# CONTENTS







# Our Mission

"To provide higher risk adjusted returns to investors at large by investing into a diversified range of investment assets on consistent basis."

# Our Vision

"ASKARI CASH FUND aims to provide diversified portfolio and return that is risk adjusted to suit investors at large, on a consistent basis."

# FUND INFORMATION

**Management Company**
Pak Oman Asset Management Company Limited.
ICON House, 83-C, 12th Commercial Street,
Phase-II Extension, DHA, Karachi
Phone : +92 - 21 - 35899641-44
Fax : +92 - 21 - 35899645
Web site : www.pakomanfunds.com

**Board of Director of The Management Company**

| | |
|---|---|
| H.E. Yahya Bin Said Bin Abdullah Al-Jabri | Chairman |
| Mr. Bahauddin Khan | Director |
| Mr. Humayun Murad | Director |
| Mr. Jehangir Shah | Director |
| Mr. Rashid Ali Ibrahim Al Balushi | Director |
| Ms. Sadaf Kazmi | CEO |

**Audit Committee**

| | |
|---|---|
| Mr. Humayun Murad | Chairman |
| Mr. Bahauddin Khan | Director |

**Chief Financial Officer / Company Secretary**
Mr. Muhammad Farrukh

**Asset Manager Rating**
AM3

**Trustee**
**Central Depository Comany of Pakistan Limited**
CDC House, 99-B, Block B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi.

**Auditors**
**RSM Avais Hyder Liaquat Nauman**
**Chartered Accountants**
407, Progressive Plaza, Beamont Road,
Karachi.75530

**Bankers to The Fund**
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Habib Metro Bank
Habib Bank Limited (Islamic Bankimg)
Silk Bank Limited (Islamic Bankimg)

**Legal Advisor**
**Mohsin Tayyab Ali**
**Corporate & Commercial Law Firm**
D-21, Block - 4,
KDA Scheme 5,Clifton, Karachi.

**Transfer Agent**
ITMINDS Limited - A Subsidiary of CDC.
CDC House, 99-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi-74400, Pakistan.
Phone : +92 - 21 - 111 - 111 - 500
Fax : +92 - 21 - 34326040
Web site : www.itminds.biz





## DIRECTORS REPORT TO THE UNIT HOLDERS

The Board of Directors of Pak Oman Asset Management Company Limited ("the Management Company" or "POAMCL" or "the Company") is pleased to present the quarter report of the Askari Cash Fund (ACF) for the half year ended 31 Dec 2019.

**Economic Review 1HFY20**

Recent developments on the economic front in 1HFY20 have been positive. Figures released by Ministry of Finance showed that fiscal policy will come out to be considerably more expansionary going forward. Tax revenues (net of refunds) are expected to grow considerably and has shown signs of recovery in first half of FY20 which suggested that the economic slowdown may not be as pronounced as may have been feared. Going forward, major challenge for the incumbent government will be affective management of current and fiscal deficits, stabilization of currency and domestic and external debt profiling.

In 1HFY20, headline inflation averaged at 11.11% as compared to 5.96% in FY19. On YoY basis, higher inflation was recorded due to higher food inflation (both perishable and non-perishable food), increase in housing, fuel and electricity prices. In 1HFY20, SPI averaged at 14.87% while WPI averaged at 13.31%. After an aggressive cycle of interest rate hike in FY19, MPC, in the Monetary Policies announced during 1H-FY20, decided to leave the policy rate unchanged at 13.25 percent. The decision reflected the MPC's view that recent developments on fiscal side have had offsetting implications for the inflation outlook. SBP still expects inflationary pressures to persist in near term and the causes behind these pressures have primarily been revenue measures and their pass through impacts. Earlier, the decision to increase the discount rate was driven by higher headline and core inflation, exchange rate depreciation, an elevated fiscal deficit & its increased monetization, and adjustments in utility tariffs.

On the external front, in 6MFY20, Current Account deficit settled at $ 2,153 million as compared to $ 8,614 million in same period last year. Significant improvement of 75% in CAD is driven by 39.40% decline in trade deficit, led by 20.86% decline in imports and 4.46% increase in exports. Imports have declined as a result of slowing demand, imposition of additional regulatory duties and government's increased documentation drive. During the period, imports declined remarkably. Major decline was witnessed in oil import bill which dropped by 33.80%, followed by 11.62% decline in food group, 39.14% decline in transport group and 3.81% decline in import of machinery. On the other hand, country's exports, after a long lackluster period, have shown slight recovery and increased by 4.46% during first half of FY20, mainly led by PKR depreciation. In 6M-FY20, balance of payment position improved significantly and PKR remained stable over a quarter. SBP Foreign Currency reserves increased by $ 4 billion while ministry retired short swaps amounting to $ 1.95 billion since the start of FY20. This has partially helped in stabilization of PKR/USD parity. However, the economy is still in consolidation phase and sustainable Balance of Payment position would be a major challenge for the government.

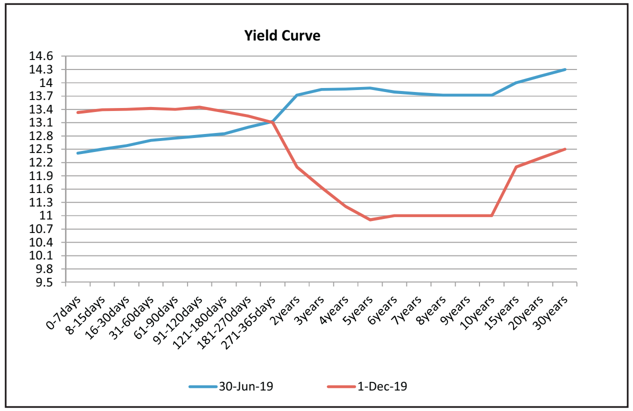
In FY20-To date, broad money supply (M2) grew by 2.83%. NDA of the banking system shrunk by 2.55%. The deceleration in credit was more pronounced in real terms as the increase in private sector credit was largely driven by higher input prices, which in turn increased the working capital needs of different businesses. Credit to private sector increased by 2.24% in FY20-To date. The major challenge for the government will still be stability of currency, upcoming debt repayments and higher cost of doing business.

**Fixed Income Review 1HFY20**

In 1HFY20 secondary market yields across short term papers headed north. Yields on 3m and 6m paper rose by 65bps and 50bps while yield on 12m paper declined by 3bps. By end of Dec-19, yields on Treasury bills stood at 13.40%, 13.35% and 13.10% for 3m, 6m and 12m paper respectively. On the other hand, yield on longer tenor bonds saw sharp decline. Yields shed by 221bps, 297bps and 272bps and stood at 11.64%, 10.91% and 11.00% for 3yr, 5yr and 10yr bond respectively. During the quarter, greater activity was witnessed in longer tenor bonds since market participants were seen accumulating longer tenor treasury instruments. Market is largely expecting that interest rates have peaked out and considering overall macroeconomic dynamics, SBP might initiate an interest rate reversal cycle by end of FY20.

In the Monetary Policy announced in the month of Nov-2019, (MPC) decided to leave the policy rate unchanged at 13.25 percent. The decision reflected the MPC's view that recent developments on fiscal side have had offsetting implications for the inflation outlook. SBP still expects inflationary pressures to persist in near term and the causes behind these pressures have primarily been revenue measures and their pass through impacts.

In the T-Bill auctions held during the period, SBP raised a total of PKR 10,796 billion against the target of PKR 10,700 billion and maturing amount of PKR 9,979 billion. The last cut-off yields stood at 13.4851%, 13.2899% and 13.1340% for 3m, 6m and 12m paper respectively. Major participation was witnessed in 6-Month and 12-Month papers during the first quarter, however after the inflationary pressures seen in the month of Nov-19 and Dec-19, market is now expecting SBP to initiate interest rate cut cycle by end of FY20, hence greater participation was seen in 3-Month paper in T-Bill auctions conducted during second quarter of FY20. In the PIB auction for fixed rated bonds, SBP raised PKR 1,318 billion. Cut-off yields settled at 11.7500%, 11.1939% and 10.9968% for 3yr, 5yr and 10yr paper respectively.  While no bids for 20-year tenor were received.




**ASCF**

In 1HFY20, unit prices of ASCF appreciated by 12.96% as compared to benchmark return of 12.68%. The Assets under management showed significant improvement and stood at PKR 2,505 Million by the end of Dec-19 as compared to PKR 786 million at the start of the financial year. Treasury Bills remained major asset class throughout the period and exposure was kept against shorter tenor treasury instruments to avoid volatility. However, approaching to the end of the period, funds were invested as cash with banks as they offered attractive deposit rates due to their financial year end. By end of Dec-19, cash exposure stood at 80.93% while 5.88% of the funds were invested against T-Bills. During the quarter, exposure in T-Bill averaged at 55.52% as compared to 54.08% in 1HY19 while exposure against cash and cash equivalents averaged at 41.62% as compared to 39.07% in reportable period last year.

**Acknowledgment**
We thank all our investors who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, the Trustee of the Fund and the management of the Pakistan Stock Exchange. We also wish to place on record our appreciation for the employees of the Management Company.

For and on behalf of the Board
**Sadaf kazmi**
**Chief Executive Officer**

**27th February 2020**
**Karachi - Pakistan.**



ASKARI CASH FUND

تھی۔ دسمبر 19 کے اختتام پر، کیش ایکسپوژر 80.93 فی صد برقرار رہا جبکہ 5.88 فی صد فنڈز کی ٹی بلز میں سرمایہ کاری کی گئی۔ مالی سال 19 کی پہلی ششماہی میں 54.08 فی صد کے مقابلہ میں سہ ماہی کے دوران ٹی بل میں اوسط ایکسپوژر 55.52 فی صد جبکہ گزشتہ سال کی اسی مدت میں 39.07 فی صد کے مقابلہ میں کیش اور کیش مساوی ایکسپوژر 41.62 فی صد برقرار رہا۔

**اظہارِ تشکر**
ہم ان تمام سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا ہے۔ ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، فنڈ کے متولیان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ مخلصانہ کوششوں پر ان کے مشکور ہیں۔ منتظم کمپنی کے ملازمین کے لئے ہم اپنی ستائش ریکارڈ پر لانا چاہتے ہیں۔

برائے و منجانب بورڈ

صدف کاظمی
چیف ایگزیکٹو آفیسر
27 فروری 2020ء
کراچی۔ پاکستان

# یونٹ ہولڈرز کو ڈائریکٹران کی رپورٹ

پاک اومان مینجمنٹ کمپنی لمیٹڈ ("منتظم کمپنی" یا "POAMCL" یا "کمپنی") کے بورڈ آف ڈائریکٹرز عسکری کیش فنڈ (ACF) کی 31 دسمبر 2019ء کو ختم ہونے والی سہ ماہی کے لئے پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔

**اقتصادی جائزہ برائے پہلی ششماہی مالیاتی سال 2020ء**

مالیاتی سال 2020 کی پہلی ششماہی میں اقتصادی محاذ پر حالیہ پیش رفت مثبت رہی۔ وزارت خزانہ کی جانب سے جاری کردہ اعداد و شمار ظاہر کرتے ہیں کہ مستقبل میں اقتصادی پالیسی مزید توسیع اختیار کرے گی۔ ٹیکس آمدنی (خالص وصولیاں) میں نمایاں اضافہ کی توقع ہے اور مالی سال 2020 کی پہلی ششماہی میں بحالی اشارے بھی ملے ہیں۔ جس سے ظاہر ہوتا ہے کہ معاشی سست روی اتنی غیر تسلی بخش نہیں ہوگی جتنا اس کا خوف ہے۔ آگے بڑھتے ہوئے، حالیہ حکومت کے لئے بڑے چیلنجز میں حالیہ اور مالیاتی خسارہ، کرنسی کے استحکام اور قومی اور بین الاقوامی قرضوں میں اضافہ شامل ہیں۔

IHFY20 میں افراطِ زر مالیاتی سال 2019ء میں 5.96 فی صد کے مقابلہ میں اوسطاً 11.11 فی صد رہی۔ سالہا سال کی بنیاد پر، زیادہ افراطِ زر کی بڑی وجہ لاگت میں اضافہ، خراب نہ ہونے والی غذا کی قیمتوں اور تیل اور گیس کی قیمتوں میں اضافہ شامل ہیں۔ 1HFY20 کے دوران SPI کی اوسط قدر 14.87 فی صد جب کہ WPI کی اوسط قدر 13.31 فی صد رہی۔

مالیاتی سال 2019ء میں شرح سود میں بھاری اضافہ کی وجہ سے 1H-FY20 کے دوران مانیٹری پالیسیوں میں پالیسی کی شرح 13.25 فی صد برقرار رکھنے کا فیصلہ کیا گیا۔ اس فیصلہ کے اثرات افراطِ زر میں اضافہ کی صورت میں سامنے آئے ہیں۔ اسٹیٹ بینک پاکستان کو ابھی توقع ہے کہ مہنگائی کا دباؤ مستقبل قریب میں برقرار رہے گا اور اس دباؤ کی بنیادی وجوہات محصولات کے اقدامات اور ان کے اثرات ہیں۔ قبل ازیں ڈسکاؤنٹ شرح میں اضافے کا فیصلہ اعلیٰ ہیڈ لائن اور بنیادی افراطِ زر میں اضافہ، زرمبادلہ کی شرح میں کمی، مالیاتی خسارہ اور یوٹیلیٹی نرخوں میں اتار چڑھاؤ کی وجہ سے کیا گیا۔

بیرونی محاذ پر کرنٹ اکاؤنٹ خسارہ گذشتہ برس میں 8,614 ملین ڈالر کے مقابلہ میں 6MFY20 میں 2,153 ملین روپے ہو گیا۔ تجارتی خسارہ میں 39.40 فی صد کمی درآمدات میں 20.86 فی صد کمی اور برآمدت میں 4.46 فیصد اضافہ کی وجہ سے CAD میں 75 فیصد کی نمایاں بہتری واقع ہوئی۔ کم طلب، اضافی ریگولیٹری ڈیوٹیز کے اطلاق اور کی طرف سے زیادہ دستاویزات کی وجہ سے درآمدات میں کمی ہوئی۔ زیرِ جائزہ مدت کے دوران، درآمدات میں کافی کمی ہوئی۔ تیل کی سہولت پر تاخیر سے ادائیگی کی وجہ سے تیل کی درآمد میں 33.80 فی صد، فوڈ آئٹمز کی درآمد میں 11.62 فی صد، موٹر گاڑیوں کی درآمد میں 39.14 فی صد اور مشینری کی درآمد میں 3.81 فیصد کمی واقع ہوئی۔ دوسری جانب، اس مدت کے دوران برآمدات میں بہتری کے اشارے ملتے ہیں اور رواں مالیاتی سال 2020 کی پہلی ششماہی کے دوران پاکستانی روپیہ کی قدر میں کمی کی وجہ سے برآمدات میں 4.46 فی صد اضافہ ہوا۔

مالی سال 2020 کے 6 ماہ میں بقایا ادائیگی کی پوزیشن کافی بہتر ہوئی اور سہ ماہی میں پاکستانی روپیہ مستحکم رہا۔ SBP کے غیر ملکی زرمبادلہ کے ذخائر بڑھ کر 4 بلین ڈالر تک ہو گئے جبکہ مالیاتی سال 2020 کے آغاز سے 6M-FY20 میں، بقایا ادائیگی کی پوزیشن میں بہتری آئی اور سہ ماہی کے دوران پاکستانی روپیہ مستحکم رہا۔ SBP کے غیر ملکی کرنسی کے ذخائر میں 4 ارب ڈالر کا اضافہ ہوا ہے جبکہ مالی سال 20 کے آغاز سے وزارت نے مختصر تبادلہ کی 1.95 بلین ڈالر مالیت ادا کی ہے۔ اس سے پاکستانی روپیہ/ امریکی ڈالر کی برابری کے استحکام میں جزوی طور پر مدد ملی ہے۔ تاہم، معیشت اب بھی استحکام کے مرحلے میں ہے اور حکومت کے لئے بقایا ادائیگی کی پائیدار پوزیشن بہت بڑا چیلنج ہوگا۔





مالیاتی سال 2020ء کے دوران رقوم کی رسد میں 2.83 فی صد اضافہ ہوا۔ بینکنگ سسٹم کا NDA، 2.55 فی صد تک سکڑ گیا۔ نجی شعبہ کے کریڈٹ میں اضافہ کی وجہ سے کریڈٹ میں کمی واقع ہوئی جو لاگت میں اضافہ کی وجہ سے تھا۔ اور نتیجتاً ورکنگ کیپٹل کی ضروریات میں اضافہ ہوا۔ مالیاتی سال 2020ء کے دوران پرائیویٹ سیکٹر کو قرضہ کی فراہمی میں 2.24 فی صد اضافہ واقع ہوا۔ حکومت کو درپیش چیلنجز میں روپے کی قدر میں کمی، قرضوں کی ادائیگی اور کاروباری لاگت میں اضافہ شامل ہیں۔

**مستقل آمدنی تجزیہ پہلی سہ ماہی مالیاتی سال 2020ء**

مالیاتی سال 2020 کی پہلی ششماہی میں ثانوی مارکیٹ افادہ شارٹ ٹرم پیپرز کی مد میں شمال کی جانب مُڑ گیا۔ 3 ماہ اور 6 ماہ پر آمدنی 65bps اور 50bps بڑھ گئی جبکہ 12 ماہ پر آمدنی 3bps تک کم ہو گئی۔ دسمبر 19 کے اختتام تک ٹریژری بلز پر آمدنی 3، 6 اور 12 ماہ پیپرز پر بالترتیب 13.40 فی صد، 13.35 فی صد اور 13.10 فی صد پر بند ہوئی۔ دوسری جانب، طویل مدتی بانڈز پر آمدنی جنوب کی جانب مُڑ گئی۔ آمدنی میں 121bps، 297bps اور 272bps کمی واقع ہوئی اور تین، پانچ اور دس سالہ بانڈز پر آمدنی بالترتیب 11.64 فیصد، 11.00 فی صد اور 11.00 فی صد رہی۔ رواں سہ ماہی کے دوران، طویل مدتی بانڈز میں زیادہ دلچسپی سامنے آئی کیونکہ منڈی میں توقع کی جا رہی ہے کہ شرح سود میں مزید اضافہ ہوگا اور مجموعی معاشی اشاروں کو مدنظر رکھتے ہوئے SBP مالیاتی سال 2019ء کے اختتام پر شرح سود میں کمی کرنے کا ارادہ رکھتا ہے۔

نومبر 2019ء میں اعلان کردہ مانیٹری پالیسی میں (MPC) 13.25 فی صد پالیسی کی شرح کو برقرار رکھنے کا فیصلہ کیا۔ اس فیصلہ سے یہ بات ظاہر ہوئی کہ افراطِ زر حسب توقع بڑھ گئی اور SBP کو توقع ہے کہ مالیاتی سال 2020ء کے لئے افراطِ زر کے اتار چڑھاؤ میں کوئی تبدیلی نہیں آئے گی جس کی بنیادی وجوہات محصولات کے اقدامات اور ان کے اثرات ہیں۔

زیرِ جائزہ مدت کے دوران ٹی بلز کی نیلامی میں، SBP نے 10,700 بلین روپے ہدف اور وصول شدہ 9,979 بلین روپے کے مقابلہ میں 10,796 بلین روپے اکٹھے کئے۔ 3، 6 اور 12 ماہ کے پیپرز پر نظر ثانی شدہ منافع بالترتیب 13.4851 فی صد، 13.2899 فی صد اور 13.1340 فی صد طے کیا گیا۔ پہلی سہ ماہی کے دوران 6 اور 12 ماہ کے پیپرز میں زیادہ پیش رفت ہوئی، تاہم نومبر 19 اور دسمبر 19 میں افراطِ زر کا دباؤ دیکھنے کے بعد مارکیٹ مالیاتی سال 2020 کے اختتام تک شرح سود کم ہونے کی توقع کر رہی ہے، لہٰذا مالیاتی سال 2020 کی دوسری سہ ماہی کے دوران منعقدہ ٹی بل نیلامیوں میں مارکیٹ کا جھکاؤ 3 ماہ پیپرز کی طرف تھا۔ مستقل شرح کے بانڈز پر PIB نیلامی میں SBP نے 1,318 بلین روپے اکٹھے کئے۔ 3، 5 اور 10 سالہ بانڈز پر نظر ثانی شدہ منافع بالترتیب 11.7500 فی صد، 11.1939 فی صد اور 10.9968 فی صد طے کیا گیا۔ جب کہ 20 سالہ مدت کے بانڈز پر کوئی بولی نہ ہوئی۔

**ASCF**

1HFY20 میں، ASCF کے یونٹ کی قیمت 12.68 فی صد بینچ مارک منفعت کے مقابلہ میں 12.96 فی صد تک زیادہ ہوئی۔ مالیاتی سال کے آغاز میں 786 ملین روپے کے مقابلہ میں دسمبر 19 کے اختتام تک فنڈ کے زیرِ انتظام اثاثہ جات کی قدر 2,505 ملین روپے برقرار رہی ہے۔ پوری مدت میں ٹریژری بلز اہم اثاثے رہے اور کشیدگی سے بچنے کے لئے مختصر مدتی ٹریژری آلات کے خلاف ایکسپوژر قائم رکھا گیا۔ تاہم، سہ ماہی کے اختتام تک، فنڈز کی بینکوں میں بطور کیش سرمایہ کاری کی گئی کیونکہ تجارتی بینکوں نے اپنے مالیاتی سال کے اختتام کے سبب متاثر کن ڈیپازٹ ریٹس کی پیشکش کی

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

## TRUSTEE REPORT TO THE UNIT HOLDERS

## ASKARI CASH FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Askari Cash Fund (the Fund) are of the opinion that Pak Oman Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 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.

**Badiuddin Akber**
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2020

CENTRAL DEPOSITORY COMPANY





RSM

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
407, Progressive Plaza, Beaumont Road
Karachi, 75530 - Pakistan
T: +92 (21) 35655975-6
F: +92 (21) 3565-5977
W: www.rsmpakistan.pk

## INDEPENDENT AUDITOR'S REVIEW REPORT

## AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Askari Cash Fund as at December 31, 2019 and the related condensed interim income statement and the condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information"), for the six month period ended December 31, 2019. Pak Oman Asset Management Company Limited (the 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. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the three months period ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### 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 as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The financial statements of the Company for the year ended June 30, 2019 were audited by another auditor whose report dated December 27, 2019 expressed unmodified opinion thereon. Further, the condensed interim financial statements of the Company for the half year ended December 31, 2018 were reviewed by the same auditor whose report dated March 07, 2019 expressed an unmodified conclusion thereon.

The engagement partner on the review resulting in this independent auditor's review report is Adnan Zaman.

SD
Chartered Accountants
Karachi
Date: February 28, 2020

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

*AS AT 31 DECEMBER 2019*

| | Note | Un-audited 31 December 2019 | Audited 30 June 2019 |
|---|---|---|---|
| | | ------------Rupees in ('000)----------- | |
| **ASSETS** | | | |
| Bank balances | 4 | 2,056,493 | 518,143 |
| Investments | 5 | 439,477 | 290,938 |
| Profit receivable | | 27,533 | 4,650 |
| Advances, prepayment and other receivables | | 26,659 | 6,271 |
| **Total assets** | | **2,550,162** | **820,002** |
| **LIABILITIES** | | | |
| Payable to Pak Oman Asset Management Company - Management Company | 6 | 25,194 | 24,547 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 7 | 150 | 121 |
| Payable to the Securities and Exchange Commission of Pakistan | 8 | 160 | 1,078 |
| Accrued expenses and other liabilities | 9 | 10,505 | 8,291 |
| **Total liabilities** | | **36,009** | **34,037** |
| **NET ASSETS** | | **2,514,153** | **785,965** |
| **Unit holders' fund (as per statement attached)** | | **2,514,153** | **785,965** |
| **Contigenices and commitiments** | 10 | | |
| **Number of units in issue** | | **23,403,349** | **7,794,115** |
| **Net asset value per unit** | | **107.4271** | **100.8408** |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For Pak Oman Asset Management Company Limited**
**(Management Company)**

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

## *FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019*

| | Note | For the half year ended 31 December 2019 | For the half year ended 31 December 2018 | For the quarter ended 31 December 2019 | For the quarter ended 31 December 2018 |
|---|---|---|---|---|---|
| | | --------Rupees in ('000)-------- | | | |
| **INCOME** | | | | | |
| Return / mark-up on: | | | | | |
| - Government securities | | 62,004 | 28,984 | 26,162 | 19,125 |
| - Bank balances | | 43,777 | 15,227 | 35,705 | 15,595 |
| - Income from Term Deposit Reciepts | | 3,634 | 4,471 | | |
| Other income | | - | 350 | | - |
| Net gain on sale of investments | | 632 | (1,495) | 234 | (1,567) |
| Net unrealised (loss) / gain on remeasurement of investments at fair value through profit or loss' | | (46) | - | 7 | (11) |
| **Total income** | | **110,001** | **47,537** | **62,108** | **33,142** |
| **EXPENSES** | | | | | |
| Remuneration of Asset Management Company | 6.1 | 2,834 | 2,735 | 1,657 | 1,855 |
| Sindh Sales Tax on Remuneration of the Management Company | 6.2 | 368 | 356 | 215 | 242 |
| Reimbursement of operational expenses to the Management Company | 6.4 | 800 | 547 | 473 | 372 |
| Remuneration of trustee inclusive of sales tax | | 588 | 818 | 348 | 520 |
| Annual fees to the Securities & Exchange Commission of Pakistan | | 160 | 410 | 95 | 278 |
| Auditors' remuneration | | 300 | 259 | 150 | 147 |
| Fees and subscription | | 149 | 186 | 75 | 93 |
| Printing and stationary expenses | | 16 | - | 16 | - |
| Securities transaction cost | | 40 | 61 | (3) | 43 |
| Bank and settlement charges | | 84 | 32 | 55 | 25 |
| Provision for Sindh Workers' Welfare Fund | | 2,093 | 843 | 1,253 | 599 |
| | | **7,432** | **6,247** | **4,334** | **4,174** |
| **Net income for the period before taxation** | | **102,569** | **41,290** | **57,774** | **28,968** |
| **Taxation** | 12 | - | - | - | - |
| **Net income for the period after taxation** | | **102,569** | **41,290** | **57,774** | **28,968** |
| - Income already paid on units redeemed | | (26,418) | (9,365) | (18,689) | (6,991) |
| | | **76,151** | **31,925** | **39,085** | **21,977** |
| **Accounting income available for distribution** | | | | | |
| -Relating to capital gains | | 586 | - | 241 | - |
| -Excluding capital gains | | 75,565 | 31,925 | 38,844 | 21,977 |
| | | **76,151** | **31,925** | **39,085** | **21,977** |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For Pak Oman Asset Management Company Limited**
**(Management Company)**

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|





# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

## *FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2019*

| | For the half year ended 31 December 2019 | For the half year ended 31 December 2018 | For the quarter ended 31 December 2019 | For the quarter ended 31 December 2018 |
|---|---|---|---|---|
| | ------------Rupees in ('000)----------- | | ------------Rupees in ('000)----------- | |
| **Net income for the period after taxation** | **102,569** | **41,290** | **57,774** | **28,968** |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income for the period** | **102,569** | **41,290** | **57,774** | **28,968** |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For Pak Oman Asset Management Company Limited**
**(Management Company)**

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|

# CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)

## *FOR THE HALF YEAR ENDED 31 DECEMBER 2019*

| | 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | |
| | Capital Value | Undistributed Income | Total | Capital Value | Undistributed Income | Total |
| | ----------Rupees in ('000)---------- | | | | | |
| **Net assets at the beginning of the period** | **775,212** | **10,753** | **785,965** | **426,433** | **10,958** | **437,391** |
| [Units outstanding: 7,794,115 (2018: 4,348,100)] | | | | | | |
| Issue of 33,415,238 (2018: 17,366,772) units | | | | | | |
| -Capital Value | 3,369,620 | - | 3,369,620 | 1,056,532 | - | 1,056,532 |
| -Element Income | 133,862 | - | 133,862 | 721,819 | - | 721,819 |
| Total Proceed on Issuance of Units | 3,503,482 | - | 3,503,482 | 1,778,351 | - | 1,778,351 |
| Redemption of 17,806,004 (2018: 6,643,915) units | | | | | | |
| -Capital Value | (1,795,572) | - | (1,795,572) | (187,975) | - | (187,975) |
| -Income Already paid on Redemption of Units | - | (26,418) | (26,418) | - | (9,365) | (9,365) |
| -Element Income | 55,873 | - | 55,873 | (488,450) | - | (488,450) |
| Total payment on redemption of Units | (1,851,445) | (26,418) | (1,877,863) | (676,425) | (9,365) | (685,790) |
| Distrbution during the period | - | - | - | - | (27,425) | (27,425) |
| **Total comprehensive income for the period** | - | 102,569 | 102,569 | (20,312) | 41,290 | 20,978 |
| **Net assets at the end of the period** | **2,427,249** | **86,904** | **2,514,153** | **1,508,047** | **15,458** | **1,523,505** |
| [Units outstanding: 23,403,349 (2018: 15,070,957)] | | | | | | |
| **Undistributed income brought forward comprising of:** | | | | | | |
| -Realized | | 10,816 | | | 10,958 | |
| -Unrealised | | (63) | | | - | |
| | | **10,753** | | | **10,958** | |
| Distrbution during the period | | - | | | (27,425) | |
| **Accounting income available for distribution:** | | | | | | |
| -Relating to capital gains | | 586 | | | - | |
| -Excluding capital gains | | 75,565 | | | 31,925 | |
| | | **76,151** | | | **31,925** | |
| **Undistributed income carried forward - net** | | **86,904** | | | **15,458** | |
| **Undistributed income carried forward comprising of:** | | | | | | |
| -Realized | | 86,950 | | | 15,458 | |
| -Unrealised | | (46) | | | - | |
| | | **86,904** | | | **15,458** | |
| | | | ----------Rupees---------- | | | |
| **Net asset value at the beginning of the period** | | | 100.84 | | | 100.5900 |
| **Net asset value at the end of the period** | | | 107.43 | | | 101.0900 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For Pak Oman Asset Management Company Limited**
**(Management Company)**

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|



ASKARI CASH FUND

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## *FOR THE HALF YEAR ENDED 31 DECEMBER 2019*

| | Note | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| | | ----Rupees in ('000)---- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income for the period after taxation | | 102,569 | 41,290 |
| **Adjustments:** | | | |
| Return / markup on; | | | |
| - bank balances | | (43,777) | (15,227) |
| - term deposit receipts | | (3,634) | (4,471) |
| - government securities | | (62,004) | (28,984) |
| Other income | | - | (350) |
| Net gain on sale of investments | | (632) | 1,495 |
| Net unrealised loss on remeasurement of investments at fair value through profit or loss' | | 46 | - |
| Provision for Sindh Workers Welfare Fund | | 2,093 | 843 |
| | | (5,339) | (5,404) |
| **(Increase) / Decrease in assets** | | | |
| Investments - Net | | (147,953) | (141,495) |
| Receivable against transfer of units | | (9,051) | 3,303 |
| Advances, prepayment and other receivables | | (11,337) | (480) |
| | | (168,341) | (138,672) |
| **(Decrease) / Increase in liabilities** | | | |
| Payable to Asset Management Company | | 647 | 62 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 29 | 106 |
| Payable to the Securities & Exchange Commission of Pakistan | | (918) | (298) |
| Dividend Payable | | - | (1,251) |
| Payable against redemption of units | | - | 53,662 |
| Accrued expenses and other liabilities | | 121 | (852) |
| | | (121) | 51,429 |
| Mark-up on bank balances received | | 21,575 | 14,086 |
| Mark-up on TDRs received | | 2,953 | 2,078 |
| Mark-up on government securities received | | 62,004 | 28,984 |
| | | 86,532 | 45,148 |
| **Net cash used in operating activities** | | (87,269) | (47,499) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net receipts from issuance of units | | 3,503,482 | 1,778,351 |
| Cash distribution | | - | (47,737) |
| Net payments against redemption of units | | (1,877,863) | (685,790) |
| **Net cash generated from financing activities** | | 1,625,619 | 1,044,824 |
| **Net increase in cash and cash equivalents** | | 1,538,350 | 997,325 |
| Cash and cash equivalents at the beginning of the period | | 518,143 | 510,229 |
| **Cash and cash equivalents at the end of the period** | 4 | 2,056,493 | 1,507,554 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**For Pak Oman Asset Management Company Limited**
**(Management Company)**

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
*FOR THE HALF YEAR ENDED 31 DECEMBER 2019*

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Askari Cash Fund (formerly: Askari Sovereign Cash Fund) (the Fund) was established under a Trust deed executed between Askari Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee on 09 December 2011. The Fund was registered as a Notified Entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in 25 June 2009.

The Management Company is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at Finance and Trade Centre, First Floor, Tower A, Karachi, Pakistan.

The Fund is an open-ended mutual fund classified as an "Money Market Scheme" by the Management Company and is listed on the Pakistan Stock Exchange 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 holders.

The Management Company has obtained approval of SECP pursuant to which the name of the Fund has been changed from Askari Sovereign Cash Fund to Askari Cash Fund with effect from 29 July 2017.

The objective of the Fund is to provide the investors with a high level of liquidity along with extremely low credit and price volatility. The Fund primarily invests in government securities and other authorized investments enabling the investors to manage their liquidity efficiently.

The Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of "AM3" to the Management Company as at 28 August 2019. Furthermore, JCR-VIS has assigned a rating of "AA+(f)" to the Fund.

Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

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





This condensed interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended 30 June 2019.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2019.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENT AND CHANGES THEREIN

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainity are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2019.

| | | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|---|
| | | ---------(Rupees in '000)--------- | |
| **4. BALANCE WITH BANKS** | | | |
| -Saving accounts | 4.1 | **2,056,493** | **518,143** |

**4.1** These savings accounts carry mark-up at the rates ranging from 10.25% to 14.25% (30 June 2019: 4.50% to 13.10%) per annum.

| | | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|---|
| | | ---------(Rupees in '000)--------- | |
| **5. INVESTMENTS** | | | |
| **At fair value through profit or loss - held for trading** | | | |
| Government securities | 5.1 | 149,477 | 210,938 |
| Term Deposit Receipts | | 290,000 | 80,000 |
| | | **439,477** | 290,938 |

## 5.1 Government securities

| Issue Date | Tenor | Face value | | | | Market value as at 31 December 2019 | Market Value as a percentage of | |
|---|---|---|---|---|---|---|---|---|
| | | As at 01 July 2019 | Purchased during the period | Sold / matured during the period | As at 31 December 2019 | | Net assets | Market value of total investments |
| | | (Rupees in '000) | | | | Rs in '000' | %age | |
| **Market treasury bills** | | | | | | | | |
| 24-May-2019 | 3 months | 55,000,000 | 275,000,000 | 330,000,000 | - | - | - | - |
| 10-Jun-2019 | 3 months | 160,000,000 | 25,000,000 | 185,000,000 | - | - | - | - |
| 18-Jul-2019 | 3 months | - | 1,265,000,000 | 1,265,000,000 | - | - | - | - |
| 01-Aug-2019 | 3 months | - | 650,000,000 | 650,000,000 | - | - | - | - |
| 16-Aug-2019 | 3 months | - | 1,400,000,000 | 1,400,000,000 | - | - | - | - |
| 29-Aug-2019 | 3 months | - | 500,000,000 | 500,000,000 | - | - | - | - |
| 10-Oct-2019 | 3 months | - | 500,000,000 | 500,000,000 | - | - | - | - |
| 10-Oct-2019 | 6 months | - | 40,000,000 | - | 40,000,000 | 38,596 | 1.54 | 8.78 |
| 24-Oct-2019 | 3 months | - | 1,020,000,000 | 1,008,000,000 | 12,000,000 | 11,934 | 0.47 | 2.72 |
| 07-Nov-2019 | 3 months | - | 100,000,000 | - | 100,000,000 | 98,947 | 3.94 | 22.51 |
| | | **215,000,000** | **5,775,000,000** | **5,838,000,000** | **152,000,000** | **149,477** | | |
| Carrying value before marked to market as at 31 December 2019 | | | | | | **149,523** | | |

| | | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|---|
| | | (Rupees in '000) | |
| **6. PAYABLE TO THE MANAGEMENT COMPANY** | | | |
| Remuneration of the Management Company | 6.1 | 220 | 356 |
| Sindh Sales Tax on remuneration of the Management Company | 6.2 | 2,769 | 2,787 |
| Federal Excise Duty on remuneration of the Management Company | 6.3 | 17,757 | 17,757 |
| Reimbursement of operational expenses to the Management Company | 6.4 | 4,445 | 3,644 |
| Sales Load Payable | | 3 | 3 |
| | | **25,194** | 24,547 |

**6.1** The Management Company has charged its remuneration at the rate of 0.35% (30 June 2019: 0.50%) per annum of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

**6.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) on Management Company's remuneration through Sindh Sales Tax on Services Act, 2011 effective from 01 July 2011.

**6.3** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 6.2 above, the Management Company is of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.





During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 01 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs 17.757 million (30 June 2017: 17.757 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 31 December 2019 would have been higher by Rs. 0.7588 (30 June 2019: Rs. 2.2783) per unit.

**6.4** This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

| | | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|---|
| | | Rupees in ('000) | |
| **7 PAYABLE TO TRUSTEE** | | | |
| Payable to Trustee | 7.1 | 133 | 107 |
| Sindh Sales Tax on Remenuration of Trustee | 7.2 | 17 | 14 |
| | | **150** | **121** |

**7.1** The Trustee is entitled to a monthly remenuration for services renderd to the fund under the provision for trust deed as per the tarrif specified therein, based on the average annual net assets of the fund. The remenuration is payable to the trustee monthly in arrears.

Tarrif structure applicable to the funds ass at December 31, 2018 as follows

| Net Asset Value | Tariff Per anum |
|---|---|
| Up to Rs 1,000 million | 0.15% per annum of net assets value. |
| Exceeding Rs 1,000 million and upto Rs 10,000 million | Rs. 1.5 million plus 0.075% of net assets value, exceeding Rs. 1,000 million |
| Over Rs 10,000 million | Rs. 8.25 million plus 0.06% of net assets value, exceeding Rs. 10,000 million |

**7.2** The Sindh Provisional Government levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remenuration of the Trustee through Sindh Sales Tax on Service Act, 2011.

## 8 PAYABLE TO Security AND EXCHANGE COMPANIES OF PAKISTAN

| | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|
| | ----------Rupees in ('000) ---------- | |
| Payable to SECP | 160 | 1,078 |
| | **160** | **1,078** |

**8.1** Under the provision of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorized as Income Scheme is required to pay as annual fee to the securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the fund. The fee is annually paid in arrears.

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

| | Note | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|---|
| | | ----------Rupees in ('000) ---------- | |
| Auditors' remuneration payable | | 615 | 358 |
| Printing charges payable | | 121 | - |
| Withholding tax payable | | 52 | 8 |
| Capital Gain Tax payable | | 1,002 | 710 |
| Provision for Sindh Workers' Welfare Fund | 9.1 | 6,622 | 4,528 |
| Legal and professional charges payable | | 181 | 181 |
| Others | | 1,912 | 2,506 |
| | | **10,505** | **8,291** |

**9.1** There is no change in the status of the Sindh Workers' Welfare Fund as reported in note 13 to the annual financial statements of the Fund for the year ended 30 June 2019.

## 10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2019 and 30 June 2019.

## 11. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2019 is 0.67% which includes 0.09% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP.

## 12 TAXATION

**12.1** The income of the fund is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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





## 13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**13.1** Connected persons and related parties include Pak Oman Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Pak Oman Investment Company Limited being the Parent of the Management Company. It also includes associated companies of Management Company due to common directorship, subsidiaries and associated companies of the Parent of the Management Company, other collective investment schemes managed by the Management Company, directors, key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

**13.2** The transactions with connected persons and related parties are carried out at agreed terms.

**13.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

**13.4** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

**13.5**

| | For half year ended 31 December 2019 | 2018 |
|---|---|---|
| | Un-audited | |
| | ------------Rupees in ('000)---------- | |
| **Transactions for the period:** | | |
| **Askari Investment Management Limited (Management Company)** | | |
| Reumeration of the Management Company | - | 2,735 |
| Sindh Sales tax on Remuneration of Management Company | - | 356 |
| Reimbursement of operational expenses to the Management Company | - | 547 |
| **Pak Oman Asset Management Company Limited (Management Company)** | | |
| Remuneration of the Management Company | 2,834 | - |
| Sindh Sales tax on Remuneration of Management Company | 368 | - |
| Reimbursement of operational expenses to the Management Company | 800 | - |
| **Askari Bank Limited (Unit holder of 10% or more units of the Fund)** | | |
| Profit on balances with banks | 384 | - |
| Bank Charges | 17 | - |
| Issuance of 3,170,768 units (2018: Nil)] | 337,509 | - |
| **Central Depository Company of Pakistan Limited (Trustee)** | | |
| Remuneration of the Trustee inclusive of sales tax | 588 | 818 |
| **Pak Oman Micro Finanace Bank Limited (Common directorship)** | | |
| Issuance of 2,715 units (2018: Nil)] | 283 | - |
| **Maple Leaf Capital Limited (Unit holder of 10% or more units of the Fund)** | | |
| Issue of 4,787,378 (2018: 3,164) units | 500,815 | 318 |
| Redemption of Nil (2018: 998,140) units | - | 104,026 |
| **Bulk Management (Pakistan) Private Limited (Unit holder of 10% or more units of the Fund)** | | |
| Issue of 7,419,983 (2018: Nil) units | 770,000 | - |
| Redemption of 1,897,787 (2018: Nil) units | 200,000 | - |
| **Fauji Fertilizer Bin Qasim Limited*** | | |
| Issue of Nil (2018: 6,356,630) units | - | 648,338 |
| **Key Management Personnel**** | | |
| Issuance of 5,893 (2018: 20,010) units | 602 | 2,075 |
| Redemption of 5,056 (2018: 34,576) units | 514 | 3,510 |

| | | Note | 31 December 2019 Un-audited | 30 June 2019 Audited |
|---|---|---|---|---|
| | | | ------------Rupees in ('000)----------- | |
| 13.6 | **Investments / outstanding balances as at period / year end** | | | |
| | **Pak Oman Asset Management Company Limited (Management Company)** | | | |
| | Remuneration of the Management Company | | 220 | 356 |
| | Sindh Sales Tax on remuneration of the Management Company | | 2,769 | 2,787 |
| | Federal Excise Duty on remuneration of the Management Company | | 17,757 | 17,757 |
| | Reimbursement of operational expenses to the Management Company | | 4,445 | 3,644 |
| | Sales Load Payable | | 3 | 3 |
| | **Central Depository Company of Pakistan Limited (Trustee)** | | | |
| | Remuneration of the Trustee inclusive of sales tax | | 150 | 121 |
| | **Pak Oman Asset Management Company Limited (Employees Provident Fund)** | | | |
| | Outstanding Nil Units (30 June 2019: 3084) units - at net asset value | | - | 311 |
| | **Pak Oman Micro Finance Bank Limited** | | | |
| | Outstanding 2,715 (30 June 2019: Nil) units - at net asset value | | 292 | - |
| | **Bulk Management (Pakistan) Private Limited (Unit holder of 10% or more units of the fund)** | | | |
| | Outstanding 5,522,196 (30 June 2019: Nil) units - at net asset value | | 593,233 | - |
| | **Askari Bank Limited (Unit holder of 10% or more units of the fund)** | | | |
| | Outstanding 3,170,768 (30 June 2019: Nil) units - at net asset value | | 340,626 | - |
| | **Maple Leaf Capital Limited (Unit holder of 10% or more units of the fund)** | | | |
| | Outstanding 2,815,463 (30 June 2019: Nil) units - at net asset value | | 302,457 | - |
| | **Key Management Personnel**** | | | |
| | Outstanding 22,015 (30 June 2019: 22,276) units - at net asset value | | 2,365 | 2,246 |

*This represents unit holders holding 10% or more of the units in the Fund at the close of the period.

**These represents transactions and balances pertaining to staff members who are pertaining key management personnel as at the close of the period.

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.





IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| **December 31, 2019** | **At amortised cost** | **At fair value through profit or loss** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | (Rupees in '000) | | | | | | |
| **Financial assets measured at fair value** | | | | | | | |
| Government securities | - | 149,477 | 149,477 | - | 149,477 | - | 149,477 |
| Term deposit receipt | - | 290,000 | 290,000 | - | 290,000 | - | 290,000 |
| | **-** | **439,477** | **439,477** | **-** | **439,477** | **-** | **439,477** |

| | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| **June 30, 2019** | **At amortised cost** | **At fair value through profit or loss** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | (Rupees in '000) | | | | | | |
| **Financial assets measured at fair value** | | | | | | | |
| Government securities | - | 210,938 | 210,938 | - | 210,938 | - | 210,938 |
| Term deposit receipt | - | 80,000 | 80,000 | - | 80,000 | - | 80,000 |
| | **-** | **290,938** | **290,938** | **-** | **290,938** | **-** | **290,938** |

Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been reclassified and / or rearranged where necessary, impact of which is immaterial.

## 15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 12-Feb-2020.

**For Pak Oman Asset Management Company Limited**
**(Management Company)**

| Chief Executive Officer | Chief Financial Officer | Director |
|---|---|---|