

KASBASSET
ALLOCATION FUND

(formerly KASB Balanced Fund)

HALF YEARLY REPORT
December 31, 2010

CONTENTS

| | |
|---|----|
| Fund Information | 3 |
| Mission Statement | 4 |
| Report of the Directors of the Management Company | 5 |
| Trustee Report to the Unit Holders | 7 |
| Independent Auditors' Report on review of Condensed Interim Financial Information to the Unit Holders of KASB Asset Allocation Fund (formerly KASB Balanced Fund) | 8 |
| Condensed Interim Statement of Assets and Liabilities | 9 |
| Condensed Interim Income Statement (Un-audited) | 10 |
| Condensed Interim Statement of Comprehensive Income (Un-audited) | 11 |
| Condensed Interim Cash Flow Statement (Un-audited) | 12 |
| Condensed Interim Distribution Statement (Un-audited) | 13 |
| Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited) | 14 |
| Notes to the Condensed Interim Financial Information (Un-audited) | 15 |

FUND INFORMATION

Management Company

KASB Funds Limited

Registered Office:

9th Floor, Trade Centre, I. I. Chundrigar
Road, Karachi-74200, Pakistan

Principal Office:

11th Floor, Trade Centre, I. I. Chundrigar
Road, Karachi-74200, Pakistan

UAN: (92-21) 111 535 535

Fax: (92-21) 3263 9188

URL: www.kasbfunds.com

Board of Directors of KASB Funds Limited

Mr. Robert John Richard Owen - Chairman

Mr. Muhammad Imran Khalil - Chief Executive

Mr. Syed Muhammad Rehmanullah

Mr. Muzaffar Ali Shah Bukhari

Chief Financial Officer

Mr. Muhammad Imran Khalil

Company Secretary

Mr. Mansoor Ali

Audit Committee

Mr. Robert John Richard Owen

Mr. Syed Muhammad Rehmanullah

Trustee

Central Depository Company of Pakistan

Limited, CDC House, 99-B, Block 'B',

SMCHS, Main Shahra-e-Faisal, Karachi

Fund Rating

1 star by PACRA

(February 2011)

Bankers to the Fund

KASB Bank Limited

Auditors

KPMG Taseer Hadi & Co. - Chartered
Accountants, First Floor, Shiekh Sultan Trust

Building No. 2, Beaumont Road,

P.O.Box 8517, Karachi

Legal Advisor

Bawaney & Partners

Room No. 404, 4th Floor, Beaumont Plaza,

6-cl-10, Beaumont Road, Civil Lines,

Karachi-75530

Registrar

Noble Computer Services (Pvt.) Limited

Mezzanine Floor, House of Habib Building

(Siddiqsons Tower) 3-Jinnah Cooperative

Housing Society, Main Shahra-e-Faisal

Karachi-75350

Distributors

KASB Funds Limited

KASB Bank Limited

KASB Securities Limited

IGI Investment Bank Limited

Summit Capital (Private) Limited

Standard Chartered Bank (Pakistan) Limited

Management Company Rating

Rated AM3+ by JCR-VIS

(May 2010)

MISSION STATEMENT

The Fund aims to generate a positive return and long term capital appreciation for unit holders by investing in both the Equity and Debt markets.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the six months ended December 31, 2010

The Board of Directors of KASB Funds Limited ("KFL" or "the Company"), the Management Company of KASB Asset Allocation Fund (formerly KASB Balanced Fund) ("KAFF" or "the Fund"), is pleased to present the condensed interim financial information of the Fund for the six months ended December 31, 2010.

Investing Activities and Fund's Performance

The country's economy is going through difficult times but more troublesome is the delay in the much needed reforms on the fiscal and administrative fronts. The country, after taking a huge economic hit due to devastating floods last year, needs to take crucial economic decision in a timely manner so as to address the structural issues that the economy faces especially to resolve the energy crisis and persistent inflation.

As the government remained under stress in order to finance its fiscal deficit, it kept financing the gap through SBP and commercial banks. Due to continuous need of financing and tight monetary policy stance from SBP, the money market rates remained on higher side during the period under review. The SBP raised policy rate by 150 bps during 1HFY11 to 14.0%. The treasury bills cut-offs increased by 115,116 and 136 bps in 3M, 6M and 12M papers respectively. The activity in the corporate bonds remained dull and only highly rated TFCs/Sukuks were traded.

2QFY11 saw healthy activity at the equity market as the KSE-30 index gained 21.26% during the quarter amid higher volumes (the index inclined by 23.66% for the period under review). Investors chose to shrug away firstly the impact of capital gains tax imposed on equity trading at the beginning of FY11 and secondly, the after affects of the devastating floods that deluged the better part of the country in the first quarter. Further, another 50 bps increase in the policy rate (taking the total increase to 150 bps in the FY) was also largely ignored by the market, as was the rampant political bickering as two coalition partners quit the federal government towards the end of the calendar year.

Foreign Portfolio Investment continued to drive the market (FPI for the period under review was recorded at USD 250 mln) while sentiments were also helped by expectations of an early implementation of Margin Trading System (MTS) at KSE. A leveraged product on patterns similar to the previously prevalent CFS product, MTS was widely anticipated to kick-start voluminous trading at the market but various issues had led to a delay in its implementation of the product.

While the benchmark (50% 6-month KIBOR + 50% KSE-30) of the Fund posted a return of 13.28% for the six month period, the Fund recorded a return of 8.47%. During the period under review, the Fund changed its category from balanced to asset allocation and consequently the benchmark was also changed.

The Fund earned a gross income of Rs. 54.24 mln during the period under consideration while the net income of the Fund for the same period was Rs. 39.27 mln and the total net assets of the Fund stood at Rs. 423.13 mln at the end of the period translating into a NAV per unit of Rs. 43.80 (Par Rs. 50).

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

For the six months ended December 31, 2010

Future Outlook

The increasing revenue-expenditure gap is the most urgent issue the government is facing right now, especially after the floods. The targeted fiscal deficit seems too optimistic (4.7% of GDP) as the 1HFY11 deficit has already reached 2.9%. Although, the IMF has extended the SBA program by nine months, the next review will be critical to satisfy the IMF on the reformed GST and improved fiscal measures. The SBP's monetary policy is expected to remain contractionary due to persistent inflation and higher government borrowing.

Due to possible concern on the law and order situation, political uncertainty and interest rate hike apprehensions in the coming monetary policies, a slowdown may be witnessed in the trading activity at the local bourse. However, expectations of decent earnings growth in the upcoming result season with strong payout by Fertilizers, Banks and E&P stocks may keep market sentiments positive. Furthermore, continued strong interest by foreigners and increase in their holdings in Pakistan as reflected by FPI numbers may result in a bull run in the market. A trigger for an upward move by the market though could be the long impending leverage introduction (mentioned above) which would enable players to take greater positions thereby increasing liquidity resulting in higher prices.

Acknowledgement

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and Trustee for their dedication and hard work and the unit holders for their confidence in the management.

For and on behalf of the Board

February 17, 2011
Karachi

Muhammad Imran Khalil
Chief Executive

TRUSTEE REPORT TO THE UNIT HOLDERS **KASB ASSET ALLOCATION FUND** **(formerly KASB Balanced Fund)**

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

The KASB Asset Allocation Fund [formerly KASB Balanced Fund] (the Fund), an open-end scheme was established under a trust deed dated October 25, 2007, executed between KASB Funds Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2010 to December 31, 2010 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, February 22, 2011

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS OF KASB ASSET ALLOCATION FUND (formerly KASB Balanced Fund)

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KASB Asset Allocation Fund** (formerly KASB Balanced Fund) ("the Fund") as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and notes to the condensed interim financial information for the six months period ended 31 December 2010 (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended 31 December 2010 and 31 December 2009 in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds have not been reviewed and we do not express a conclusion on them.

Date: 17 February 2011

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
MONEEZA USMAN BUTT

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2010

| | (Un-audited) December 31 | (Audited) June 30 |
|---|-----------------------------|----------------------|
| Note | 2010 | 2010 |
| | ---(Rupees in '000)--- | |
| Assets | | |
| Bank balances | 41,444 | 59,113 |
| Placements | 18,600 | 22,050 |
| Certificates of investment | 39,608 | 39,608 |
| Receivable against sale of investments | 22,132 | 84 |
| Dividend and income receivable | 8,771 | 9,686 |
| Investments | 294,603 | 327,016 |
| Deposits and prepayments | 7,647 | 7,627 |
| Preliminary expenses and floatation costs | 1,278 | 1,601 |
| Total assets | 434,083 | 466,785 |
| Liabilities | | |
| Payable against purchase of investments | 7,333 | 1,023 |
| Payable to KASB Funds Limited - Management Company | 585 | 617 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 79 | 80 |
| Payable to The Securities and Exchange Commission of Pakistan | 191 | 444 |
| Accrued expenses and other liabilities | 2,770 | 1,933 |
| Total liabilities | 10,958 | 4,097 |
| Net assets | 423,125 | 462,688 |
| Unit holders' funds | 423,125 | 462,688 |
| | (Number of units) | |
| Number of units in issue | 9,659,784 | 10,727,020 |
| | (Rupees) | |
| Net asset value per unit | 43.80 | 43.13 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

For the six months and quarter ended December 31, 2010

| Note | Six months ended December 31 | | Quarter ended December 31 | |
|--|---------------------------------|---------------|------------------------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| | ----- (Rupees in '000) ----- | | | |
| Income | | | | |
| Income from term finance and sukuk certificates | 7,882 | 13,831 | 2,591 | 8,322 |
| Income from government securities | - | 1,667 | - | 819 |
| Dividend income | 3,823 | 3,975 | 2,099 | 1,077 |
| Income from placements | - | 3,385 | - | (839) |
| Income from certificates of investment | 2,995 | 2,509 | 1,498 | 1,572 |
| Profit on bank deposits | 3,692 | 3,917 | 2,106 | 1,659 |
| Capital gain on sale of investments | 15,637 | 58,643 | 20,465 | 20,074 |
| Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' 9.5 | 20,215 | 5,213 | 20,865 | (8,414) |
| Total income | 54,244 | 93,140 | 49,624 | 24,270 |

Expenses

| | | | | |
|--|---------------|---------------|---------------|-----------------|
| Remuneration of KASB Funds Limited - Management Company | 4,272 | 5,633 | 2,084 | 2,496 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 427 | 563 | 208 | 249 |
| Annual fee - The Securities and Exchange Commission of Pakistan | 191 | 239 | 98 | 106 |
| Transaction cost on securities | 1,208 | 1,605 | 884 | 629 |
| Settlement and bank charges | 151 | 125 | 85 | 76 |
| Legal and professional charges | 291 | 210 | 164 | 65 |
| Fees and subscription | 71 | 117 | 36 | 83 |
| Auditor's remuneration | 250 | 328 | 110 | 139 |
| Amortisation of preliminary expenses and floatation costs | 323 | 323 | 162 | 162 |
| Printing and other expenses | 60 | 59 | 30 | 29 |
| Provision for Workers' Welfare Fund 10 | 432 | - | 432 | - |
| Provision against non-performing investments | 12,940 | 50,000 | - | 37,670 |
| Provision against non-performing placements | 2,950 | - | 3,100 | - |
| Total expenses | 23,566 | 59,202 | 7,393 | 41,704 |
| | 30,678 | 33,938 | 42,231 | (17,434) |

Net realised element of income and capital gains included in prices of units issued less those in units redeemed

| | | | | |
|--|-------|--------|-------|-----|
| | 8,592 | 11,428 | 6,047 | 982 |
|--|-------|--------|-------|-----|

Net income / (loss) for the period

| | | | | |
|--|---------------|---------------|---------------|-----------------|
| | 39,270 | 45,366 | 48,278 | (16,452) |
|--|---------------|---------------|---------------|-----------------|

Earnings / (loss) per unit 11

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six months and quarter ended December 31, 2010

| | Six months ended December 31 | | Quarter ended December 31 | |
|---|---------------------------------|---------------|------------------------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | ----- (Rupees in '000) ----- | | | |
| Net income / (loss) for the period | 39,270 | 45,366 | 48,278 | (16,452) |
| Other comprehensive income | | | | |
| Unrealised appreciation in fair value of investments classified as 'available for sale' during the period | 2,685 | 4,032 | 468 | 52 |
| Net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation | 1,342 | 1,605 | 986 | 103 |
| Other comprehensive income for the period | 4,027 | 5,637 | 1,454 | 155 |
| Total comprehensive income / (loss) for the period | 43,297 | 51,003 | 49,732 | (16,297) |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the six months and quarter ended December 31, 2010

| | Six months ended December 31 | | Quarter ended December 31 | |
|--|---------------------------------|------------------|------------------------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| ------(Rupees in '000)----- | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income / (loss) for the period | 39,270 | 45,366 | 48,278 | (16,452) |
| Adjustments for: | | | | |
| Unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss' | (20,215) | (5,213) | (20,865) | 8,414 |
| Provision against non-performing investments | 12,940 | 50,000 | - | 37,670 |
| Provision against non-performing placements | 2,950 | - | 3,100 | - |
| Net realised element of income and capital gains included in prices of units issued less those in units redeemed | (8,592) | (11,428) | (6,047) | (982) |
| Amortisation of preliminary expenses and floatation costs | 323 | 323 | 162 | 162 |
| | (1,2594) | 33,682 | (23,650) | 45,264 |
| Decrease / (increase) in assets | | | | |
| Receivable against sale of investments | (22,048) | 1,387 | (16,797) | 838 |
| Investments - net | 42,373 | 84,108 | (32,545) | 7,784 |
| Placements | 500 | 48,202 | - | 1,830 |
| Certificates of investment | - | (39,608) | - | 2,392 |
| Dividend and income receivable | 915 | 5,117 | 875 | 7,167 |
| Deposits and prepayments | (20) | 25 | 10 | 760 |
| | 21,720 | 99,231 | (48,457) | 20,771 |
| Increase / (decrease) in liabilities | | | | |
| Payable against purchase of investments | 6,310 | 6,095 | 2,413 | 6,084 |
| Payable to KASB Funds Limited - Management Company | (32) | (329) | 7 | (126) |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (1) | (41) | 6 | (18) |
| Payable to The Securities and Exchange Commission of Pakistan | (253) | (528) | 98 | 106 |
| Accrued expenses and other liabilities | 837 | (581) | 1,022 | (931) |
| | 6,861 | 4,616 | 3,546 | 5,115 |
| Net cash generated from / (used in) operating activities | 55,257 | 182,895 | (20,283) | 54,698 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividend paid | (25,943) | - | - | - |
| Payable on redemption of units | - | (972) | - | - |
| Net payments against sale and redemption of units | (46,983) | (170,040) | (32,819) | (10,652) |
| | (72,926) | (171,012) | (32,819) | (10,652) |
| Net cash used in financing activities | (72,926) | (171,012) | (32,819) | (10,652) |
| Net (decrease) / increase in cash and cash equivalents during the period | (17,669) | 11,883 | (53,102) | 44,046 |
| Cash and cash equivalents at beginning of the period | 59,113 | 67,616 | 94,546 | 35,453 |
| Cash and cash equivalents at end of the period | 41,444 | 79,499 | 41,444 | 79,499 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)

For the six months and quarter ended December 31, 2010

| | Six months ended December 31 | | Quarter ended December 31 | |
|---|---------------------------------|----------|------------------------------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| ------(Rupees in '000)----- | | | | |
| Accumulated losses brought forward | (66,409) | (99,565) | (104,560) | (36,245) |
| Net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation | 1,342 | 1,605 | 986 | 103 |
| Final distribution at the rate of Rs. 2.75 per unit for the year ended June 30, 2010 (2009: Rs. Nil) | (29,499) | - | - | - |
| Net income / (loss) for the period | 39,270 | 45,366 | 48,278 | (16,452) |
| | 11,113 | 46,971 | 49,264 | (16,349) |
| Accumulated losses carried forward | (55,296) | (52,594) | (55,296) | (52,594) |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT
HOLDERS' FUNDS (UN-AUDITED)**

For the six months and quarter ended December 31, 2010

| | Six months ended December 31 | | Quarter ended December 31 | |
|---|---------------------------------|-----------|------------------------------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| | ------(Rupees in '000)----- | | | |
| Net assets at beginning of the period | 462,688 | 625,814 | 413,245 | 521,778 |
| Issue of 18,921 units (2009: 18,801 units) and 9,093 units (2009: 140,866 units) for the six months and quarter respectively | 772 | 846 | 376 | 423 |
| Issue of 88,062 bonus units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively | 3,556 | - | - | - |
| Redemption of 1,174,219 units (2009: 3,680,264 units) and 806,150 units (2009: 3,436,054 units) for the six months and quarter respectively | (47,755) | (170,886) | (33,195) | (11,075) |
| | (43,427) | (170,040) | (32,819) | (10,652) |
| Element of income and capital gains included in prices of units issued less those in units redeemed: | | | | |
| - amount representing accrued income and realised capital gains - transferred to the 'income statement | (8,592) | (11,428) | (6,047) | (982) |
| - amount representing unrealised capital gains - reported in other comprehensive income | (1,342) | (1,605) | (986) | (103) |
| | (9,934) | (13,033) | (7,033) | (1,085) |
| Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale' at end of the period | (14,142) | (3,967) | 468 | 52 |
| Provision against non-performing 'available for sale' investments | 8,094 | - | - | - |
| Unrealised diminution in fair value of investments classified as 'available for sale' at beginning of the period | 8,733 | 7,999 | - | - |
| Unrealised appreciation in fair value of investments classified as 'available for sale' during the period | 2,685 | 4,032 | 468 | 52 |
| Distribution during the period: | | | | |
| - Issue of bonus units | (3,556) | - | - | - |
| - Dividend | (25,943) | - | - | - |
| | (29,499) | - | - | - |
| Net income / (loss) for the period (excluding net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gains) | 3,418 | (18,490) | 6,948 | (28,112) |
| Capital gain on sale of investments | 15,637 | 58,643 | 20,465 | 20,074 |
| Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' | 20,215 | 5,213 | 20,865 | (8,414) |
| Net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation | 1,342 | 1,605 | 986 | 103 |
| Net income / (loss) (including net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised appreciation) | 40,612 | 46,971 | 49,264 | (16,349) |
| Net assets as at end of the period | 423,125 | 493,744 | 423,125 | 493,744 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For KASB Funds Limited
(Management Company)

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Asset Allocation Fund (formerly KASB Balanced Fund) ("the Fund") was established under a Trust Deed executed between KASB Funds Limited (KFL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 25, 2007 and was approved by The Securities and Exchange Commission of Pakistan (SECP) on November 26, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). In conformity with circular 7 of 2009 dated March 6, 2009 issued by the SECP, certain amendments have been made in the Trust Deed of the Fund duly approved by the SECP, whereby the Fund has been assigned "Asset Allocation" category and all references of the name have been replaced from KASB Balanced Fund to KASB Asset Allocation Fund.

The Management Company of the Fund has been licensed to undertake asset management and investment advisory assigned management quality rating of AM3+ to the Management Company and Pakistan Credit Rating Agency Limited (PACRA) has assigned a 1 star rating to the Fund.

The Fund is an open end fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder. Moreover, there are no non-compliant investments with the investment criterion of assigned category as at December 31, 2010.

The objective of the Fund is to generate a positive return and long term capital appreciation for unit holders by investing in both the Equity and Debt markets.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

This condensed interim financial information of the Fund has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2010.

This condensed interim financial information comprises of the condensed interim statement of assets and liabilities as at December 31, 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and notes thereto for the six months and quarter ended December 31, 2010.

The comparatives in the statement of assets and liabilities presented in the condensed interim financial information as at December 31, 2010 have been extracted from the audited financial statements of the Fund for the year ended June 30, 2010, where as the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the six months and quarter ended December 31, 2009.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

This condensed interim financial information is unaudited and is presented in Pak Rupees, which is the Fund's functional and presentation currency and has been rounded off to the nearest thousand rupees. The figures for the six months ended December 31, 2010 and December 31, 2009 have been reviewed by the auditor, however, figures for the quarter ended December 31, 2010 and December 31, 2009 have neither been audited nor reviewed by the auditor.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended June 30, 2010. New interpretations and amendments to certain existing standards/ interpretations are effective during the period, however, adoption of such amendments / new interpretations did not have any impact on the accounting policies of the Fund.

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. In preparing these condensed interim financial information, the significant judgements made by the management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2010.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2010.

6. BANK BALANCES

This represents deposit accounts carrying mark-up at the rate of 5% to 12% per annum (June 30, 2010: 5% to 12% per annum).

7. PLACEMENTS - Unsecured

This represents placement with a financial institution and carries profit at the rate of 13.42% (June 30, 2010: 13.42% per annum) and having maturity of 11 days (June 30, 2010: 13 days).

Due to continuous delays in payments by the counter party, the Fund recognised a provision against the investment and suspended further accrual of markup in light of provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount

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

8. CERTIFICATES OF INVESTMENT - Unsecured

This represents certificate of investment with a financial institution and carries profit at the rate of 15% per annum (June 30, 2010: 15%) having a maturity of 7 days (June 30, 2010: 2 days).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

| | Note | (Un-audited) | (Audited) |
|--|------|---------------------|-----------------|
| | | December 31 2010 | June 30 2010 |
| ----- (Rupees in '000) ----- | | | |
| 9. INVESTMENTS | | | |
| <i>'At fair value through profit or loss'</i> | | | |
| <i>Held for trading</i> | | | |
| - Quoted equity securities | 9.2 | 198,998 | 153,259 |
| <i>Designated on initial recognition</i> | | | |
| - Fixed income and other debt securities | 9.3 | 58,629 | 124,655 |
| - Advance against Pre Initial Public Offer investments | 9.4 | - | - |
| | | 58,629 | 124,655 |
| <i>'Available for sale'</i> | | | |
| - Fixed income and other debt securities | 9.6 | 36,976 | 49,102 |
| | | <u>294,603</u> | <u>327,016</u> |

9.1 The cost of the above investments as at December 31, 2010 amounted to Rs. 404.68 million (June 30, 2010: Rs. 461.82 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

9.2 Quoted equity securities - 'at fair value through profit or loss'

| Name of the investee company | Number of shares | | | | Market value as at December 31, 2010 | Percentage of net assets on the basis of market value | Per value as percentage of issued capital of investee company |
|------------------------------|---------------------|-----------------------------|-------------------------------|-------------------------|--------------------------------------|---|---|
| | As at July 01, 2010 | Purchases during the period | Bonus issue during the period | Sales during the period | | | |

(Rupees in '000)

SHARES OF LISTED COMPANIES

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

| | | | | | | | |
|--|---------|-----------|---------|---------|---------|----------------|--------|
| Construction and Material | | | | | | | |
| Attock Cement Pakistan Limited | - | 180,000 | - | - | 180,000 | 11,360 | 2.68 |
| D.G. Khan Cement Company Limited | 100,000 | 100,000 | - | 197,730 | 2,270 | 68 | 0.02 |
| Lucky Cement Limited | 110,588 | 93,411 | - | 203,999 | - | - | - |
| Chemical | | | | | | | |
| Engro Corporation Limited | 39,321 | 238,010 | - | 157,500 | 119,831 | 23,224 | 5.49 |
| Fauji Fertilizer Company Limited | 79,127 | 223,069 | - | 301,754 | 442 | 56 | 0.01 |
| ICI Pakistan Limited | 15,000 | 152,500 | - | 152,500 | 15,000 | 2,164 | 0.51 |
| Lotte Pakistan PTA | 56,650 | 745,000 | - | 800,000 | 1,650 | 23 | 0.01 |
| Descor Oxychem Limited | 50,000 | - | - | 50,000 | - | - | - |
| Banks | | | | | | | |
| Habib Bank Limited | - | 50,000 | - | 35,000 | 15,000 | 1,829 | 0.43 |
| MCB Bank Limited | 43,475 | 647,869 | - | 555,730 | 135,614 | 30,993 | 7.32 |
| NIB Bank Limited | 316,597 | - | - | 110,000 | 206,597 | 609 | 0.14 |
| National Bank of Pakistan | 125,000 | 690,000 | - | 560,000 | 255,000 | 19,589 | 4.63 |
| Allied Bank Limited | - | 245,003 | - | 245,003 | - | - | - |
| Bank Alfalah Limited | - | 215,000 | - | 215,000 | - | - | - |
| United Bank Limited | 226,306 | 270,000 | - | 496,306 | - | - | - |
| General Industries | | | | | | | |
| Ecopack Limited | 631,433 | 100,250 | - | 245,501 | 486,182 | 1,249 | 0.30 |
| Packages Limited | 37,576 | 16,186 | - | 53,762 | - | - | - |
| Tri-Pack Films Limited | 34,724 | - | - | 34,724 | - | - | - |
| Non Life Insurance | | | | | | | |
| Adamjee Insurance Company Limited | 9.2.1 | 148,500 | 376,745 | - | 380,150 | 145,095 | 12,696 |
| Financial Services | | | | | | | |
| Jahangir Siddiqui & Company Limited | 150,000 | 375,317 | - | 250,000 | 275,317 | 3,001 | 0.71 |
| Arif Habib Securities Limited | - | 100,000 | - | 100,000 | - | - | - |
| Oil & Gas | | | | | | | |
| Oil & Gas Development Company Limited | 9.2.1 | 73,860 | 202,345 | - | 140,000 | 136,205 | 23,268 |
| Pakistan Oilfields Limited | 26,831 | 140,500 | - | 138,500 | 28,831 | 8,533 | 2.02 |
| Pakistan Petroleum Limited | 9.2.1 | 62,184 | 93,503 | 5,936 | 134,000 | 27,623 | 5,998 |
| Allied Petroleum Limited | 7,433 | 36,704 | - | 28,137 | 16,000 | 5,352 | 1.26 |
| Pakistan State Oil Company Limited | 58,853 | 62,500 | - | 80,500 | 40,853 | 12,059 | 2.85 |
| National Refinery Limited | - | 59,000 | - | 59,000 | - | - | - |
| Personal Goods | | | | | | | |
| Ibrahim Fibres Limited | 473,101 | 487,004 | - | 405,437 | 554,668 | 23,374 | 5.52 |
| Azgard Nine Limited | 3,598 | - | - | - | - | - | - |
| Nishat Mills Limited | 51,045 | 305,000 | - | 356,045 | - | - | - |
| Nishat (Chunian) Limited | - | 110,000 | - | 110,000 | - | - | - |
| Electricity | | | | | | | |
| Hub Power Company Limited | 284,525 | 293,500 | - | 574,500 | 3,525 | 132 | 0.03 |
| Kot Addu Power Company Limited | - | 25,000 | - | - | 25,000 | 1,017 | 0.24 |
| Nishat Chunian Power Limited | 75,000 | - | - | 75,000 | - | - | - |
| Software and Computer Services | | | | | | | |
| Netsol Technologies Limited | 136 | - | - | 136 | - | - | - |
| Fixed Line Telecommunication | | | | | | | |
| Eye Television Network Limited | - | 79,754 | - | - | 79,754 | 1,878 | 0.44 |
| Pakistan Telecommunication Company Limited 'A' | 21,200 | 1,462,000 | - | 941,200 | 542,000 | 10,526 | 2.49 |
| | | | | | | <u>198,998</u> | |

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

9.2.1 Investments include quoted equity securities with market value as at December 31, 2010 aggregating to Rs. 12,229 million (June 30, 2010: Rs. 15,414 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Funds trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

| Name of the investee company | Profit rate (%) | Number of certificates | | | | Market / Carrying value as at December 31, 2010 | Market / Carrying value as a Percentage of net assets | Outstanding principal value as a percentage of total debt issue |
|------------------------------|-----------------|------------------------|-----------------------------|-------------------------|-------------------------|---|---|---|
| | | As at July 01, 2010 | Purchases during the period | Sales during the period | As at December 31, 2010 | | | |

(Rupees in '000)

Term Finance Certificates

| | | | | | | | | | |
|--|-------|-------|--------|---|--------|-------|---------------|------|------|
| Agritech Limited - II (formerly: Pak American Fertilizers Limited) | 9.3.1 | 14.12 | 1,000 | - | - | 1,000 | 3,147 | 0.74 | 0.01 |
| Allied Bank Limited | | 13.72 | 7,000 | - | - | 7,000 | 33,657 | 7.95 | 0.04 |
| Pakistan Mobile Communications Limited - III | | 14.86 | 20,000 | - | 15,000 | 5,000 | <u>21,825</u> | 5.16 | 0.03 |
| | | | | | | | <u>58,629</u> | | |

Sukuk Certificates

| | | | | | | | | | |
|---|-------|-------|---------|---|---|---------|---------------|---|------|
| New Allied Electronics Industries (Private) Limited - I | 9.3.2 | 15.59 | 160,000 | - | - | 160,000 | - | - | 6.67 |
| | | | | | | | <u>58,629</u> | | |

9.3.1 This represents term finance certificates of Agritech Limited (AL). The investment in AL is secured against collaterals.

On July 14, 2010, owing to financial difficulties, AL paid full profit amounting to Rs. 2,462 million, however, no payment was made against the principal due amounting to Rs. 3,497 million. As at December 31, 2010, the Fund recognized a partial provision against the respective investment and also suspended further accrual of profit thereagainst.

The above provision against said investment and related profit are in light of provisioning policy of the Fund duly approved by the Board of Directors of the Management Company and related SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

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

9.3.2 This represents sukuk certificates of New Allied Electronics Industries (Private) Limited - I (NAEIL). The investment in NAEIL is secured against collaterals.

On October 25, 2008, owing to financial difficulties, NAEIL paid full profit amounting to Rs. 2,113 million, however, no payment was made against the principal due amounting to Rs. 3,125 million. Subsequently NAEIL has continuously defaulted on every repayment date. The Fund recognised full provision against the investment and suspended further accruals of profit thereagainst. Therefore, the investment is fully provided as at December 31, 2010.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

The above provision against said investment and related profit are in light of provisioning policy of the Fund duly approved by the Board of Directors of the Management Company and related SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

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

9.4 Advance against Pre Initial Public Offer investments - designated as 'at fair value through profit or loss' on initial recognition

| Name of the investee company | Profit rate (%) | ---- Number of certificates ---- | | | Carrying value as at December 31, 2010 | Carrying value as a percentage of net assets | Outstanding principal value as a percentage of total debt issue |
|------------------------------|-----------------|----------------------------------|-----------------------------|-------------------------|--|--|---|
| | | As at July 01, 2010 | Purchases during the period | Sales during the period | | | |
| (Rupees in '000) | | | | | | | |
| Dewan Cement Limited | 9.4.1 16.12 | 10,000 | - | - | 10,000 | - | 1.00 |

9.4.1 This represents investment in advance against term finance certificates of Dewan Cement Limited (DCL). The investment in DCL is secured against collaterals.

The Fund has made full provision against the said investment and full provision against markup receivable till October 5, 2008. Moreover, the Fund suspended further accruals of markup there against. Therefore, the investment has been fully provided as at December 31, 2010.

The above provision against said investment and related markup are in light of provisioning policy of the Fund duly approved by the Board of Directors of the Management Company and related SECP circulars. Management is continuously monitoring the Fund's exposure to this investment and is making necessary efforts for the recovery of the amount.

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

(Un-audited)

**Six months ended
December 31**

2010 **2009**
----(Rupees in '000)----

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

| | | |
|--|---------------|--------------|
| Fair value of investments | 257,627 | 271,664 |
| Less: cost of investments | (353,560) | (371,100) |
| | (95,933) | (99,436) |
| Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' at beginning of the period | 126,066 | 55,495 |
| Provision against non-performing investments | 1,348 | 50,000 |
| Realised on disposal during the period | (11,266) | (846) |
| | 116,148 | 104,649 |
| | <u>20,215</u> | <u>5,213</u> |

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

9.6 Fixed income and other debt securities - 'available for sale'

| Name of the investee company | Profit rate (%) | ---- Number of certificates ---- | | | Market value as at December 31, 2010 | Market value as a Percentage of net assets | Outstanding principal value as a percentage of total debt issue |
|---|-----------------|----------------------------------|-----------------------------|-------------------------|--------------------------------------|--|---|
| | | As at July 01, 2010 | Purchases during the period | Sales during the period | | | |
| (Rupees in '000) | | | | | | | |
| Term Finance Certificates | | | | | | | |
| Agri-tech Limited - II (formerly: Pak American Fertilizers Limited) | 9.3.1 14.12 | 6,000 | - | - | 6,000 | 18,885 | 4.46 0.63 |
| Sukuk Certificates | | | | | | | |
| Security Leasing Corporation Limited | 6.00 | 9,500 | - | - | 9,500 | 18,091 | 4.28 6.33 |
| | | | | | | <u>36,976</u> | |

9.7 Unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale'

| | | (Un-audited) Six months ended December 31 | |
|--|--|--|--------------|
| | | 2010 | 2009 |
| ----(Rupees in '000)---- | | | |
| Fair value of investments | | 36,976 | 59,669 |
| Less: cost of investments | | (51,118) | (63,636) |
| | | (14,142) | (3,967) |
| Unrealised diminution in fair value of investments classified as 'available for sale' at beginning of the period | | 8,733 | 7,999 |
| Provision against non-performing 'available for sale' investments | | 8,094 | - |
| | | 16,827 | 7,999 |
| | | <u>2,685</u> | <u>4,032</u> |

10. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

On July 08, 2010 an advice was issued by the Ministry of Labour and Manpower (the Ministry) stating that WWF is not applicable to Mutual Funds. However, on July 15, 2010 the Ministry has issued another letter stating that "Mutual Fund(s) is product which is being managed / sold by the Asset management Companies which are liable to contribute towards the Workers Welfare Fund under section - 4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*." The clarification issued by the Ministry on July 08, 2010 was forwarded by Federal Board of Revenue (FBR) [being the collecting agency of WWF on behalf of the Ministry] to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

Notice of demand have also been issued to several other mutual funds including funds under the management of the Management Company and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Honorable High Court of Sindh. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of the above stated matters, the Management has suspended the accrual of WWF charge from November 26, 2010 and as a matter of abundant caution has not reversed the earlier provision.

11. EARNINGS / (LOSS) PER UNIT

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

12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the Fund by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include KASB Funds Limited being the Management Company, KASB Bank Limited being the Holding Company of the Management Company, KASB Securities Limited, KASB Modaraba, KASB Technology Services Limited, KASB Modaraba Management (Private) Limited being the subsidiary companies of KASB Bank Limited, Shakarganj Food Products Limited, New Horizon Exploration and Production Limited and KASB International Limited being the associated companies of KASB Bank Limited, Central Depository Company of Pakistan Limited being the Trustee of the Fund, other Funds managed by the management company (including KASB Income Opportunity Fund [formerly KASB Liquid Fund], KASB Stock Market Fund, KASB Islamic Income Opportunity Fund [formerly KASB Islamic Income Fund], KASB Cash Fund and KASB Capital Protected Gold Fund) and directors, key management personnel and officers of the Management Company.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations 2008 and the Trust Deed respectively.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the six months and quarter ended December 31, 2010

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

| | | (Un-audited) | | | |
|---------------------------|--|---------------------------------|-------|------------------------------|-------|
| | | Six months ended December 31 | | Quarter ended December 31 | |
| | | 2010 | 2009 | 2010 | 2009 |
| | | ----- (Rupees in '000) ----- | | | |
| 13.1 Transactions: | | | | | |
| | KASB Funds Limited | | | | |
| | Remuneration expense | 4,272 | 5,633 | 2,084 | 2,496 |
| | KASB Bank Limited | | | | |
| | Bank charges | 4 | 2 | 3 | 1 |
| | Profit accrued on bank deposits | 3,692 | 3,830 | 2,106 | 1,631 |
| | Additional units: 12,534 units (2009: 12,534 units) and 6,317 units (2009: 6,301 units) for the six months and quarter respectively | 511 | 564 | 260 | 282 |
| | Dividend paid | 17,636 | - | - | - |
| | KASB Securities Limited | | | | |
| | Brokerage expense 13.3 | 215 | 223 | 173 | 82 |
| | Central Depository Company of Pakistan Limited - Trustee | | | | |
| | Remuneration | 427 | 563 | 208 | 249 |
| | CDS charges | 33 | 42 | 22 | 17 |
| | Directors and Officers of the Management Company | | | | |
| | Conversion out of the Fund: Nil units (2009: 5,981 units) and Nil units (2009: Nil units) for the six months and quarter respectively | - | 278 | - | - |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)

For the six months and quarter ended December 31, 2010

| | (Un-audited) December 31 | (Audited) June 30 |
|---|-----------------------------|----------------------|
| | 2010 | 2010 |
| | ----(Rupees in '000)---- | |
| 13.2 Balances | | |
| KASB Funds Limited | | |
| Payable to the Management Company | <u>585</u> | <u>617</u> |
| KASB Bank Limited | | |
| Bank balance | <u>40,922</u> | <u>57,343</u> |
| Profit receivable on bank deposits 13.4 | <u>410</u> | <u>782</u> |
| Units held: 6,425,641 (June 30, 2010: 6,413,107 units) | <u>281,443</u> | <u>276,597</u> |
| KASB Securities Limited | | |
| Brokerage payable | <u>143</u> | <u>9</u> |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Payable to the Trustee | <u>79</u> | <u>80</u> |
| Security deposit | <u>100</u> | <u>100</u> |

13.3 The amount disclosed represents the amount of brokerage paid to connected person and not the purchase or sale values of securities transacted through them. The purchase or sale values have not been treated as transactions with connected persons as ultimate counter-parties are not connected persons.

13.4 The rate of return on this deposit account is 12% per annum (June 30, 2010: 12% per annum).

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 17, 2011 by the Board of Directors of the management Company.

Chief Executive

For KASB Funds Limited
 (Management Company)

Director