

PRIMUS CASH FUND

Managed by


PRIMUS
Investment Management Limited

Low Risk
Stable
Highly Liquid



ANNUAL REPORT 2013

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VISION

“To deliver quality and innovative asset management, wealth management and advisory services at the local and regional level.”

MISSION

“To be a dominant player in the fund management industry recognized for its high levels of ethical and professional conduct and a commitment towards enhancing investor interests.”

**PRIMUS CASH FUND
FUND'S INFORMATION**

Management Company	Primus Investment Management Limited 4th Floor. Horizon Vista. Commercial 10 Block 4. Scheme 5. Clifton Karachi	
Board of Directors	Mr. Ahmed Ateeq Mr. Khalid Aziz Mirza Ms. Ayesha Aziz Mr. Abdul Hafeez Mr. Abdul Razak Su	Chief Executive Director / Chairman Director Director Director
CFO & Company Secretary	Ms. Rahaila Aleem	
Audit Committee	Mr. Khalid Aziz Mirza Mr. Abdul Hafeez Mr. Abdul Razak Su	Director / Chairman Director Director
Trustee	Central Depository Company of Pakistan Limited CDC House, 99 B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block 7&8, KCHSU, Shahra-e- Faisal Karachi	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block 9, Kehkashan, Clifton, Karachi	
Bankers	Habib Bank Limited Bank AL-Habib Limited	
Rating	AAA (f) by PACRA	

DIRECTORS'
REPORT TO THE UNIT HOLDERS

PRIMUS CASH FUND DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of Primus Investment Management Limited, the Management Company of **PRIMUS Cash Fund** ("the Fund"), is pleased to present the annual report for the period from August 07, 2012 to June 30, 2013.

REVIEW OF FUND PERFORMANCE

The Fund is based on a diverse cash strategy consisting of a portfolio of the highest quality money market instruments and bank deposits. Rated AAA (f) by PACRA the Fund posted a net income of PKR 223.958 Million since inception. The net assets of the Fund were PKR 3,007 Million as on June 30, 2013, while the net asset value stood at PKR 100.1066. The Fund posted a decent return of 8.72%.

The Fund takes a diversified approach to managing money market securities. The strategy maintains a high level of liquidity, and principal stability. This Fund relies on PRIMUS expertise in managing risk and delivering consistent current income for an investor's cash needs. This diversified approach seeks to provide greater potential for consistent performance over the long term. The Fund seeks maximum income consistent with preservation of capital and daily liquidity while investing under normal circumstances at least 75% of its assets in government securities of varying maturities. The Fund has a focus on high quality and short maturity assets including government securities, placement with banks, development financial institutions and deposits in banks.

We tend to retain our positioning and our focus on high quality sources and active management. We would also tactically add the holdings of repurchase agreements collateralized by government securities in order to maintain stable net asset value and liquidity profile. The Fund aims to provide a steady source of income from highly liquid strategy for cash investors.

ECONOMIC OUTLOOK

Pakistan balance of payment has shown a marked improvement during FY13 as country's BOP deficit has shrunk by an impressive 27% to USD 2.4 billion. Current account deficit clocked in at USD 2.3 billion which is 0.9% of GDP as compared to a deficit of 2% of GDP last year. Reduction in services deficit by 64% along with 6% rise in worker remittances are the two major attributable factors behind this improved external account position. Country's ever-widening trade gap remained in check during FY13 at USD 15.1 billion compared to USD 15.7 billion during FY12. This was mainly due to subdued imports which stood at USD39.8 billion compared to USD 40.5 billion in FY12. However going forward we believe Country's balance of payments position for the FY14 will remain under pressure due to external debt repayments including payments to the International Monetary Fund (IMF) under the Stand-by Arrangement (SBA) and weak financial inflows.

Foreign exchange reserves have come down to USD 11.0196 billion (down 28%YoY) as a result of ongoing payments to IMF. Foreign reserves of the central bank seem to be barely sufficient for import cover of less than two months. However to strengthen country's foreign reserves position Pakistan has in principle agreed a deal with IMF for an extended loan facility of USD6.6bn with a longer term repayment structure that can provided some relief. The rupee is also on freefall, constant rupee depreciation is attributed to the widening current account deficit SY14, excessive government borrowing, absence of foreign flows and repayments to the IMF. During the period under review PKR depreciated by 5% against greenback.

In FY13, GDP growth was recorded at 3.6% against targeted 4.3%. Average Headline inflation clocked in at 7.4% during FY13 as compared to 11.01% last year. Core NFNE rested at 9.7% in FY13 as compared to 10.55% last year. This decline in CPI is attributed to slowdown in Food and beverages prices. Average Inflation for FY13 remains well under budgetary target of 9.5%. During the period under review SBP has slashed down discount rate by a cumulative 300bps on the back of declining inflation and a need to revive economic growth. However as per our medium term outlook monetary policy is likely to take a reversal from here onwards on account higher expected inflation numbers.

FUND STABILITY RATING

The Pakistan Credit Rating Agency Limited (PACRA) has assigned fund stability rating 'AAA+ (f)' (Triple A Plus (f)) to the Fund. The Fund's rating denotes high degree of Stability in Net Asset Value.

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of "AM3" (AM Three) to Primus Investment Management Limited. The rating denotes high management quality of the Management Company.

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors of the Management Company states that:

- a. The financial statements, prepared by the Management Company, present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in net assets of the Fund.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgments.
- d. Relevant International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of the Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There have been no significant doubts upon the Fund's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.
- h. Performance table of the Fund is given separately to this annual report on page 12.

- i. The pattern of unit holding as at June 30, 2013 as per the requirements of Clause {(xvi)(j)} is disclosed in note 22 of the published financial statements.
- j. The number of units of the Fund held by the Chief Executive, directors and executives and their spouses as at June 30, 2013 are as follows:

Name	Designation	Units Held
Ms. Ayesha Aziz	Director	317
Mr. Muhammad Bashir	Head of HR & Admin.	1,077
Mr. Haider Hussain	Head of Research	215

- k. Summary of units acquired / redeemed during the year by the Chief Executive, directors and executives, their spouses and minor children are provided below:

Name	Designation	Units Acquired	Units Redeemed
Ms. Ayesha Aziz	Director	49,775	49,458
Mr. Muhammad Bashir	Head of HR & Admin.	1,077	-
Mr. Haider Hussain	Head of Research	215	-

MEETINGS OF THE DIRECTORS

During the year 4 meetings of the Board of Directors were held. The details of meetings held are disclosed in the note 23 to the published financial statements.

AUDITORS

The external auditors of the Fund M/s Yousuf Adil Saleem and Co., Chartered Accountants, retire and being eligible offers themselves for reappointment. The Board of Directors of Management Company upon recommendation of the Audit Committee has approved the appointment of M/s Yousuf Adil Saleem and Co., Chartered Accountants, as the Fund's auditors for the ensuing year ending June 30, 2014.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Karachi: August 22, 2013



Ahmed Ateeq
Chief Executive Officer

**FUND
MANAGER REPORT**

PRIMUS CASH FUND FUND MANAGER REPORT

- **Category and type of Collective Investment Scheme**

Money Market Scheme/ Open end

- **Objective of Collective Investment Scheme**

The objective of the Fund is to generate consistent returns with minimal risk by investing primarily in Government Securities, cash and near cash instruments.

- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**

The collective investment scheme achieved its stated objectives.

- **Benchmark(s) relevant to the Collective Investment Scheme**

3 months PKRV.

- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
PCF	14.0%	8.7%	9.7%	7.6%	8.2%	8.1%	7.2%	7.6%	7.4%	7.5%	8.2%
BM	10.6%	10.2%	9.6%	9.2%	9.2%	9.1%	9.2%	9.3%	9.4%	9.4%	9.3%
Diff.	3.4%	-1.5%	0.1%	-1.6%	-1.0%	-1.0%	-2.0%	-1.7%	-2.0%	-1.9%	-1.1%

- **Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The Fund Manager of Primus Cash Fund maintained a heavy exposure (~70%) in T-Bills of varying maturities during the year, while cash and placements with Banks made ~30% of net assets. The Fund Manager proactively prepared the Fund well for precarious situation on political and economic front that could lead to volatility in interest rates. The Fund actively managed the portfolio WAM between 20 and 60 days keeping in view the monetary policy and interest rate scenarios. During the year the AUM of the Fund reached PKR 3.007 billion.

- **Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)****

	Jun-13
Cash	0.42
Placements with Banks & DFIs	29.24
T-Bills	70.34
Total	100.00

• **Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-0.8438
Information Ratio	-0.2231
Standard Deviation*	0.213%
Weighted Avg. Maturity (Days)	46

* Annualized

• **Changes in total NAV and NAV per unit since the last review period****

Net Assets (PKR)	NAV per share (PKR)
30 Jun' 13	30 Jun'13
3,007,055,853	100.1066

• **Investment Markets**

Pakistan external sector managed to perform fairly well in FY-13, as after posting a hefty deficit of USD 4658mn (2% of GDP) in FY-12 Current account deficit contracted by 50% in FY-13 to reach USD 2317mn (0.97% of GDP). Improvement in Deficit is underpinned to CSF receipts (USD1.8bn), 4.4% reduction in trade deficit and 6% rise in remittances. Exports remained flat whereas imports contracted by 2% on back of reduction in private credit off take and relative slowdown in International oil prices. Foreign direct investment rocketed by 76% in FY-13, whereas pressures on exchange rate remain strong as PKR depreciated by 5.85% against USD in FY-13. During the period currency volatility gained momentum as foreign reserves caught severe deterioration on account of IMF repayments. Foreign exchange reserves during FY-13 declined to USD 11.020billion against USD 14.069billion at start of the fiscal year, however we believe reserves will get some respite during FY-14 on back of re-entry into IMF program through Extended Fund Facility.

• **Distribution made out of Collective Investment Scheme**

Distribution	
The last income distribution made by the Fund was Rs. 1.6534 per unit. In addition, the Fund also distributed Rs. 5.8231 per unit making the total distribution for FY13 to Rs. 7.4765 per unit.	
NAV per unit as on June 30, 2013	
Cum – NAV (PKR)	101.7600
Ex – NAV (PKR)	100.1066

• **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review.

● **Breakdown of unit holdings by size**

Range of shares	Number of Investors
	PCF
0.0001 - 9,999.9999	11
10,000.0000 - 49,999.9999	1
50,000.0000 - 99,999.9999	0
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	1
Total	15

● **Circumstances that materially affect any interest of the unit holders**

Investment is subject to market risk.

● **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

** N/A since this is the first year of Fund operations and accordingly no comparisons are available.

**PRIMUS CASH FUND
PERFORMANCE TABLE**

		2013
Net assets	Rs.	3,007,055,853
Net income	Rs.	223,958,508
Total return of the Fund	%	8.72
Total dividend distribution	%	7.48
Capital Growth	%	1.24
Average annual return		
- One Year		8.72
- Two Years		n/a
- Three Years		n/a
NAV per unit	Rs.	100.1066
Highest offer price per unit	Rs.	103.2110
Lowest offer price per unit	Rs.	100.0637
Year-end offer price per unit	Rs.	100.1066
Highest repurchase price per unit	Rs.	103.2110
Lowest repurchase price per unit	Rs.	100.0637
Year-end repurchase price per unit	Rs.	100.1066
First interim distribution		1.5231
Announcement date		24-Oct-12
Second interim distribution		2.0000
Announcement date		30-Dec-12
Third interim distribution		2.3000
Announcement date		24-May-13
Fourth interim distribution		1.6534
Announcement date		27-Jun-13
Total distribution as % of par value	Rs.	7.4765

Fund keeps weighted average duration of its portfolio to 90 days or less.

Notes

- PRIMUS Cash Fund was launched on August 10, 2012.

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Primus Investment Management Company Limited; the Management Company of **Primus Cash Fund** ("the Fund") to comply with the respective Listing Regulation of the Karachi Stock Exchange where the Fund is listed.

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

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

Further, the Listing Regulations of the Karachi Stock Exchange require the Management Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the period from August 07, 2012 to June 30, 2013.

We draw attention to the paragraph 15 of the Statement that the Chairman of Board is also the Chairman of the audit committee.


Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: August 22, 2013
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

**PRIMUS CASH FUND
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE
PERIOD ENDED FROM AUGUST 07, 2012 TO JUNE 30, 2013**

This statement is being presented to comply with the Code of Corporate Governance ('the Code') contained in Listing Regulations of Karachi Stock Exchange where Primus Cash Fund (the Fund) is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

Primus Investment Management Limited, being the Management Company managing the affairs of the Fund has applied the principles contained in the Code in the following manner:

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

Category	Name
Independent Directors	Mr. Khalid Aziz Mirza
Executive Directors	Mr. Ahmed Ateeq - Chief Executive Officer
Non-Executive Directors	Ms. Ayesha Aziz
	Mr. Abdul Hafeez
	Mr. Abdul Razak Su

The independent director meets the criteria of independence under clause i (b) of the Code.

2. The directors of the Management Company have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy in the Board of the Management Company has occurred during the Period.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have taken place to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board of Management Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
 13. The Directors, Chief Executive Officer and Executives do not hold any interest in the units of the Fund other than those disclosed in the Directors' Report.
 14. The Management Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Fund.
 15. The Board of the Management Company has formed an Audit Committee. It comprises three members, two of them are non-executive directors and the chairman of the committee is an independent director. The Chairman of Board is also the Chairman of the audit committee.
 16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
 17. The Board of Management Company has formed a Human Resource Committee. It comprises of three members, of whom one is non-executive director, one is executive director and Chairman of the committee is an independent director.
 18. The Board of Management Company has set up an effective internal audit function and is conversant with the policies and procedures of the Fund.
 19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares / units of the Management Company or any of its associated companies or undertakings and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
 20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the unit price of Fund was determined and intimated to directors, employees and stock exchange, where applicable.
 22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
 23. We confirm that all other material principles enshrined in the Code have been complied with.

Karachi: August 22, 2013



Ahmed Ateeq
Chief Executive Officer



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

PRIMUS CASH FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of PRIMUS Cash Fund (the Fund) are of the opinion that PRIMUS Investment Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the period from August 07, 2012 to June 30, 2013 in accordance with the provisions of the following:

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

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

Karachi: October 11, 2013



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **Primus Cash Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2013, and the related income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movements in unit holders' fund for the period from August 07, 2012 to June 30, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2013, and of its financial performance, its cash flows and transactions for the period from August 07, 2012 to June 30, 2013 in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non- Banking Finance Companies and Notified Entities Regulations, 2008.


Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: August 22, 2013
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

FINANCIAL STATEMENTS

**PRIMUS CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2013**

	Note	June 30, 2013 (Rupees in '000)
ASSETS		
Investments	4	3,045,268
Bank balances	5	12,677
Profit receivables	6	9,524
Preliminary and floatation costs	7	1,043
Total assets		3,068,512
LIABILITIES		
Payable to Primus Investment Management Limited - Management Company	8	5,293
Payable to Central Depository Company of Pakistan Limited - Trustee	9	252
Annual fee payable to Securities and Exchange Commission of Pakistan	10	2,033
Dividend payable		49,008
Accrued expenses and other liabilities	11	4,870
Total liabilities		61,456
NET ASSETS		3,007,056
UNIT HOLDERS' FUND (AS PER ATTACHED STATEMENT)		3,007,056
Contingencies and commitments	12	
		----Number of units----
Number of units in issue		30,038,521
		-----Rupees-----
Net asset value per unit		100.1066

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**PRIMUS CASH FUND
INCOME STATEMENT
FOR THE PERIOD FROM AUGUST 07, 2012 TO JUNE 30, 2013**

	Note	For the period from August 07, 2012 to June 30, 2013 (Rupees in '000)
INCOME		
Return / mark-up on;		
- bank balances		79,468
- letters of placement		19,327
- term deposit receipt		895
- government securities		170,441
Net gain on sale of investments		4,525
		<hr/> 274,656
EXPENSES		
Remuneration of Primus Investment Management Limited - Management Company	8.1	33,888
Sales tax on remuneration to Management Company	8.2	5,471
Federal excise duty on remuneration to Management Company	8.3	304
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,959
Annual fee to Securities and Exchange Commission of Pakistan		2,033
Amortisation of preliminary and floatation costs		203
Annual listing fee		575
Stability rating fee		206
Auditors' remuneration		265
Provision for Workers' Welfare Fund	13	4,571
Printing and related costs		143
Brokerage and settlement charges		80
		<hr/> 50,698
Net income for the period before taxation		<hr/> 223,958
Taxation	14	-
Net income for the period after taxation		<hr/> 223,958 <hr/>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**PRIMUS CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM AUGUST 07, 2012 TO JUNE 30, 2013**

For the period
from August 07,
2012 to June 30,
2013
(Rupees in '000)


Net income for the period after taxation	223,958
Other comprehensive income for the period:	
<i>Items that may be reclassified subsequently to income statement:</i>	
Net unrealised gain on investments classified as 'available for sale'	615
Total comprehensive income for the period	224,573

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**PRIMUS CASH FUND
CASH FLOW STATEMENT
FOR THE PERIOD FROM AUGUST 07, 2012 TO JUNE 30, 2013**

	For the period from August 07, 2012 to June 30, 2013 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period before taxation	223,958
Adjustment for non-cash charges and other items	
Return / mark-up on;	
- government securities	(170,441)
- bank balances	(79,468)
- letters of placement	(19,327)
- term deposit receipt	(895)
Net gain on sale of marketable securities	(4,525)
Amortisation of preliminary and floatation costs	203
	(274,453)
Increase in assets	
Investments - net	(2,858,873)
Increase in liabilities	
Payable to Primus Investment Management Limited - Management Company	4,047
Payable to Central Depository Company of Pakistan Limited - Trustee	252
Annual fee payable to Securities and Exchange Commission of Pakistan	2,033
Accrued expenses and other liabilities	4,870
	11,202
Return on bank balances received	79,352
Net cash used in operating activities	(2,818,814)
CASH FLOWS FROM FINANCING ACTIVITIES	
Amounts received from issuance of units	4,450,330
Amounts paid on redemption of units	(1,451,144)
Dividend paid	(167,695)
Net cash generated from financing activities	2,831,491
Net increase in cash and cash equivalents	12,677
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	12,677

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**PRIMUS CASH FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD FROM AUGUST 07, 2012 TO JUNE 30, 2013**

	For the period from August 07, 2012 to June 30, 2013 (Rupees in '000)
Net assets at the beginning of the period	-
Issuance of 44,300,101* units	4,450,330
Redemption of 14,261,580 units	(1,451,144)
Net element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed - transferred to distribution statement	(6,293)
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	615
Net income for the period	223,958
First interim distribution at the rate of Rs. 1.523 per unit declared on October 24, 2012: - cash distribution	(40,241)
Second interim distribution at the rate of Rs. 2.000 per unit declared on December 30, 2012: - cash distribution	(59,281)
Third interim distribution at the rate of Rs. 2.300 per unit declared on May 24, 2013: - cash distribution	(68,173)
Fourth interim distribution at the rate of Rs. 1.653 per unit declared on June 27, 2013: - cash distribution	(49,008)
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	6,293
Net assets at the end of the period	3,007,056
	-----Rupees-----
Net asset value per unit at the beginning of period	100.0000
Net asset value per unit at the end of period	100.1066

*This includes 109,005 units issued as bonus units during the period.

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**PRIMUS CASH FUND
DISTRIBUTION STATEMENT
FOR THE PERIOD FROM AUGUST 07, 2012 TO JUNE 30, 2013**

	For the period from August 07, 2012 to June 30, 2013 (Rupees in '000)
Undistributed income brought forward	-
Representing:	
- unrealised income	-
- realised income	-
	<hr/>
	-
Net income for the period after taxation	223,958
Net element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	6,293
First interim distribution at the rate of Rs. 1.5231 per unit declared on October 24, 2012:	
- bonus units (issued 59,409 units @ Rs.100.6370 per unit)	(5,979)
- cash distribution	(40,241)
Second interim distribution at the rate of Rs. 2.00 per unit declared on December 30, 2012:	
- bonus units (issued 22,595 units @ Rs.100.1116 per unit)	(2,262)
- cash distribution	(59,281)
Third interim distribution at the rate of Rs. 2.300 per unit declared on May 24, 2013:	
- bonus units (issued 20,528 units @ Rs.100.9110 per unit)	(2,071)
- cash distribution	(68,173)
Fourth interim distribution at the rate of Rs. 1.6534 per unit declared on June 27, 2013:	
- bonus units (issued 6,473 units @ Rs.100.0184 per unit)	(647)
- cash distribution	(49,008)
	<hr/>
Undistributed income carried forward	2,589
	<hr/> <hr/>
Representing:	
- unrealised income	-
- realised income	2,589
	<hr/>
	2,589
	<hr/> <hr/>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**PRIMUS CASH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM AUGUST 07, 2012 TO JUNE 30, 2013**

1. LEGAL STATUS AND NATURE OF BUSINESS

Primus Cash Fund ("the Fund") has been established under a Trust Deed, dated June 20, 2012, between Primus Investment Management Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Management Company of the Fund has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management and investment advisory services as a Non-Banking Finance Company. The registered office of Primus Investment Management Limited is situated at 4th Floor, Horizon Vista, Commercial 10, Block 4, Scheme 5, Clifton, Karachi.

The Fund is an open-ended money market fund and is listed on Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on continuous basis and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund aims to generate reasonable returns consistent with low risk from a portfolio constituted of high quality short term instruments including cash deposits and government securities.

The JCR VIS Credit Rating Company Limited (JCR VIS) has assigned as asset manager rating of AM3 to the Management Company while the initial stability rating of AAA(f) has been assigned to the Primus Cash Fund by the Pakistan Credit Rating Agency Limited (PACRA).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Rules and the Regulations shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the period ended June 30, 2013

The following standards, amendments and interpretations are effective for the period ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	Effective from accounting period beginning on or after July 01, 2012
--	--

2.5 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
--	---

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 19 - Employee Benefits	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- (a) classification of financial assets (Note 3.2.1)
- (b) impairment of financial assets (Note 3.2.5)
- (c) provisions (Note 3.6)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.2 Financial assets

3.2.1 Classification

The management of the Fund determines the appropriate classification of its investments at the time of purchase and classifies these investments at fair value through profit or loss - held-for-trading, loans and receivables or available-for-sale.

a) Investments at fair value through profit or loss - held-for-trading

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held-for-trading".

b) Loans and receivables

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

c) Available-for-sale

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

3.2.2 Regular way contracts

All regular purchases / sales of investments are recognised on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations.

3.2.3 Initial recognition and measurement

The financial assets are initially recognised at fair value plus transaction cost except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available-for-sale are valued as follows:

Basis of valuation of government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan in accordance with the requirements of the Regulations.

Net gains and losses arising in changes in fair value of available-for-sale financial assets are taken to the statement of comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the statement of comprehensive income is transferred to the income statement.

Net gains and losses arising in changes in fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

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

3.2.5 Impairment of financial assets

The carrying value of the Fund's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of each asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

3.2.6 Derecognition

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

3.2.7 Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.3 Financial liabilities

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

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

3.4 Preliminary and floatation costs

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund, as preliminary and floatation costs which are amortised over the period of five years in accordance with the requirements set out in the Trust Deed and the Regulations.

3.5 Payables and accruals

Payables and accruals are carried at cost which is the fair value of consideration to be paid in the future for the services received whether billed or not to the Fund.

3.6 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Issuance and redemption of units

Units issued are recorded at the offer price as per constitutive documents, determined by the Management Company for the applications received during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowance for sales load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any sales load, transactions costs or any provision for duties and charges.

Units redeemed are recorded at the redemption price as per constitutive documents prevalent at the end of the day in which the units are redeemed. The redemption price represents the net assets value at the end of the business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any back-end load, transactions costs or any provision for duties and charges. Redemption of units is recorded on acceptance of application for redemption.

3.8 Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed - net

Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed is determined based on the income earned during the period and on unrealised gain / (loss) arising during the period on available for sale securities. The amount so determined is taken directly to the distribution statement.

3.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place;
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise; and
- Mark-up / return on government securities, commercial papers, clean placements, bank balances and term deposit receipts are recognised on a time apportionment basis using the effective interest method.

3.10 Taxation

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 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders.

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

3.11 Dividend and distributions

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

4. INVESTMENTS	Note	June 30, 2013 (Rupees in '000)
<ul style="list-style-type: none"> - At fair value through profit or loss - held-for-trading <li style="padding-left: 20px;">Government securities 	4.1	-
<ul style="list-style-type: none"> - Available for sale <li style="padding-left: 20px;">Government securities 	4.2	2,145,268
		2,145,268
<ul style="list-style-type: none"> - Loans and receivables <li style="padding-left: 20px;">Term deposit receipt <li style="padding-left: 20px;">Letter of placements 	4.3	300,000
	4.4	600,000
		3,045,268

4.1 At fair value through profit or loss - held-for-trading - Government securities

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

	Holding at the beginning of the period	Acquired during the period	Matured / disposed during the period	Holding at the end of period	Market value / Carrying value of holdings	% of net assets	% of total investment
	----- Number of certificates -----				(Rupees in '000)		
Treasury bills							
- 1 Year	-	10,070	10,070	-	-	-	-
- 3 Months	-	5,000	5,000	-	-	-	-
	-	15,070	15,070	-	-	-	-

Cost as at June 30, 2013

-

4.2 Available for sale - Government securities

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

	Holding at the beginning of the period	Acquired during the period	Matured / disposed during the period	Holding at the end of period	Market value / Carrying value of holdings	% of net assets	% of total investment
	----- Number of certificates -----				(Rupees in '000)		
Treasury bills							
- 1 Year	-	104,727	84,577	20,150	1,996,156	66.38%	65.55%
- 6 Months	-	75,200	75,200	-	-	-	-
- 3 Months	-	75,950	74,450	1,500	149,112	4.96%	4.90%
	-	255,877	234,227	21,650	2,145,268	71.34%	70.45%

Cost as at June 30, 2013

2,144,653

4.3 Term deposit receipt carry mark-up rate of 9.90 % per annum and will mature on July 19, 2013.

4.4 Letter of placements carry mark-up rates ranging from 9.75% to 10% per annum and maturities ranging from Sep 13, 2013 to Oct 02, 2013.

	Note	June 30, 2013 (Rupees in '000)
5. BANK BALANCES		
Saving accounts	5.1	<u>12,677</u>

5.1 These represent bank balances carrying mark-up rate ranging from 6% to 11% per annum.

6. PROFIT RECEIVABLES

Bank balances		116
Clean placements		9,408
		9,524

7. PRELIMINARY AND FLOATATION COSTS

Preliminary and floatation costs incurred	7.1	1,246
Less: amortisation during the period		203
		1,043

7.1 Preliminary and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years.

	Note	June 30, 2013 (Rupees in '000)
8. PAYABLE TO PRIMUS INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration payable to Management Company	8.1	3,170
Sales tax payable on management remuneration	8.2	556
Federal excise duty payable on management remuneration	8.3	304
Preliminary and floatation costs payable		1,246
Payable against printing and stationery		17
		5,293

8.1 Under the provisions of the Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. In the current period, the Management Company has charged remuneration at the rate of 1.25 percent of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

8.2 It represents Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

8.3 During the period, through Finance Bill 2013 effective from June 13, 2013, the Federal Government has levied federal excise duty at the rate of 16% on the remuneration of the Management Company.

	Note	June 30, 2013 (Rupees in '000)
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Trustee fee	9.1	252

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund for services of the Trustee as at June 30, 2013 is as follows:

Net Assets	Tariff per annum
Upto Rs. 1 billion	Rs. 0.6 million or 0.17 percent per annum of net asset value whichever is higher.
Rs. 1 billion to Rs. 5 billion	Rs. 1.7 million plus 0.085 percent per annum of net asset value exceeding Rs. 1 billion.
Over Rs. 5 billion	Rs. 5.1 million plus 0.07 percent per annum of net asset value exceeding Rs. 5 billion.

The revised tariff structure to the Fund for services of the Trustee as at June 30, 2013 is as follows:

Upto Rs. 1 billion	Rs. 0.15 percent per annum of net assets.
Rs. 1 billion to Rs. 10 billion	Rs. 1.5 million plus 0.075 percent per annum of net asset value exceeding Rs. 1 billion.
Over Rs. 10 billion	Rs. 8.25 million plus 0.06 percent per annum of net asset value exceeding Rs. 10 billion.

	Note	June 30, 2013 (Rupees in '000)
10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
Annual fee	10.1	<u>2,033</u>

10.1 Under the provisions of the Regulations, the Fund is required to pay as an annual fee to the SECP, an amount equal to 0.075% of the daily net assets of the scheme.

	Note	June 30, 2013 (Rupees in '000)
11. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration		177
Payable against printing and stationery		92
Provision for Workers' Welfare Fund	13	4,571
Others		30
		<u>4,870</u>

12. CONTINGENCIES AND COMMITMENTS

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

13. PROVISION FOR WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A petition has been filed with the Honorable High Court of Sindh by some of the Collective Investment Schemes through their Trustees on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) FBR directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) FBR vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honorable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the Honorable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh.

During the period, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution has made the provision of WWF amounting to Rs. 4.571 million.

14. 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 Company has distributed the required minimum percentage of the Fund's accounting income for the period ended June 30, 2013 to its unit holders. Accordingly, no liability has been recorded in the current period.

15. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	Available for sale	Total
----- (Rupees in '000) -----			
Assets			
Bank balances	12,677	-	12,677
Investment	900,000	2,145,268	3,045,268
Profit receivables	9,524	-	9,524
	922,201	2,145,268	3,067,469
Liabilities			
Payable to Primus Investment Management Limited - Management Company	-	5,293	5,293
Payable to Central Depository Company of Pakistan Limited - Trustee	-	252	252
Dividend payable	-	49,008	49,008
Accrued expenses and other liabilities	-	4,870	4,870
	-	59,423	59,423

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons / related parties include Primus Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Pak Brunei Investment Company Limited being the holding company of the Management Company, Pak Brunei Investment Company Limited - Employee Provident Fund, other collective investment scheme's managed by the Management Company and key management personnel.

Transactions with related parties are carried out in normal course of business at contracted rates.

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

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

16.2 Detail of balances with related parties as at period end

**June 30,
2013
(Rupees in '000)**

Primus Investment Management Limited - Management Company

Remuneration payable to the Management Company	3,170
Sales tax payable on Management Company's remuneration	556
Federal excise duty payable on management remuneration	304
Units held - 106 units	11
Other Payable	17
Preliminary and floatation costs payable to Management Company	1,246

Pak Brunei Investment Company Limited

Units held - 29,640,508 units	2,967,210
Dividend payable	49,008

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	252
-------------------------------------	-----

Key Management Personnel - Directors and Officers of the Management Company and their relatives

Director

Units held - 317 units	32
------------------------	----

Officers and their relatives

Units held - 1,292 units	129
--------------------------	-----

**For the period
from August 07,
2012 to June 30,
2013
(Rupees in '000)**

16.3 Detail of transactions with related parties during the period

Primus Investment Management Limited - Management Company

Remuneration of Management Company	33,888
Sales tax on Management Company's remuneration	5,471
Federal excise duty on remuneration to Management Company	304
Issuance of units - 2,400,000 units	240,000
Issuance of bonus units - 36,329 units	-
Redemption from Primus Cash Fund - 2,436,223 units	247,285

Pak Brunei Investment Company Limited

Issuance of units - 39,454,224 units	3,975,000
Cash dividend paid during the period	167,695
Redemption from Primus Cash Fund - 9,813,716 units	1,000,000
Placements entered and matured during the period	1,050,000
Interest income earned on placements during the period	12,176

**For the period
from August 07,
2012 to June 30,
2013
(Rupees in '000)**

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee 2,959

Pak Brunei Investment Employee Provident Fund

Issuance of units - 12,000 units 1,200

Issuance of bonus units - 182 units -

Redemption from Primus Cash Fund - 12,182 units 1,239

Key Management Personnel - Directors and Officers of the Management Company and their relatives

Director

Issuance of units - 49,752 units 5,000

Issuance of bonus units - 23 units -

Redemption of 49,458 units 4,999

Officers and their relatives

issuance of units - 1,200 units 120

Issuance of bonus units - 92 units -

17. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management program seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Funds financial performance.

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

The Fund uses different method to measure and manage the various types of risks to which it is exposed, these are summarised below;

17.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the investment committee and regulations laid down by the SECP.

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

17.1.1 Currency risk

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

17.1.2 Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest / mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based on assets and liabilities that mature or reprice in a given period. The Management Company through investment committee monitors the Fund's overall interest rate sensitivity on periodic basis. The Fund holds fixed interest rate securities that expose the Fund to fair value interest rate risk. The Fund also holds a limited amount of floating rate debt, that expose the Fund to cash flow interest rate risk.

The interest rate profile of the Fund is as follows:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
----- (Rupees in '000) -----				
At June 30, 2013				
Investments	2,145,268	900,000	-	3,045,268
Bank balances	12,677	-	-	12,677
Profit receivable	-	-	9,524	9,524
	2,157,945	900,000	9,524	3,067,469

Interest rate sensitivity

The sensitivity analyses demonstrate the sensitivity of the Fund's income for the period to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the Fund's income for the year is the effect of the assumed change in interest rates on the net interest income for the period, based on the floating rate financial assets held at the statements of assets and liabilities date.

If the interest rate would have been higher or lower by 100 basis points and all the other variables remain constant, the Fund's income would increase/decrease as follows:

	Change in rate	Total effect on income (Rupees in '000)
June 30, 2013		
	+100 bps	21,579
	-100 bps	(21,579)

The Fund also hold fixed interest rate financial assets which may be subject to change in fair value as a result of change in interest rate.

Management is of the view that the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Fund's objectives.

17.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Presently, the Fund is not exposed to equity securities price risk as the Fund does not hold any equity securities as at June 30, 2013.

17.2 Credit risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon. The Fund's policy is to enter into financial instrument contracts by following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

Balances with banks

The Fund places its surplus funds with banks having good credit standing assessed by reputable credit agencies. As at period end, the Fund has placed funds with bank having long term credit rating ranging from AAA to AA+ and short term credit rating ranging from A-1+ to A1+ rated by reputable credit rating agencies.

In summary, the maximum exposure to credit risk as at June 30, 2013 is as follows;

	Statement of asset and liabilities	Maximum Exposure
	----- (Rupees in '000) -----	
Investments	3,045,268	900,000
Bank balances	12,677	12,677
Profit receivable	9,524	9,524
	3,067,469	922,201

As per management view the credit risk arising on the investments is addressed as follows;

Where the Investment Committee makes an investment decision, the credit worthiness of the issuer is taken into account along with the financial background, past experience and other factors so as to minimise the risk of default.

Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default.

The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by periodic review of trade reports. In addition, the Investment Committee allows investment in debt securities of only those entities with credit rating approved by external credit rating agencies.

Cash is held only with reputable banks with high quality credit ratings assigned by approved credit rating agencies.

Concentration of credit risk

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

17.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in government securities that can be readily disposed and are considered readily realisable.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the period. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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

Units of the Fund are redeemable on demand at the holders' option. However, unit holders typically retain them from medium to long-term.

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

	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
Financial Liabilities				
Payable to Primus Investment Management Limited				
- Management Company	5,293	5,293	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	252	252	-	-
Dividend payable	49,008	49,008	-	-
Accrued expenses and other liabilities	4,870	4,870	-	-
Net assets attributable to redeemable units	3,007,056	3,007,056		
	3,066,479	3,066,479	-	-

18. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the Statement of Movement in Unit Holders' Fund.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 17, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, which would be augmented by short-term borrowings or disposal of investments where necessary.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
----- (Rupees in '000) -----			
ASSETS			
Financial assets classified as 'Available-for-sale'			
Investments In Market Treasury Bills	-	2,145,268	-

There were no transfers between Level 1 and 2 in the period.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are either short term in nature or periodically priced.

20. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience in years
1	Mr. Ahmed Ateeq	MBA Finance	12
2	Ms. Rahaila Aleem	ACA	7.1
3	Mr. Muhammad Ali Kazmi	MS in Statistics	20.5
4	Mr. Haider Hussain	Masters (Applied Economics) / Masters (Economics)	8.5
5	Ms. Sonam Peswani	Association Of Chartered Certified Accountant (ACCA), UK, Certified Practicing Accountant (CPA) Australia	6.2
6	Mr. Arfeen Zia	B.S (Actuarial Sciences & Risk Management)	4.10
7	Ms. Umema A. Siddiqui	MBA	1.2

Ms. Umema A.Siddiqui is the Fund Manager of Primus Cash Fund and Primus Daily Reserve Fund.

21. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

2013

1	Invest Capital Markets Limited	12.29%
2	Invest One Markets Limited	9.12%
3	J.S Global Capital Limited	67.26%
4	Optimus Capital Management Limited	2.10%
5	Vector Capital Private Limited	9.21%

21.1 The above mentioned percentages represent brokerage commission paid for the period from August 07, 2012 to June 30, 2013.

22. DETAILS OF PATTERN OF UNIT HOLDING

Category	Number of unit holders	Number of unit held	Investment amount	Percentage of investment
(Rupees in '000)				
Individuals	9	10,864	1,088	0.04%
Associated companies / directors	1	29,640,614	2,967,221	98.68%
Banks / DFIs	3	376,895	37,730	1.25%
Retirement funds	2	10,148	1,016	0.03%
	15	30,038,521	3,007,055	100.00%

23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th Board meetings were held on August 23, 2011, November 22, 2011, January 5, 2012, March 21, 2012, April 26, 2012, September 14, 2012, October 18, 2012, February 13, 2013 and April 25, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Ahmed Ateeq	9	9	-	-
Mr. Khalid Aziz Mirza*	4	4	-	-
Mr. Karim Hatim**	5	5	-	-
Mr. Abdul Jaleel Sheikh***	5	5	-	-
Ms. Ayesha Aziz	9	9	-	-
Mr. Abdul Hafeez****	4	4	-	-
Mr. Abdul Razak Su*****	4	4	-	-

* Mr. Khalid Aziz Mirza elected on the Board with effect from April 27, 2012

** Mr. Karim Hatim retired from Board with effect from April 27, 2012

*** Mr. Abdul Jaleel Sheikh retired from Board with effect from April 27, 2012

**** Mr. Abdul Hafeez elected on the Board with effect from April 27, 2012

***** Mr. Abdul Razak Su elected on the Board with effect from April 27, 2012

24. DATE OF AUTHORIZATION FOR ISSUE

24.1 These financial statements was authorized for issue by Board of Directors of the Management Company on **August 22, 2013**.

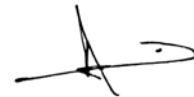
25. GENERAL

25.1 Figures have been rounded off to the nearest thousand rupees.

For Primus Investment Management Limited
(Management Company)



Chief Executive Officer



Director



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