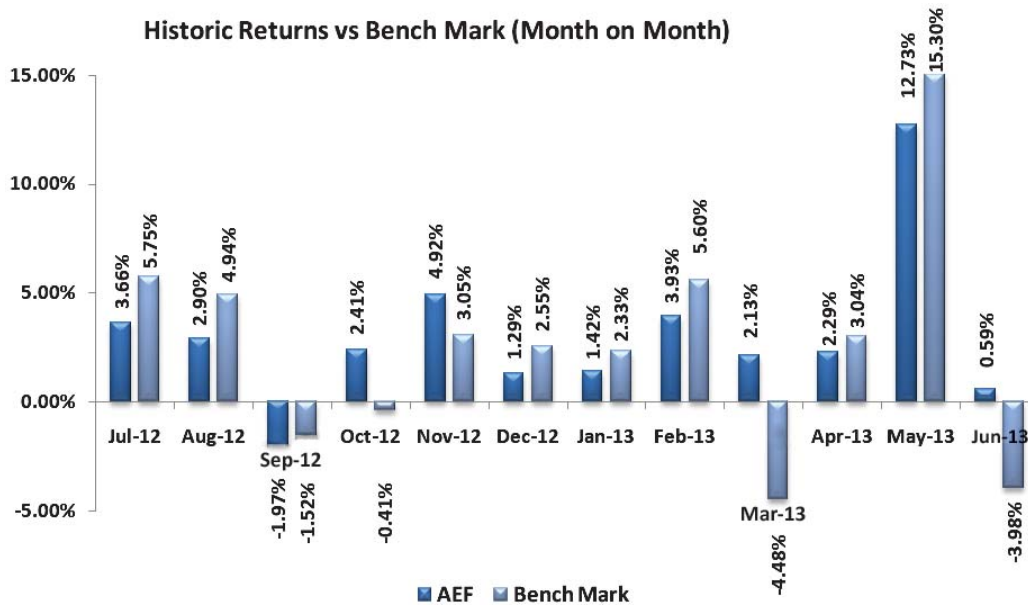
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Askari Equity Fund delivered a return of 15.98% in the fourth quarter as against benchmark return of 14.07%, outperforming the benchmark by 191bps. The fund had 81.77% average allocation in equities in the last quarter of FY13. During the period PSO, FCCL, DGKC, LUCK contributed towards the outperformance of the fund. In June equity exposure was reduced from 89.15% to 75.71% owing to announcement of dividend expectations. At year end equity portfolio was trading at a leading PER of 6.5x.

Average Asset Allocation (12month ending June 13)



Historic Returns vs Bench Mark (Month on Month)




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

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

TRUSTEE REPORT TO THE UNIT HOLDERS
ASKARI EQUITY FUND

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

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

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

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

Karachi: October 24, 2013





A. F. FERGUSON & CO.

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

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

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

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

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

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

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

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


Chartered Accountants

Karachi

Dated: October 22, 2013

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-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, 2013

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

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and a new Board comprising of eight directors were elected for the next term of three years commencing from September 27, 2012, with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008. An independent director, who completed his term on September 26, 2012 was reappointed but the SECP did not approve his appointment.

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

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

seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

On behalf of the Board



Basharat Ullah
Acting Chief Executive Officer

Dated: **August 30, 2013**
Karachi.



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

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

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Salman Hussain

Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: October 22, 2013

Karachi

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Financial Statements



ASKARI EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2013

	Note	2013 ----- (Rupees) -----	2012
ASSETS			
Balances with banks	4	29,482,477	44,310,042
Investments	5	115,026,296	55,515,086
Receivable against sale of investments		3,916,923	198,168
Prepayments, dividend and other receivables	6	151,546	6,084,777
Preliminary expenses and floatation costs	7	749,178	949,180
Security deposits	8	2,600,000	2,600,000
Total assets		151,926,420	109,657,253
LIABILITIES			
Payable to Askari Investment Management Limited - Management Company	9	478,309	1,307,631
Payable to Central Depository Company of Pakistan Limited - Trustee	10	57,534	57,378
Payable to the Securities and Exchange Commission of Pakistan	11	116,130	25,815
Accrued and other liabilities	12	1,442,584	266,475
Total liabilities		2,094,557	1,657,299
NET ASSETS		149,831,863	107,999,954
UNIT HOLDERS' FUND (as per statement attached)		149,831,863	107,999,954
Contingencies and commitments	13		
Number of units in issue		1,057,787	1,083,235
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		141.6465	99.7013

For Askari Investment Management Limited
(Management Company)


 Acting Chief Executive


 Director


 Director

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

ASKARI EQUITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

Note	For the year ended June 30, 2013	For the period from February 1, 2012 to June 30, 2012
	----- (Rupees) -----	
Income		
	29,716,453	255,934
	5,993,348	215,724
	1,480,762	1,686,258
	164,547	67,890
	37,355,110	2,225,806
	Unrealised appreciation / (diminution) in the value of investments classified as at 'fair value through profit or loss' - net	
5.1	14,774,050	(989,194)
	Total income	1,236,612
Expenses		
	Remuneration of Askari Investment Management Limited - Management Company	
9.1	3,668,221	815,243
	Sindh sales tax on Management Company's remuneration	
	592,690	130,439
	Federal Excise Duty on Management Company's remuneration	
9.2	36,099	-
	Remuneration of Central Depository Company of Pakistan Limited - Trustee	
10.1	699,998	177,869
	Annual fee - Securities and Exchange Commission of Pakistan	
11.1	116,130	25,815
	Auditors' remuneration	
14	364,809	100,000
	Legal and professional charges	
	50,000	50,000
	Securities transaction costs	
	744,248	79,544
	Settlement and bank charges	
	256,184	61,439
	Fee and subscription	
	10,000	50,000
	Printing and stationery expenses	
	180,996	21,505
	Amortisation of preliminary expenses and floatation costs	
7	200,002	50,820
	Total expenses	1,562,674
	Net income / (loss) from operating activities	(326,062)
	Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	
	72,594	2,463
	Provision for contribution to the Worker's Welfare Fund	
12.1	(905,648)	-
	Net income / (loss) for the year / period before taxation	(323,599)
	Taxation	
15	-	-
	Net income / (loss) for the year / period after taxation	(323,599)
	Earnings per unit	
16		

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)


Acting Chief Executive


Director


Director


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

ASKARI EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	For the year ended June 30, 2013	For the period from February 1, 2012 to June 30, 2012
	----- (Rupees) -----	
Net income / (loss) for the year / period after taxation	44,376,729	(323,599)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year / period	<u>44,376,729</u>	<u>(323,599)</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
 (Management Company)



 Acting Chief Executive



 Director



 Director

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

ASKARI EQUITY FUND
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

Accumulated loss brought forward comprising:

Realised income
 Unrealised loss

Net income / (loss) for the year / period after taxation

Undistributed income / (loss) carried forward


Accumulated income / (loss) carried forward comprising:

Realised income
 Unrealised income / (loss)

For the year ended June 30, 2013	For the period from February 1, 2012 to June 30, 2012
----- (Rupees) -----	
665,595	-
(989,194)	-
(323,599)	-
44,376,729	(323,599)
<u>44,053,130</u>	<u>(323,599)</u>
29,279,080	665,595
14,774,050	(989,194)
<u>44,053,130</u>	<u>(323,599)</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
 (Management Company)


 Acting Chief Executive


 Director


 Director


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

ASKARI EQUITY FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2013

	For the year ended June 30, 2013	For the period from February 1, 2012 to June 30, 2012
	----- (Rupees) -----	
Net assets at the beginning of the year / period	107,999,954	-
Issue of 135,684 units (2012: 1,219,628 units)	16,040,382	122,001,352
Redemption of 161,132 units (2012: 136,393 units)	(18,512,608) (2,472,226)	(13,675,336) 108,326,016
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(72,594)	(2,463)
Capital gain on sale of investments	29,716,453	255,934
Unrealised appreciation / (diminution) on revaluation of investments classified as at 'fair value through profit or loss' - net	14,774,050	(989,194)
Other (loss) / income for the year / period - net	(113,774)	409,661
Total Comprehensive Income / (Loss) for the year / period	44,376,729	(323,599)
Net assets at the end of the year / period	149,831,863	107,999,954

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)


Acting Chief Executive


Director


Director

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

ASKARI EQUITY FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

Note	For the year ended June 30, 2013	For the period from February 1, 2012 to June 30, 2012
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year / period	44,376,729	(323,599)
Adjustments for:		
Unrealised (appreciation) / diminution in the value of investments classified as at 'fair value through profit or loss' - net	(14,774,050)	989,194
Amortisation of preliminary expenses and floatation costs	200,002	50,820
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(72,594)	(2,463)
	(14,646,642)	1,037,551
	<u>29,730,087</u>	<u>713,952</u>
(Increase) / Decrease in Assets		
Investments - net	(44,737,160)	(56,504,280)
Receivable against sale of investments	(3,718,755)	(198,168)
Dividend, prepayments and other receivables	5,933,231	(6,084,777)
Security deposits	-	(2,600,000)
Preliminary expenses and floatation costs	-	(1,000,000)
	(42,522,684)	(66,387,225)
(Decrease) / Increase in liabilities		
Payable to Askari Investment Management Limited - Management Company	(829,322)	1,307,631
Payable to Central Depository Company of Pakistan Limited - Trustee	156	57,378
Payable to the Securities and Exchange Commission of Pakistan	90,315	25,815
Accrued and other liabilities	1,176,109	266,475
	437,258	1,657,299
	<u>(12,355,339)</u>	<u>(64,015,974)</u>
Net cash used in operating activities		
	(12,355,339)	(64,015,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	16,040,382	122,001,352
Payments on redemption of units	(18,512,608)	(13,675,336)
Net cash (used in) / generated from financing activities	(2,472,226)	108,326,016
	<u>(14,827,565)</u>	<u>44,310,042</u>
Net (decrease) / increase in cash and cash equivalents during the year / period		
	(14,827,565)	44,310,042
Cash and cash equivalents at the beginning of the year / period	44,310,042	-
Cash and cash equivalents at the end of the year / period	<u>29,482,477</u>	<u>44,310,042</u>

4

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Acting Chief Executive



Director



Director

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

ASKARI ASSET ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Askari Equity Fund (the Fund) was established under the Non Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). It was registered under a Trust deed executed between Askari Investment Management Limited (a wholly owned subsidiary of Askari Bank Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee on November 17, 2011. The Fund was registered as a Notified Entity under the NBFC Regulations on December 19, 2011. 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 NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Office No. 2/W, Kashmir Plaza, Blue Area, Jinnah Avenue, Islamabad with its Head Office situated at 20-C, Khayaban-e-Nisbat, Phase VI, DHA, Karachi.
- 1.2** The Fund offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Islamabad Stock Exchange Limited. The objective of the Fund is to provide equity investors a vehicle for their long term investment needs, capable of locking in capital appreciation and securing reasonable dividends from listed equity securities. The Fund would seek to replicate benchmark returns and reduce volatility compared with the benchmark through efficient equity allocations, enhancing "Risk Adjusted Returns". Pursuant to Circular 7 of 2009 of the SECP, the Board of Directors of the Management Company have approved the category of the Fund as an 'Equity Scheme'.
- 1.3** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM3+' to the Management Company on May 16, 2013. As per the rating scale of PACRA, this rating denotes that the asset manager meets high investment industry standards and benchmarks. The Management Company has initiated the process for seeking stability rating of the Fund which is expected to be received shortly.
- 1.4** Title to the assets of the Fund are held in the name of CDC as trustee of the Fund.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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 directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

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

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

- IAS 1, 'Financial statement presentation'. The main change resulting from the amendments in this standard is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments do not have any effect on the Fund's financial statements as currently no items are being reported in Other Comprehensive Income.

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

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

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in applying the Fund's accounting policies. Estimates and judgments are

continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements related to classification and valuation of investments (notes 3.2 and 5).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprises of balances with banks and short term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

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

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

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

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value 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 value while the related transaction costs are expensed out in the income statement.

3.2.4 Subsequent measurement

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

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' and 'available for sale' are valued on the basis of closing quoted market prices of the stock exchange.

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

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to 'Statement of Comprehensive Income' until these are derecognised or impaired. Upon derecognition the cumulative gain or loss previously recognised directly in the 'Statement of Comprehensive Income' is transferred to the 'Income Statement'.

b) Loans and receivables

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

Any gain or loss arising on derecognition or impairment of these assets is recognised in the Income Statement.

3.2.5 Impairment

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

Equity securities classified as 'available for sale'

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

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

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and liabilities

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

3.3 Financial liabilities

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

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

3.4 Derivatives

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

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being charged over a period of five years commencing from March 30, 2012 as per the requirements of the Trust Deed of the Fund.

3.6 Taxation Current

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

3.7 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 of that date. The offer price represents the Net Asset Value per unit as of the close of the business day plus any front-end load, not exceeding five percent of the Net Asset Value, 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 the date on which the investment application is received.

Units redeemed are recorded at the redemption price, applicable to units for which redemption applications are received for redemptions during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

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

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

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

The net 'element of income/ (loss) and capital gains/ (losses) in prices of units issued less those in units redeemed' during an accounting period is transferred to the Income Statement.

3.9 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 outstanding at the year end.

3.10 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 amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.11 Proposed distributions

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

3.12 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date on which the transaction takes place.
- Unrealized appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.
- Profit on balances with banks is recognised on an accrual basis.

4 BALANCES WITH BANKS

In saving accounts

Note	2013	2012
	------(Rupees)-----	
4.1	29,482,477	44,310,042

- 4.1 These carry profit at the rates ranging from 7.00% to 8.50% (2012: 6.00% to 10.25%) per annum. Deposits in savings accounts include Rs 29,469,592 (2012: Rs 44,299,928) maintained with Askari Bank Limited, a connected person, which carries profit at the rate of 8.5% per annum.

5 INVESTMENTS

At fair value through profit or loss

Listed equity securities

	2013	2012
	------(Rupees)-----	
5.1	115,026,296	55,515,086

5.1 Listed equity securities

Shares of listed companies - Fully paid up ordinary shares of Rs 10 each unless otherwise stated.

Name of the investee company	Number of shares					Rupees			Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of Paid-up capital of investee company held
	As at July 01, 2012	Purchased during the year	Bonus/ right issues during the year	Sold during the year	As at June 30, 2013	Carrying Value As at June 30, 2013	Market Value As at June 30, 2013	Appreciation/ (Diminution)			
	------(Number of shares)-----					------(Rupees)-----					
Oil & Gas Product											
Attock Petroleum Limited	1,221	34,300	-	23,121	12,400	6,542,212	6,957,888	415,676	4.64%	6.05%	0.0002%
National Refinery Limited	-	27,500	-	27,500	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	35,097	46,500	-	81,597	-	-	-	-	-	-	-
Pak Oilfields Limited	26,900	10,300	-	8,700	28,500	11,509,747	14,175,045	2,665,298	9.46%	12.32%	0.0120%
Pakistan Petroleum Limited	46,500	28,000	11,625	26,625	59,500	9,979,029	12,589,010	2,609,981	8.40%	10.94%	0.0036%
Pakistan State Oil Company Limited	12,999	75,000	6,599	69,598	25,000	6,025,172	8,009,500	1,984,328	5.35%	6.96%	0.0101%
	122,717	221,600	18,224	237,141	125,400	34,056,160	41,731,443	7,675,283	27.85%	36.28%	
Chemicals											
Dawood Hercules Corporation Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Engro Corporation Limited	25,300	392,600	-	364,100	53,800	7,380,469	6,556,606	(823,863)	4.38%	5.70%	0.0105%
Fatima Fertilizer Limited	194,000	25,000	-	219,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	45,294	41,200	-	86,494	-	-	-	-	-	-	-
ICI Pakistan Limited	-	19,000	-	19,000	-	-	-	-	-	-	-
	264,594	547,800	-	758,594	53,800	7,380,469	6,556,606	(823,863)	4.38%	5.70%	
Construction and Materials											
AkzoNobel Pakistan Limited	-	31,500	-	31,500	-	-	-	-	-	-	-
Attock Cement Pakistan Limited	-	94,500	-	93,000	1,500	196,500	197,985	1,485	0.13%	0.17%	0.0015%
Cherat Cement Limited	-	431,000	-	254,500	176,500	9,827,691	10,270,535	442,844	6.85%	8.93%	0.1847%
DG Khan Cement Company Limited	45,304	656,000	-	560,304	141,000	9,529,908	11,800,290	2,270,382	7.88%	10.26%	0.0322%
Fauji Cement Company Limited	-	1,400,000	-	1,120,000	280,000	2,397,121	3,721,200	1,324,079	2.48%	3.24%	0.0210%
Lucky Cement Limited	-	178,700	-	142,700	36,000	5,489,327	7,549,920	2,060,593	5.04%	6.56%	0.0111%
	45,304	2,791,700	-	2,202,004	635,000	27,440,547	33,539,930	6,099,383	22.38%	29.16%	
Auto Mobile and Parts											
Pak Suzuki Motors Company Limited	-	32,500	-	32,500	-	-	-	-	-	-	-
	-	32,500	-	32,500	-	-	-	-	-	-	-
Food Producers											
Engro Foods Limited	-	221,500	-	221,500	-	-	-	-	-	-	-
	-	221,500	-	221,500	-	-	-	-	-	-	-
Household Goods											
Tariq Glass Industries Limited	-	197,500	-	-	197,500	4,613,120	4,345,000	(268,120)	2.90%	3.78%	0.2850%
	-	197,500	-	-	197,500	4,613,120	4,345,000	(268,120)	2.90%	3.78%	
Personal Goods											
Nishat Chunian Limited	-	348,500	-	274,500	74,000	4,146,621	4,421,500	274,879	2.95%	3.84%	0.0407%
Nishat Mills Limited	96,400	295,000	-	290,400	101,000	8,306,318	9,515,210	1,208,892	6.35%	8.27%	-
	96,400	643,500	-	564,900	175,000	12,452,939	13,936,710	1,483,771	9.30%	12.12%	

Name of the investee company	Number of shares					Rupees			Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of Paid-up capital of investee company held
	As at July 01, 2012	Purchased during the year	Bonus/ right issues during the year	Sold during the year	As at June 30, 2013	Carrying Value As at June 30, 2013	Market Value As at June 30, 2013	Appreciation/ (Diminution)			
	(Number of shares)					(Rupees)					
Media											
Tri-Pack Films Limited	-	22,700	-	-	22,700	4,481,939	4,585,400	103,461	3.06%	3.99%	0.0757%
	-	22,700	-	-	22,700	4,481,939	4,585,400	103,461	3.06%	3.99%	
Mobile Telecommunication											
Pakistan Telecommunication Company Limited	-	435,000	-	435,000	-	-	-	-	-	-	-
	-	435,000	-	435,000	-	-	-	-	-	-	-
Electricity											
Hub Power Company Limited	-	76,000	-	76,000	-	-	-	-	-	-	-
	-	76,000	-	76,000	-	-	-	-	-	-	-
Commercial Banks											
Allied Bank Limited	3,100	109,700	2,800	83,000	32,600	2,016,817	2,234,404	217,587	1.49%	1.94%	0.0031%
Bank Alfalah Limited	200,000	489,500	-	561,000	128,500	2,190,683	2,341,270	150,587	1.56%	2.04%	0.0095%
MCB Bank Limited	18,500	-	-	18,500	-	-	-	-	-	-	-
United Bank Limited	27,500	280,500	-	254,500	53,500	5,619,572	5,755,533	135,961	3.84%	5.00%	0.0044%
	249,100	879,700	2,800	917,000	214,600	9,827,072	10,331,207	504,135	6.89%	8.98%	
Total June 30, 2013	778,115	6,069,500	21,024	5,444,639	1,424,000	100,252,246	115,026,296	14,774,050	76.76%	100.00%	
Total June 30, 2012	-	849,967	-	71,852	778,115	56,504,280	55,515,086	(989,194)	51.40%	100.00%	

5.1.1 Investments include shares with market value of Rs 4,582,150 which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

6 PREPAYMENTS AND OTHER RECEIVABLES

Margin against subscription of shares
Prepaid listing fee
Dividend receivable
Accrued profit on balances with banks

Note	2013	2012
	(Rupees)	
	-	6,000,000
	10,000	10,000
	-	73,642
	141,546	1,135
	<u>151,546</u>	<u>6,084,777</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS		
	949,180	1,000,000
	200,002	50,820
	<u>749,178</u>	<u>949,180</u>
8 SECURITY DEPOSITS		
Security deposits with:		
National Clearing Company Pakistan Limited	2,500,000	2,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
	<u>2,600,000</u>	<u>2,600,000</u>
9 PAYABLE TO ASKARI INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration of Askari Investment Management Limited - Management Company	9.1	376,236
Sindh Sales tax on Management Company's remuneration		65,974
Preliminary expenses and floatation costs		-
Sales load		-
Federal Excise Duty on Management Company's remuneration	9.2	36,099
		<u>478,309</u>
		<u>1,307,631</u>

- 9.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. Management fee is currently being charged at the rate of three percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.
- 9.2 During the current year, the Federal Board of Revenue levied Federal Excise Duty at the rate of 16% on the remuneration of Management Company through Finance Act 2013 effective from June 13, 2013.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee

2013	2012
----- (Rupees) -----	
57,534	57,378

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

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

Amounts of funds under management (Average NAV)

Up to Rs 1,000 million

Exceeding Rs 1,000 million

Tariff per annum

Rs 0.7 million or 0.2% per annum of Net Asset Value whichever is higher

Rs 2 million plus 0.1% per annum of Net Asset Value on amount exceeding Rs 1,000 million

The remuneration is paid to the Trustee monthly in arrears.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee

2013	2012
----- (Rupees) -----	
116,130	25,815

- 11.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, a collective investment scheme categorised as equity scheme is required to pay an annual fee to the SECP of an amount equal to 0.095% of the average net assets of the scheme. The Fund has been categorised as an equity scheme by the Management Company.

12 ACCRUED AND OTHER LIABILITIES

Auditors' remuneration
 Legal and professional charges payable
 Payable against printing expenses
 Securities transaction costs payable
 Settlement charges payable
 Provision for contribution to the Worker's Welfare Fund
 Capital Gains Tax payable

Note	2013	2012
	----- (Rupees) -----	
	210,000	100,000
	100,000	50,000
	101,789	21,505
	92,877	79,544
	15,000	15,426
12.1	905,648	-
	17,270	-
	<u>1,442,584</u>	<u>266,475</u>

12.1 Provision for contribution to the Worker's Welfare Fund

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

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

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

During the year ended June 30, 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honorable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to maintain the provision in respect of WWF and has made a provision amounting to Rs 905,648 in these financial statements for the current year. Had the same not been made the net asset value per unit of the Fund as at June 30, 2013 would have been higher by Rs 0.8562 per unit.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2013 (June 30, 2012: Nil).

14 AUDITORS' REMUNERATION

Annual audit fee	135,000	75,000
Half year review fee	100,000	-
Review of compliance with the Code of Corporate Governance	50,000	25,000
Income certification	50,000	-
Out of pocket expenses	29,809	-
	<u>364,809</u>	<u>100,000</u>

	2013	2012
	----- (Rupees) -----	
Annual audit fee	135,000	75,000
Half year review fee	100,000	-
Review of compliance with the Code of Corporate Governance	50,000	25,000
Income certification	50,000	-
Out of pocket expenses	29,809	-
	<u>364,809</u>	<u>100,000</u>

15 TAXATION

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

16 EARNINGS PER UNIT (EPU)

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks			
Investments	-	29,482,477	29,482,477
Receivable against sale of investments	115,026,296	-	115,026,296
Other receivables	-	3,916,923	3,916,923
Security deposits	-	141,546	141,546
	-	2,600,000	2,600,000
	<u>115,026,296</u>	<u>36,140,946</u>	<u>151,167,242</u>

	-----2013-----		
	Assets at fair value through profit or loss	Loans and receivables	Total
	-----Rupees-----		
Balances with banks			
Investments	-	29,482,477	29,482,477
Receivable against sale of investments	115,026,296	-	115,026,296
Other receivables	-	3,916,923	3,916,923
Security deposits	-	141,546	141,546
	-	2,600,000	2,600,000
	<u>115,026,296</u>	<u>36,140,946</u>	<u>151,167,242</u>

Financial liabilities

Payable to the Management Company	-	478,309	478,309
Payable to the Trustee	-	57,534	57,534
Accrued and other liabilities	-	519,666	519,666
	-	1,055,509	1,055,509

-----2013-----		
Liabilities at fair value through profit or loss	At amortised cost	Total
-----Rupees-----		
	-	478,309
	-	57,534
	-	519,666
	-	1,055,509

Financial assets

Balances with banks	-	44,310,042	44,310,042
Investments	55,515,086	-	55,515,086
Receivable against sale of investments	-	198,168	198,168
Other receivables	-	6,074,777	6,074,777
Security deposits	-	2,600,000	2,600,000
	55,515,086	53,182,987	108,698,073

-----2012-----		
Assets at fair value through profit or loss	Loans and receivables	Total
-----Rupees-----		
	-	44,310,042
	55,515,086	-
	-	198,168
	-	6,074,777
	-	2,600,000
	55,515,086	53,182,987

Financial liabilities

Payable to the Management Company	-	1,307,631	1,307,631
Payable to the Trustee	-	57,378	57,378
Accrued and other liabilities	-	266,475	266,475
	-	1,631,484	1,631,484

-----2012-----		
Liabilities at fair value through profit or loss	At amortised cost	Total
-----Rupees-----		
	-	1,307,631
	-	57,378
	-	266,475
	-	1,631,484

18 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties among others 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, the funds under the common management of the Management Company, and the directors and officers of the Management Company.

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

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.

18.1 Details of transactions with connected persons are as follows:

Askari Bank Limited (Holding company of the Management Company)

Issue of Nil units (2012: 1,000,000 units)
Profit on bank deposits
Bank charges

Askari Investment Management Limited - the Management Company

Remuneration for the period
Sindh sales tax on Management Company's remuneration
Federal Excise Duty on Management Company's remuneration
Payment made against reimbursable expenses
Sale Load Payable
Issue of 47,586 units (2012: Nil units)
Redemption of 47,042 units (2012: Nil units)

Central Depository Company Limited - Trustee

Remuneration of the Trustee
CDS charges

Key Management Personnel

Issue of 8,167 units (2012: Nil units)
Redemption of 2,448 units (2012: Nil units)

18.2 Amounts outstanding as at year end:

Askari Investment Management Limited - the Management Company

Remuneration payable
Sindh sales tax payable on Management Company's remuneration
Federal Excise Duty on Management Company's remuneration
Preliminary expenses and floatation costs
Sales load
Units held: 544 units (June 30, 2012: Nil units)

Askari Bank Limited (Holding company of the Management Company)

Investment held in the fund 1,000,000 units (June 30, 2012: 1,000,000 units)
Balances with banks
Profit receivable on balances with banks

Key Management Personnel

Units held: 5,718 units (June 30, 2012: Nil units)

Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable
Security deposits

18.3 Equity holding in Fauji Group

280,000 shares (2012: Nil shares) of Fauji Cement Company Limited

Purchase and sales transactions in shares of Fauji Group Companies are reflected in note 5.1.

	For the year ended June 30, 2013	For the period from February 1, 2012 to June 30, 2013
	---(Rupees)---	
	-	100,000,000
	1,478,523	1,686,143
	28,635	12,200
	3,668,221	815,243
	592,690	130,439
	36,099	-
	1,000,000	2,640,000
	6,611	700
	4,994,278	-
	5,000,000	-
	699,998	177,869
	22,615	2,132
	970,500	-
	303,597	-
	2013	2012
	---(Rupees)---	
	376,236	264,596
	65,974	42,335
	36,099	-
	-	1,000,000
	-	700
	59,492	-
	141,646,500	99,701,300
	29,469,592	44,299,928
	141,546	1,135
	809,935	-
	57,534	57,378
	100,000	100,000
		2013
		(Rupees)
		3,721,200

19 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No	Name	Designation	Qualification	Experience in years
1	Mr. Adnan Siddiqui	Chairman	MBA	22
2	Mr. Basharat Ullah	Chief Investment Officer	MBA	20
3	Shahbaz Ashraf	Head of Research	CFA	5.5
5	Mr. Murtaza Jafar	Fund Manager	MBA	9
4	Ms. Zainab Siddiqui	Chief Financial Officer	ACA	7
6	Mr. M. Farrukh	VP Risk Management & Compliance	CIMA (Finalist)	13

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

20 TRANSACTIONS WITH BROKERS / DEALERS

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

	For the year ended June 30, 2013
1 Taurus Securities Limited	11.23%
2 Elixir Securities Limited	10.66%
3 Arif Habib Limited	10.61%
4 Foundation Securities Limited	10.04%
5 Pearl Securities Limited	9.04%
6 Invest & Finance Limited	7.48%
7 Topline Securities Limited	7.29%
8 KASB Securities Limited	6.48%
9 Habib Metro Financial Services	5.17%
10 JS Global Investments Limited	4.30%

	For the period from February 1, 2012 to June 30, 2012
1 Foundation Securities Limited	17.16%
2 Elixir Securities Limited	17.06%
3 BMA Capital Limited	11.63%
4 Habib Metro Financial Services	11.07%
5 Arif Habib Limited	10.24%
6 AKD Securities Limited	8.02%
7 Topline Securities Limited	7.34%
8 Aba Ali Habib Limited	6.83%
9 Pearl Securities Limited	5.02%
10 KASB Securities Limited	3.74%

21 PATTERN OF UNIT HOLDING

Category	-----As at June 30, 2013-----			
	Number of unit holders	No of units held	Investment amount	Percentage investment
			Rupees	
Individuals	36	30,929	5,028,167	3.35%
Corporate	1	21,746	3,080,102	2.06%
Associated companies / Directors	5	1,005,112	141,723,594	94.59%
	42	1,057,787	149,831,863	100.00%

Category	-----As at June 30, 2012-----			
	Number of unit holders	No of units held	Investment amount	Percentage investment
			Rupees	
Individuals	2	83,235	8,298,639	7.68%
Associated companies / Directors	1	1,000,000	99,701,315	92.32%
	3	1,083,235	107,999,954	100.00%

22 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

Name of other persons

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

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

23 FINANCIAL RISK MANAGEMENT

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

23.1 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 market risk through diversification of the investment portfolio and by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

23.1.1 Currency risk

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

23.1.2 Interest rate risk

Interest rate risk is risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Presently, the Fund does not hold any fixed rate or variable rate instruments which may expose the Fund to cash flow or fair value interest rate risk other than balances with banks. The rate for balances with banks is disclosed in note 4.1 to these financial statements.

23.1.3 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 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2013, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs 1,422,258 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, 2013 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

23.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks, credit exposure arising as a result of dividends receivable on equity securities and receivable against sale of investments. For banks and financial institutions only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein.

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.

As at June 30, 2013, the Fund's balances with banks have been placed with banks having rating of A1+ (as per PACRA).

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

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

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

Collateral

The Fund does not hold any collateral against its balances with banks and these are unsecured.

23.3 Liquidity risk

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

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

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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 request during the year.

The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date.

	-----2013-----			
	Upto three months	More than three months and up-to one year	Over one year	Total
	----- (Rupees) -----			
Financial Assets				
Balances with banks	29,482,477	-	-	29,482,477
Investments	115,026,296	-	-	115,026,296
Receivable against sale of investments	3,916,923	-	-	3,916,923
Other receivables	141,546	-	-	141,546
Security deposits	2,600,000	-	-	2,600,000
	<u>151,167,242</u>	<u>-</u>	<u>-</u>	<u>151,167,242</u>

	-----2013-----			
	Upto three months	More than three months and up-to one year	Over one year	Total
	----- (Rupees) -----			
Financial liabilities				
Payable to Askari Investment Management Limited - Management Company	478,309	-	-	478,309
Payable to the Trustee	57,534	-	-	57,534
Accrued and other liabilities	519,666	-	-	519,666
	<u>1,055,509</u>	<u>-</u>	<u>-</u>	<u>1,055,509</u>

	-----2012-----			
	Upto three months	More than three months and up-to one year	Over one year	Total
	----- (Rupees) -----			
Financial Assets				
Balances with banks	44,310,042	-	-	44,310,042
Investments	55,515,086	-	-	55,515,086
Receivable against sale of investments	198,168	-	-	198,168
Other receivables	6,074,777	-	-	6,074,777
Security deposits	2,600,000	-	-	2,600,000
	<u>108,698,073</u>	<u>-</u>	<u>-</u>	<u>108,698,073</u>

	-----2012-----			
	Upto three months	More than three months and up-to one year	Over one year	Total
	----- (Rupees) -----			
Financial liabilities				
Payable to Askari Investment Management Limited - Management Company	1,307,631	-	-	1,307,631
Payable to the Trustee	57,378	-	-	57,378
Accrued and other liabilities	266,475	-	-	266,475
	<u>1,631,484</u>	<u>-</u>	<u>-</u>	<u>1,631,484</u>

24 UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 period end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values.

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

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

	-----2013-----			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets classified as 'at fair value through profit or loss'				
- Investment in equity securities	115,026,296	-	-	115,026,296
	-----2012-----			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets classified as 'at fair value through profit or loss'				
- Investment in equity securities	55,515,086	-	-	55,515,086

26 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in the meeting held on July 5, 2013 have approved a distribution by way of bonus issue of Rs 39.8548 per unit for the year ended June 30, 2013. The financial statements of the Fund for the period ended June 30, 2013 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2014.

27 DATE OF AUTHORISATION FOR ISSUE


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

28 GENERAL

28.1 Figures have been rounded off to the nearest rupees.

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

For Askari Investment Management Limited
(Management Company)



Acting Chief Executive

Director

Director

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

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