

**KASB STOCK  
MARKETFUND**

HALF YEARLY REPORT  
December 31, 2010

**CONTENTS**

|   |    |
|---|----|
| Fund Information  | 2  |
| Mission Statement   | 3  |
| Report of the Directors of the Management Company   | 4  |
| Trustee Report to the Unit Holders  | 6  |
| Independent Auditors' Report on Review of Condensed Interim Financial Information to the Unit Holders of KASB Stock Market Fund | 7  |
| Condensed Interim Statement of Assets and Liabilities   | 8  |
| Condensed Interim Income Statement (Un-audited)   | 9  |
| Condensed Interim Cash Flow Statement (Un-audited)  | 10 |
| Condensed Interim Distribution Statement (Un-audited)   | 11 |
| Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)   | 12 |
| Notes to the Condensed Interim Financial Information (Un-audited)   | 13 |

**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**

**2 star (Short Term)**

**4 star (Long Term)**

**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 Funds seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. The scheme may also invest a certain portion of its corpus in Short term government securities in order to meet liquidity requirements from time to time.

**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 Stock Market Fund ("KSMF" 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.

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 KSE-30 posted a return of 21.26% for the six months period, the Fund recorded a return of 18.80%.

The Fund earned a gross income of Rs. 45.05 mln during period under consideration while the net loss of the Fund for the same period was Rs. 31.49 mln and the total net assets of the Fund stood at Rs. 264.72 mln at the end of the period translating into a NAV per unit of Rs. 29.73 (Par Rs. 50).

**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.

**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

*For the six months ended December 31, 2010*

Going forward, we expect political uncertainty, possible concern on the law and order situation and interest rate hike apprehensions in the coming monetary policies to result in a slowdown 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 STOCK MARKET FUND****Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

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

In our opinion, the Management Company has in all material respects managed the Fund during the 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 STOCK MARKET FUND****Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KASB Stock Market Fund** ("the Fund") as at 31 December 2010 and the related condensed interim income statement, 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 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

| Note  | (Un-audited)                 | (Audited)        |
|---|------------------------------|------------------|
|   | December 31                  | June 30          |
|   | 2010                         | 2010             |
|   | ----- (Rupees in '000) ----- |                  |
| <b>Assets</b>   |                              |                  |
| Bank balances   | 47,564                       | 20,737           |
| Receivable against sale of investments                              | 13,808                       | 30               |
| Dividend receivable   | 168                          | 163              |
| Profit receivable on bank deposits                                  | 491                          | 134              |
| Investments   | 208,063                      | 197,746          |
| Advances, deposits, prepayments and other receivables               | 2,773                        | 2,753            |
| Preliminary expenses and floatation costs                           | 634                          | 896              |
| <b>Total assets</b>   | <b>273,501</b>               | <b>222,459</b>   |
| <b>Liabilities</b>  |                              |                  |
| Payable against purchase of investments                             | 5,623                        | 1,416            |
| Payable on redemption of units                                      | -                            | 6                |
| Payable to KASB Funds Limited - Management Company                  | 469                          | 370              |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 63                           | 62               |
| Payable to The Securities and Exchange Commission of Pakistan       | 107                          | 252              |
| Accrued expenses and other liabilities                              | 2,517                        | 2,507            |
| <b>Total liabilities</b>  | <b>8,779</b>                 | <b>4,613</b>     |
| <b>Net assets</b>   | <b>264,722</b>               | <b>217,846</b>   |
| <b>Unit holders' funds</b>  | <b>264,722</b>               | <b>217,846</b>   |
|   | (Number of units)            |                  |
| <b>Number of units in issue</b>                                     | <b>8,902,875</b>             | <b>5,963,905</b> |
|   | (Rupees)                     |                  |
| <b>Net asset value per unit</b>                                     | <b>29.73</b>                 | <b>36.53</b>     |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chief Executive

 For KASB Funds Limited  
(Management Company)

Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**

For the six months and quarter ended December 31, 2010

| Note   | Six months ended             |               | Quarter ended |                 |
|--|------------------------------|---------------|---------------|-----------------|
|  | December 31                  | December 31   | December 31   | December 31     |
|  | 2010                         | 2009          | 2010          | 2009            |
|  | ----- (Rupees in '000) ----- |               |               |                 |
| <b>Income</b>  |                              |               |               |                 |
| Capital gain on sale of investments  | 23,578                       | 75,587        | 16,896        | 20,741          |
| Dividend income  | 3,851                        | 4,999         | 2,351         | 1,343           |
| Income from sukuk certificates   | -                            | -             | -             | (1,282)         |
| Profit on bank deposits  | 2,973                        | 2,054         | 1,714         | 1,048           |
| Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'             | 14,645                       | 3,742         | 16,657        | (16,434)        |
| <b>Total income</b>  | <b>45,047</b>                | <b>86,382</b> | <b>37,618</b> | <b>5,416</b>    |
| <b>Expenses</b>  |                              |               |               |                 |
| Remuneration of KASB Funds Limited - Management Company  | 3,366                        | 3,915         | 1,709         | 1,701           |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee   | 353                          | 355           | 177           | 177             |
| Annual fee - The Securities and Exchange Commission of Pakistan  | 107                          | 135           | 55            | 59              |
| Transaction costs on securities  | 953                          | 2,006         | 536           | 787             |
| Settlement and bank charges  | 143                          | 146           | 73            | 88              |
| Legal and professional charges   | 262                          | 239           | 147           | 188             |
| Fees and subscription  | 71                           | 71            | 36            | 37              |
| Auditor's remuneration   | 263                          | 318           | 123           | 139             |
| Amortisation of preliminary expenses and floatation costs  | 262                          | 262           | 131           | 131             |
| Printing expenses  | 61                           | 61            | 31            | 31              |
| Provision for against non-performing investments   | -                            | 16,000        | -             | 16,000          |
| <b>Total expenses</b>  | <b>5,841</b>                 | <b>23,508</b> | <b>3,018</b>  | <b>19,338</b>   |
|  | <b>39,206</b>                | <b>62,874</b> | <b>34,600</b> | <b>(13,922)</b> |
| Net realised element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed | (70,691)                     | 23,192        | (11,056)      | (3,099)         |
| <b>Net (loss) / income for the period</b>  | <b>(31,485)</b>              | <b>86,066</b> | <b>23,544</b> | <b>(17,021)</b> |
| <b>(Loss) / earnings per unit</b>  |                              | 8             |               |                 |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chief Executive

 For KASB Funds Limited  
(Management Company)

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**

For the six months and quarter ended December 31, 2010

|  | Six months ended<br>December 31 |           | Quarter ended<br>December 31 |          |
|--|---------------------------------|-----------|------------------------------|----------|
|  | 2010                            | 2009      | 2010                         | 2009     |
|  | ----- (Rupees in '000) -----    |           |                              |          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                 |           |                              |          |
| Net (loss) / income for the period   | (31,485)                        | 86,066    | 23,544                       | (17,021) |
| <b>Adjustments for:</b>  |                                 |           |                              |          |
| Dividend income  | (3,851)                         | (4,999)   | (2,351)                      | (1,343)  |
| Profit on bank deposits  | (2,973)                         | (2,054)   | (1,714)                      | (1,048)  |
| Amortisation of preliminary expenses and floatation costs  | 262                             | 262       | 131                          | 131      |
| Unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss'             | (14,645)                        | (3,742)   | (16,657)                     | 16,434   |
| Provision against non-performing investments   | -                               | 16,000    | -                            | 16,000   |
| Net realised element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed | 70,691                          | (23,192)  | 11,056                       | 3,099    |
|  | 49,484                          | (17,725)  | (9,535)                      | 33,273   |
| <b>(Increase) / decrease in assets</b>   |                                 |           |                              |          |
| Receivable against sale of investments   | (13,778)                        | 2,211     | (8,962)                      | 968      |
| Investments  | 4,326                           | 22,078    | (44,710)                     | (53,886) |
| Advances, deposits, prepayments and other receivables  | (20)                            | 49        | 10                           | 1,312    |
|  | (9,472)                         | 24,338    | (53,662)                     | (51,606) |
| <b>Increase / (decrease) in liabilities</b>  |                                 |           |                              |          |
| Payable against purchase of investments  | 4,208                           | 8,439     | 2,784                        | 7,413    |
| Payable to KASB Funds Limited - Management Company   | 99                              | (121)     | 35                           | (107)    |
| Payable to Central Depository Company of Pakistan Limited - Trustee  | 1                               | (6)       | 4                            | (7)      |
| Payable to The Securities and Exchange Commission of Pakistan  | (145)                           | (168)     | 55                           | 59       |
| Accrued expenses and other liabilities   | 10                              | (1,168)   | 345                          | (6,214)  |
|  | 4,173                           | 6,976     | 3,223                        | 1,144    |
|  | 12,700                          | 99,655    | (36,430)                     | (34,210) |
| Dividend received  | 3,846                           | 7,303     | 3,596                        | 3,662    |
| Profit on bank deposits received   | 2,617                           | 986       | 1,876                        | 411      |
| <b>Net cash generated from / (used in) operating activities</b>  | 19,163                          | 107,944   | (30,958)                     | (30,137) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                 |           |                              |          |
| Payable on redemption of units   | (6)                             | (1,456)   | -                            | 9        |
| Net receipts / (payments) against sale and redemption of units   | 7,670                           | (107,806) | 17,113                       | 14,396   |
| <b>Net cash generated from / (used in) financing activities</b>  | 7,664                           | (109,262) | 17,113                       | 14,405   |
| Net increase in cash and cash equivalents during the period  | 26,827                          | (1,318)   | (13,845)                     | (15,732) |
| Cash and cash equivalents at beginning of the period   | 20,737                          | 22,605    | 61,409                       | 37,019   |
| Cash and cash equivalents at end of the period   | 47,564                          | 21,287    | 47,564                       | 21,287   |

The annexed notes 1 to 11 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<br>December 31 |           | Quarter ended<br>December 31 |          |
|---|---------------------------------|-----------|------------------------------|----------|
|   | 2010                            | 2009      | 2010                         | 2009     |
|   | ----- (Rupees in '000) -----    |           |                              |          |
| Accumulated losses brought forward  | (80,676)                        | (154,961) | (204,290)                    | (51,874) |
| Final Distribution at the rate of Rs. 11.50 per unit for the year ended June 30, 2010 (2009: Rs. Nil) | (68,585)                        | -         | -                            | -        |
| Net (loss) / income for the period  | (31,485)                        | 86,066    | 23,544                       | (17,021) |
|   | (100,070)                       | 86,066    | 23,544                       | (17,021) |
| Accumulated losses carried forward  | (180,746)                       | (68,895)  | (180,746)                    | (68,895) |

The annexed notes 1 to 11 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<br>December 31 |                 | Quarter ended<br>December 31 |                    |
|---|---------------------------------|-----------------|------------------------------|--------------------|
|   | 2010                            | 2009            | 2010                         | 2009               |
| ----- (Rupees in '000) -----  |                                 |                 |                              |                    |
| Net assets at beginning of the period   | 217,846                         | 299,277         | 213,009                      | 253,871            |
| Issue of 1,107,932 units (2009: 1,650,568 units and 1,049,955 units (2009: 1,052,401 units) for the six months and quarter respectively   | 32,170                          | 66,116          | 30,683                       | 43,217             |
| Issue of 2,739,701 bonus units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively  | 68,575                          | -               | -                            | -                  |
| Redemption of 908,663 units (2009: 4,270,533 units) and 486,526 units (2009: 702,550 units) for the six months and quarter respectively   | (24,490)                        | (173,922)       | (13,570)                     | (28,821)           |
|   | 76,255                          | (107,806)       | 17,113                       | 14,396             |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:<br>- amount representing accrued loss / (income) and realised capital losses / (gains) - transferred to the Income Statement | 70,691                          | (23,192)        | 11,056                       | 3,099              |
| Net unrealised diminution in fair value of investments classified as 'available for sale' at end of the period  | -                               | (16,153)        | -                            | (16,153)           |
| Net unrealised diminution in fair value of investments classified as 'available for sale' at beginning of the period  | -                               | 16,153          | -                            | 16,153             |
| Net unrealised diminution in fair value of investments classified as 'available for sale' during the period   | -                               | -               | -                            | -                  |
| Distribution during the period:<br>- Issue of bonus units<br>- Dividend   | (68,575)<br>(10)<br>(68,585)    | -<br>-<br>-     | -<br>-<br>-                  | -<br>-<br>-        |
| Net (loss) / income for the period (excluding unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' and capital gains)   | (69,708)<br>23,578              | 6,737<br>75,587 | (10,009)<br>16,896           | (21,328)<br>20,741 |
| Capital gain on sale of investments   |                                 |                 |                              |                    |
| Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss'  | 14,645                          | 3,742           | 16,657                       | (16,434)           |
| Net (loss) / income   | (31,485)                        | 86,066          | 23,544                       | (17,021)           |
| Net assets as at end of the period  | 264,722                         | 254,345         | 264,722                      | 254,345            |

*The annexed notes 1 to 11 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 Stock Market 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 January 9, 2007 and the Fund was approved by The Securities and Exchange Commission of Pakistan (SECP) on February 23, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). 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 "Equity" category.

The Management Company of the Fund has been licensed to undertake asset management and investment advisory services as non-banking finance company under the NBFC Rules issued by the SECP. The registered office of the Management Company is situated at 9th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan. The JCR-VIS has assigned management quality rating of AM3+ to the Management Company and Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of 4 star and short term rating of 2 star to the Fund.

The Fund is an open end stock market fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder. The details of non-compliant investment with the investment criterion of assigned category as at December 31, 2010 is disclosed in note 7.4 of this condensed interim financial information.

The primary objective of the scheme is to seek to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. The scheme may also invest a certain portion of its corpus in short term government securities in order to meet liquidity requirements from time to time.

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 cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes thereto for the six months and quarter ended December 31, 2010. As the Fund has no item to be reported in other comprehensive income for the six months and quarter ended December 31, 2010 hence no such statement is prepared and the reported net loss for the period equals to the total comprehensive income.

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

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

For the six months and quarter ended December 31, 2010

condensed interim income statement, 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 month and quarter ended December 31, 2009.

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 the 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**

|                     | (Un-audited)<br>December 31<br>2010 | (Audited)<br>June 30<br>2010 |
|---------------------|-------------------------------------|------------------------------|
|                     | ----(Rupees in '000)----            |                              |
| In current accounts | 14                                  | 14                           |
| In deposit accounts | 6.1 47,550                          | 20,723                       |
|                     | <u>47,564</u>                       | <u>20,737</u>                |

6.1 These deposit accounts carry mark-up at the rate of 5% to 12% per annum (June 30, 2010; 5% to 12% per annum).

**7. INVESTMENTS**

|  | (Un-audited)<br>December 31<br>2010 | (Audited)<br>June 30<br>2010 |
|--|-------------------------------------|------------------------------|
|  | ----(Rupees in '000)----            |                              |
| <b>'At fair value through profit or loss' - 'held for trading'</b> |                                     |                              |
| - Quoted equity securities   | 7.2 208,063                         | 197,746                      |
| <b>'Available for sale'</b>  |                                     |                              |
| - Fixed income and other debt securities                           | 7.3 -                               | -                            |
|  | <u>208,063</u>                      | <u>197,746</u>               |

7.1 The cost of the above investments as at December 31, 2010 amounted to Rs. 201.30 million (June 30, 2010: Rs. 216.02 million).

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

For the six months and quarter ended December 31, 2010

**7.2 Quoted equity securities - 'at fair value through profit or loss' - held for trading**

| Name of the investee company  | Number of shares    |                             |                               |                         | As at December 31, 2010 | Market value as at December 31, 2010 | Market value as a percentage of net assets | Par 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)  |                     |                             |                               |                         |                         |                                      |  |   |
| <b>SHARES OF LISTED COMPANIES</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| <b>- Fully paid up ordinary shares of Rs. 10 each unless otherwise stated</b> |                     |                             |                               |                         |                         |                                      |  |   |
| <b>BANKS</b>  |                     |                             |                               |                         |                         |                                      |  |   |
| Allied Bank Limited   | -                   | 188,149                     | -                             | 188,149                 | -                       | -                                    | -  | -   |
| Bank Alfalah Limited  | -                   | 200,000                     | -                             | 200,000                 | -                       | -                                    | -  | -   |
| Habib Bank Limited  | -                   | 35,000                      | -                             | 20,000                  | 15,000                  | 1,829                                | 0.69                                       | 0.01  |
| MCB Bank Limited  | 55,513              | 390,574                     | -                             | 339,789                 | 106,298                 | 24,293                               | 9.18                                       | 0.01  |
| NIB Bank Limited  | 455,000             | -                           | -                             | 172,552                 | 282,448                 | 833                                  | 0.31                                       | 0.01  |
| National Bank of Pakistan   | 170,000             | 596,819                     | -                             | 639,073                 | 127,746                 | 9,813                                | 3.71                                       | 0.01  |
| United Bank Limited   | 307,703             | 324,439                     | -                             | 632,142                 | -                       | -                                    | -  | -   |
| <b>OIL AND GAS</b>  |                     |                             |                               |                         |                         |                                      |  |   |
| Attock Petroleum Limited  | 11,135              | 32,000                      | 3                             | 25,120                  | 18,018                  | 6,027                                | 2.28                                       | 0.03  |
| Oil & Gas Development Company Limited   | 7.2.1 85,255        | 180,453                     | -                             | 116,106                 | 149,602                 | 25,557                               | 9.65                                       | 0.01  |
| Pakistan Oilfields Limited  | 7.2.1 32,958        | 153,050                     | -                             | 147,480                 | 38,528                  | 11,403                               | 4.31                                       | 0.02  |
| Pakistan Petroleum Limited  | 85,680              | 90,394                      | 8,436                         | 82,894                  | 101,616                 | 22,066                               | 8.34                                       | 0.01  |
| Pakistan State Oil Company Limited  | 7.2.1 72,074        | 30,000                      | -                             | 57,920                  | 44,154                  | 13,033                               | 4.92                                       | 0.03  |
| National Refinery Limited   | -                   | 47,312                      | -                             | 47,312                  | -                       | -                                    | -  | -   |
| <b>FINANCIAL SERVICES</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| Arif Habib Limited  | -                   | 130,000                     | -                             | 130,000                 | -                       | -                                    | -  | -   |
| Jahangir Siddiqui & Company Limited   | 245,000             | -                           | -                             | -                       | 245,000                 | 2,671                                | 1.01                                       | 0.03  |
| <b>ELECTRICITY</b>  |                     |                             |                               |                         |                         |                                      |  |   |
| Hub Power Company Limited   | 7.2.1 358,192       | 257,994                     | -                             | 520,932                 | 95,254                  | 3,563                                | 1.35                                       | 0.01  |
| Kot Addu Power Company Limited  | -                   | 25,000                      | -                             | -                       | 25,000                  | 1,017                                | 0.38                                       | 0.01  |
| Nishat Chunian Power Limited  | 100,000             | -                           | -                             | 100,000                 | -                       | -                                    | -  | -   |
| <b>CONSTRUCTION AND MATERIALS</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| Attock Cement Pakistan Company Limited  | -                   | 107,500                     | -                             | -                       | 107,500                 | 6,784                                | 2.56                                       | 0.12  |
| D.G. Khan Cement Company Limited  | 130,000             | 146,000                     | -                             | 276,000                 | -                       | -                                    | -  | -   |
| Lucky Cement Limited  | 107,500             | 80,000                      | -                             | 187,110                 | 390                     | 29                                   | 0.01                                       | 0.01  |
| <b>PERSONAL GOODS</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| Nishat Mills Limited  | 74,655              | 240,000                     | -                             | 314,655                 | -                       | -                                    | -  | -   |
| Nishat Chunian Limited  | -                   | 110,000                     | -                             | 110,000                 | -                       | -                                    | -  | -   |
| Ibrahim Fibres Limited  | 635,607             | 146,208                     | -                             | 52,584                  | 529,231                 | 22,303                               | 8.43                                       | 0.17  |
| <b>NON LIFE INSURANCE</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| Adamjee Insurance Company Limited   | 7.2.1 205,250       | 229,009                     | -                             | 293,510                 | 140,749                 | 12,316                               | 4.65                                       | 0.11  |
| <b>FIXED LINE TELECOMMUNICATION</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| Pakistan Telecommunication Company Limited - A                                | 25,000              | 1,208,557                   | -                             | 749,157                 | 484,400                 | 9,407                                | 3.55                                       | 0.01  |
| <b>CHEMICALS</b>  |                     |                             |                               |                         |                         |                                      |  |   |
| Engro Corporation Limited   | 53,022              | 256,266                     | -                             | 192,614                 | 116,674                 | 22,613                               | 8.54                                       | 0.04  |
| Fauji Fertilizer Company Limited  | 7.2.1 98,212        | 198,567                     | -                             | 230,995                 | 65,784                  | 8,280                                | 3.13                                       | 0.01  |
| ICI Pakistan  | 12,042              | 174,557                     | -                             | 171,212                 | 15,387                  | 2,219                                | 0.84                                       | 0.01  |
| Lotte Pakistan PTA  | 60,000              | 495,000                     | -                             | 555,000                 | -                       | -                                    | -  | -   |
| Descon Oxychem Limited  | 88,783              | -                           | -                             | 88,783                  | -                       | -                                    | -  | -   |
| <b>GENERAL INDUSTRIALS</b>  |                     |                             |                               |                         |                         |                                      |  |   |
| Packages Limited  | 46,500              | 29,000                      | -                             | 75,500                  | -                       | -                                    | -  | -   |
| Ecopack Limited   | 1,071,541           | 79,300                      | -                             | 369,868                 | 780,973                 | 2,007                                | 0.76                                       | 3.40  |
| Tri-Pack Films Limited  | 43,731              | 760                         | -                             | 44,491                  | -                       | -                                    | -  | -   |
| <b>SOFTWARE AND COMPUTER SERVICES</b>   |                     |                             |                               |                         |                         |                                      |  |   |
| NetSol Technologies Limited   | 961                 | -                           | -                             | 961                     | -                       | -                                    | -  | -   |
|   |                     |                             |                               |                         |                         | <u>208,063</u>                       |  |   |



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)**
*For the six months and quarter ended December 31, 2010*

7.2.1 Investments include quoted equity securities with market value as at December 31, 2010 aggregating to Rs. 20.32 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular No.11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**7.3 Fixed income and other debt securities- available for sale**

| 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 | As at December 31, 2010 |  |  |   |

(Rupees in '000)

|  |       |       |       |   |   |       |   |   |      |
|--|-------|-------|-------|---|---|-------|---|---|------|
| New Allied Electronics Industries (Private) Limited - II | 7.3.1 | 15.90 | 6,400 | - | - | 6,400 | - | - | 4.27 |
|--|-------|-------|-------|---|---|-------|---|---|------|

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

On December 3, 2008, owing to the financial difficulties, no payment was made by NAEIL against profit amounting to Rs. 2.42 million. On February 11, 2009 and March 20, 2009, the Fund received a partial payment amounting to Rs. 1.17 million and Rs. 0.63 million respectively against the outstanding profit. The Fund recognised full provision against the said investment and outstanding profit receivable accordingly. Moreover, the Fund suspended further accruals of profit thereagainst and has fully provided the remaining exposure as at 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.

**7.4 Details of non-compliant investments with the investment criterion of assigned category**

| Name of non-compliant investment | Type of instrument | Value of investment before provision | Provision held (if any) | Value of investment after provision | Percentage of net asset | Percentage of gross assets |
|----------------------------------|--------------------|--------------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------------|
|----------------------------------|--------------------|--------------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------------|

----- (Rupees in '000) -----

|  |       |        |        |   |   |   |
|--|-------|--------|--------|---|---|---|
| New Allied Electronics Industries (Private) Limited - II | Sukuk | 32,000 | 32,000 | - | - | - |
|--|-------|--------|--------|---|---|---|

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)**
*For the six months and quarter ended December 31, 2010*

 (Un-audited)  
Six months ended  
December 31

**7.5 Unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss'**

|  | 2010      | 2009      |
|--|-----------|-----------|
| Fair value of investments  | 208,063   | 238,283   |
| Less: Cost of investments  | (201,301) | (234,530) |
|  | 6,762     | 3,753     |
| Less: Net unrealised diminution / (appreciation) in fair value of investments at beginning of the period | 18,272    | 742       |
| Add: Realised on disposal during the period  | (10,389)  | (753)     |
|  | 7,883     | (11)      |
|  | 14,645    | 3,742     |

**8. (LOSS) / EARNINGS PER UNIT**

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

**9. 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 unrealised capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to 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. Accordingly, no provision has been made in this condensed interim financial information.

**10. 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 Asset Allocation Fund [formerly KASB Balanced 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.

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

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

For the six months and quarter ended December 31, 2010

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.

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

|  | (Un-audited)                    |              |                              |            |
|--|---------------------------------|--------------|------------------------------|------------|
|  | Six months ended<br>December 31 |              | Quarter ended<br>December 31 |            |
|  | 2010                            | 2009         | 2010                         | 2009       |
|  | ------(Rupees in '000)-----     |              |                              |            |
| <b>10.1 Transactions:</b>  |                                 |              |                              |            |
| <b>KASB Funds Limited - Management Company</b>   |                                 |              |                              |            |
| Remuneration   | 3,366                           | 3,915        | 1,709                        | 1,701      |
| Sales load   | <u>11</u>                       | <u>78</u>    | <u>1</u>                     | <u>77</u>  |
| Redemption from the Fund: Nil units (2009: 44,850 units) and Nil units (2009: Nil units) for the six months and quarter respectively   | <u>-</u>                        | <u>1,864</u> | <u>-</u>                     | <u>-</u>   |
| Conversion out of the Fund: 65,482 units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively | <u>1,686</u>                    | <u>-</u>     | <u>-</u>                     | <u>-</u>   |
| Bonus units: 20,615 units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively                | <u>516</u>                      | <u>-</u>     | <u>-</u>                     | <u>-</u>   |
| <b>KASB Securities Limited</b>   |                                 |              |                              |            |
| Brokerage 10.3   | 180                             | 242          | 105                          | 131        |
| Additional units: 9,025 units (2009: 8,273 units) and 4,537 units (2009: 4,159 units) for the six months and quarter respectively      | <u>241</u>                      | <u>318</u>   | <u>125</u>                   | <u>164</u> |
| Bonus units: 841,082 units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively               | <u>21,052</u>                   | <u>-</u>     | <u>-</u>                     | <u>-</u>   |
| <b>KASB Securities Limited Employees' Provident Fund</b>   |                                 |              |                              |            |
| Bonus units: 35,418 units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively                | <u>887</u>                      | <u>-</u>     | <u>-</u>                     | <u>-</u>   |
| <b>KASB Bank Limited</b>   |                                 |              |                              |            |
| Profit accrued on bank deposits  | 2,960                           | 2,054        | 1,701                        | 1,048      |
| Bank charges   | <u>2</u>                        | <u>4</u>     | <u>-</u>                     | <u>3</u>   |
| Additional units: 11,030 units (2009: 10,111 units) and 5,546 units (2009: 5,083 units) for the six months and quarter respectively    | <u>294</u>                      | <u>389</u>   | <u>153</u>                   | <u>201</u> |
| Bonus units: 1,132,551 units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively             | <u>28,348</u>                   | <u>-</u>     | <u>-</u>                     | <u>-</u>   |

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

For the six months and quarter ended December 31, 2010

|   | (Un-audited)                    |              |                              |              |
|---|---------------------------------|--------------|------------------------------|--------------|
|   | Six months ended<br>December 31 |              | Quarter ended<br>December 31 |              |
|   | 2010                            | 2009         | 2010                         | 2009         |
|   | ------(Rupees in '000)-----     |              |                              |              |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>   |                                 |              |                              |              |
| Remuneration  | 353                             | 355          | 177                          | 177          |
| CDS charges   | <u>26</u>                       | <u>51</u>    | <u>13</u>                    | <u>20</u>    |
| <b>Directors and Officers of the Management Company</b>   |                                 |              |                              |              |
| Investment in the Fund: 1,301 units (2009: 2,735 units) and Nil units (2009: 1,836 units) for the six months and quarter respectively           | <u>35</u>                       | <u>110</u>   | <u>-</u>                     | <u>72</u>    |
| Redemption from the Fund: 2,166 units (2009: 13,124 units) and 1,784 units (2009: 4,692 units) for the six months and quarter respectively      | <u>60</u>                       | <u>485</u>   | <u>50</u>                    | <u>180</u>   |
| Conversion in the Fund: Nil units (2009: 174,331 units) and Nil units (2009: 10,114 units) for the six months and quarter respectively          | <u>-</u>                        | <u>6,766</u> | <u>-</u>                     | <u>416</u>   |
| Conversion out of the Fund: 53,300 units (2009: 156,016 units) and 1,521 units (2009: 35,415 units) for the six months and quarter respectively | <u>1,371</u>                    | <u>6,169</u> | <u>42</u>                    | <u>1,503</u> |
| Switching in the Fund: Nil units (2009: 141,737 units) and Nil units (2009: 122,874 units) for the six months and quarter respectively          | <u>-</u>                        | <u>5,796</u> | <u>-</u>                     | <u>5,101</u> |
| Switching out of the Fund: Nil units (2009: 154,884 units) and Nil units (2009: 88,219 units) for the six months and quarter respectively       | <u>-</u>                        | <u>6,252</u> | <u>-</u>                     | <u>3,657</u> |
| Transfer in the Fund: Nil units (2009: 3,084 units) and Nil units (2009: Nil units) for the six months and quarter respectively                 | <u>-</u>                        | <u>106</u>   | <u>-</u>                     | <u>-</u>     |
| Transfer out of the Fund: Nil units (2009: 3,084 units) and Nil units (2009: Nil units) for the six months and quarter respectively             | <u>-</u>                        | <u>106</u>   | <u>-</u>                     | <u>-</u>     |
| Bonus units: 17,399 units (2009: Nil units) and Nil units (2009: Nil units) for the six months and quarter respectively                         | <u>435</u>                      | <u>-</u>     | <u>-</u>                     | <u>-</u>     |

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)**
*For the six months and quarter ended December 31, 2010*

|   | (Un-audited)<br>December 31 | (Audited)<br>June 30 |
|---|-----------------------------|----------------------|
|   | <b>2010</b>                 | <b>2010</b>          |
|   | ----(Rupees in '000)----    |                      |
| <b>10.2 Balances:</b>   |                             |                      |
| <b>KASB Funds Limited - Management Company</b>                      |                             |                      |
| Payable to the Management Company                                   | <u>469</u>                  | <u>370</u>           |
| Units held: Nil units (June 30, 2010: 44,868 units)                 | <u>-</u>                    | <u>1,639</u>         |
| <b>KASB Securities Limited</b>                                      |                             |                      |
| Brokerage payable   | <u>84</u>                   | <u>10</u>            |
| Units held: 2,680,740 units (June 30, 2010:<br>1,830,633 units)     | <u>79,698</u>               | <u>66,873</u>        |
| <b>KASB Securities Limited Employees'<br/>Provident Fund</b>        |                             |                      |
| Units held: 112,507 units (June 30, 2010: 77,089 units)             | <u>3,345</u>                | <u>2,816</u>         |
| <b>KASB Bank Limited</b>  |                             |                      |
| Profit receivable on bank deposits                                  | <u>491</u>                  | <u>135</u>           |
| Bank balance  | <u>46,839</u>               | <u>20,421</u>        |
| Units held: 3,608,604 units (June 30, 2010:<br>2,465,022 units)     | <u>107,284</u>              | <u>90,047</u>        |
| <b>Central Depository Company of Pakistan<br/>Limited - Trustee</b> |                             |                      |
| Payable to the Trustee  | <u>63</u>                   | <u>62</u>            |
| Security Deposit  | <u>100</u>                  | <u>100</u>           |
| <b>Directors and Officers of the Management<br/>Company</b>         |                             |                      |
| Units held: 1,103 units (June 30, 2010: 40,165 units)               | <u>33</u>                   | <u>1,467</u>         |

**10.3** 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.

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

**11. 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.

For KASB Funds Limited  
(Management Company)

Chief Executive

Director