



ANNUAL
Report 2011

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VISION

“Creating investment solutions
within everyone’s reach”



MISSION & CORE VALUES

MISSION & CORE VALUES

- To create a conducive working environment, to attract the best talent in the Asset Management Sector. ABL AMC strives to be the ‘employer of choice’ for young and experienced talent.
- To set the highest industry standards in terms of product ranges and innovations, in order to offer products for clients of all demographics.
- To adhere to the highest industry standard for integrity and quality across all the spheres of the company.
- To use technology and financial structuring to serve as a “cutting-edge” compared to the competition.
- To enhance Stakeholders Value.

FUND'S INFORMATION

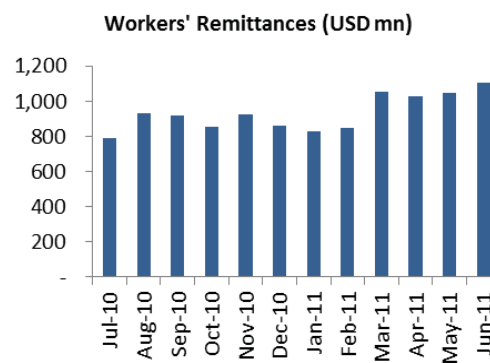
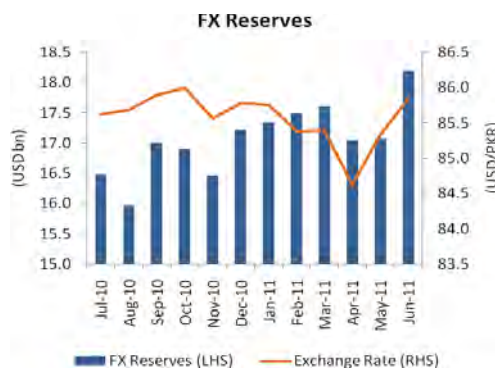
Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Director (As of June 30, 2011)	Sheikh Mukhtar Ahmed	Chairman
	Mr. Khalid A. Sherwani	
	Mr. Muhammad Waseem Mukhtar	
	Mr. M. Jawaid Iqbal	
	Mr. Muhammad Yaseen	
	Mr. M. Shakeb Murad	
	Mr. Kamran Nishat	
	Mr. Farid Ahmed Khan	CEO
Audit Committee:	Mr. Kamran Nishat	Chairman
	Mr. Muhammad Waseem Mukhtar	Member
	Mr. Muhammad Yaseen	Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Faisal Nadeem Mangroria	
Head of Internal Audit:	Mr. Saqib Matin	
Trustee:	Central Depository Company of Pakistan Ltd. 13 - 16, Mezzanine Floor, Progressive Plaza, Beaumont Road, Karachi.	
Bankers to the Fund:	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
Distributor:	Allied Bank Limited Reliance Financials Product (Pvt.) Limited Invest Capital Investment Bank Limited Atlas Capital Markets (Pvt.) Limited IGI Investment Bank (FundSelect) Elixir Securities Pakistan (Pvt.) Limited Pyramid Financial Consultants(Pvt.) Limited	Foundation Securities (Pvt.) Limited Flow (Pvt.) Limited JS Global Capital Limited Vector Consulting (Pvt.) Limited BMA Financial Services Limited Alfalah Securities (Pvt.) Limited
Auditor:	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Income Fund (ABL-IF), is pleased to present the Audited Financial Statements of ABL Income Fund for the year ended June 30, 2011.

ECONOMIC PERFORMANCE REVIEW

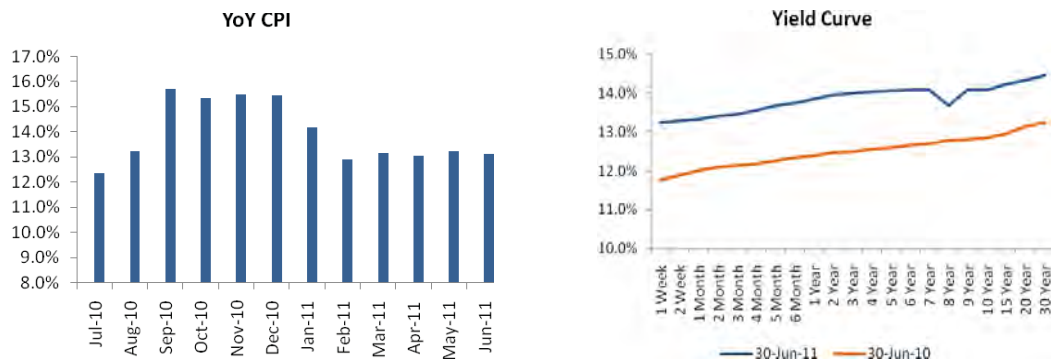
Pakistan's economy ended fiscal year 2011 in a fragile state as after effects of the devastating floods of last year severely affected agriculture output, stretched fiscal resources and contributed to restrictive monetary measures. FY11 economic growth was recorded at a paltry 2.4%, well below the initial target of 4.5%. Agriculture segment, most affected by the floods, depicted growth of just 1.2%. Furthermore, rising interest rates, dwindling developmental expenditure and poor private sector investment spending also restricted growth in manufacturing and services sectors.



On the positive side, the current account posted a surplus of US\$542mn for the first time since FY04 on account of 29% and 26% YoY jump in exports and remittances, respectively. Financial account, however, suffered a drop of 66% YoY to USD1.7bn in FY11 due to drying up of funds from the IMF and significant decline of 27% YoY in Foreign Direct Investment. FX reserves reached record levels during the year, ending the year above USD18 billion mark.

In an effort to control inflation and curb budgetary borrowing, the central bank increased the key policy rate by 150bps in various steps to 14% at fiscal year-end. Inflationary pressures peaked at 15.7% in September 2010 due to acute agriculture produce supply issues following the floods and steep increase in international oil prices. Average CPI for FY11 clocked at 13.92% against initial target of 11%. Fiscal account continued to bleed with the budget deficit soaring to 6.2% of GDP, well above government's revised estimate of 5.3%. Government's heavy reliance on scheduled banks for financing the deficit severely hampered private sector credit off-take, which remained subdued at PKR121 billion, majority of which was for working capital requirements.

Looking ahead at FY11-12, already major question marks have emerged on fiscal and the current accounts. Tax revenue target for FY12 is highly optimistic, considering its base has already been revised downwards whereas provinces are expected to only break-even as opposed to posting a surplus of PKR125 billion as projected in the FY12 budget. Furthermore, the outlook for current account is also not particularly bright as Pakistan's exports are expected to suffer due to slowdown in global economic growth and continuous downward trend in cotton prices. Another major impact on balance of payment will be the start of IMF repayments scheduled from February 2012 sans a new IMF plan. Economic policy makers will have their hands full in coming months as political parties starting their campaign for 2013 elections and no end in sight to the poor law and order situation in the country.



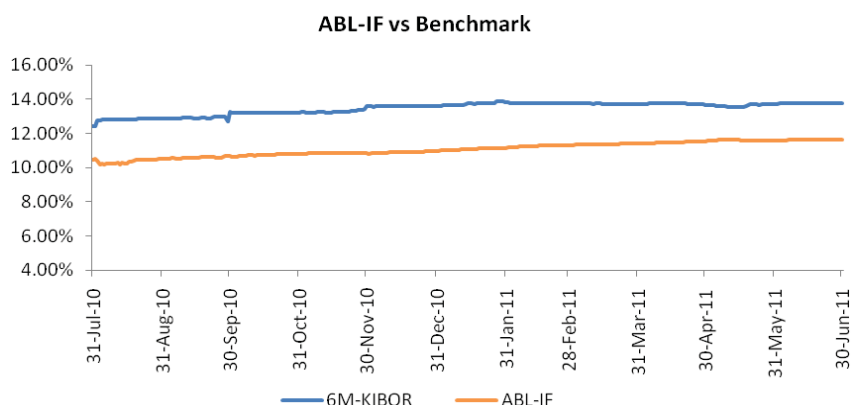
MUTUAL FUND INDUSTRY REVIEW

Industry performance rekindled on back of improved macroeconomic figures and gradual improvement in investor confidence towards income funds. Corporate bonds prices exhibited stability alleviated investor's concerns over income fund return volatility. However the spotlight remained on money market funds which entailed conservative investments, primarily in short term government securities yielding low risk returns. Heavy government borrowing and 150bps hike in interest rate during the period kept Treasury Bill yields at elevated levels which favored money market funds. Despite imposition of capital gains tax and workers welfare fund levy on all mutual funds last year, the overall Assets under Management (AUM) of the mutual fund industry increased by 25.55% to Rs.250.49 billion in June 2011 from Rs.199.52 billion in June 2010. Due to cannibalization of income funds by money market funds, income fund AUMs decreased by 22.62% to Rs.47.46 billion as on June 2011 where as money market funds increased by a whopping 153.37% to Rs.97.69 billion as on June 2011.

FUND PERFORMANCE

During the year under review, ABL Income Fund's AUMs declined by 41.64% to close at Rs.4.879 billion. The decline in AUMs is largely attributable to switching of investors into ABL Cash Fund due to strong investor interest in the conservative money market funds category. Despite the reduction in size, ABL Income Fund remained just short of being the largest fund in the income fund category. The fund remained vary of pursuing heavy investments in long term debt instruments like TFCs and instead remained primarily invested in Government Securities and in Term Deposits with good rated banks. For the year ended June 30, 2011, ABL-IF yielded an annualized return of 11.65%, placing it amongst the best performing income funds in the industry.

During the period under review, ABL-IF was not able to outperform its benchmark, as was the case for its peers. As per SECP categorization, the fund’s benchmark was changed to 6 months KIBOR from 1 month KIBOR. As the fund refrained from taking exposure in any KIBOR linked instrument due to associated risks and ensuing pricing volatility, it had to compromise on returns. The fund chose to invest in short to medium instruments entailing low risk and stable returns. As a result, T-Bills accounted for 32.13% and GoP Ijara Sukuk 13.28% of total assets as on June 30, 2011 as yields on Government Securities remained attractive due to persistent government borrowings from the banking sector. TDR allocation stood at 24.14% and money markets placements were at 7.04% of total assets as at June 30, 2011.



ABL Income Fund earned total income of Rs.843.03 million for the year ended June 30, 2011 mainly out of which Rs.478.96 million was earned from government securities, Rs.276.25 million was earned from deposited with banks and fixed term deposits receipts, Rs.30.87 million was earned from letter of placements, Rs. 2.545 Income from Term Finance Certificates/sukuks and Rs.53.72 million from reverse repurchase transactions, whereas net gain on sale of investments was Rs.1.78 million. After accounting for expenses of Rs.113.93 million (comprising mainly of the management fee of Rs.98.33 million) net income from operating activities for the year ended June 30, 2011 stood at Rs.729.11 million. With the net element of loss and capital losses of Rs.76.80 million included in the prices of units issued less those in units redeemed and Rs.13.05 million as provision for workers welfare fund, the net income for the year ended June 30, 2011 stood at Rs.639.26 million.

DIVIDEND

The Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on June 29, 2011 approved the final distribution of Rs.0.2848 per unit (2.85% of the par value of Rs.10/-) for the quarter ended June 30, 2011. This is in addition to interim distribution of Rs.0.2701/- per unit (2.70% of the par value of Rs.10/-) for the quarter ended September 30, 2010, Rs.0.2689/- per unit (2.69% of the par value of Rs.10/-) for the quarter ended December 31, 2010 and Rs.0.2906/- per unit (2.91% of the par value of Rs.10/-) made for the quarter ended March 31, 2011. Thus the total dividend distribution of ABL-IF during the year ended June 30, 2011 amounted to Rs.1.1144 per unit (11.14% of the par value of Rs.10/-).

In the better interest of the unit holders, especially Corporate(s) and Financial Institutions (FIs), ABL AMCL on behalf of ABL-IF distributed all dividends before quarter closing so that dividend income could be booked by the Corporate(s) and FIs during their respective quarters.

Since the above distribution is more than 90% of the income for the year ended June 30, 2011, the income of ABL-IF will not be subject to tax under the Clause 99 of the Part I of the Second schedule of the Income Tax Ordinance, 2001.

CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holder's fund;
2. Proper books of accounts have been maintained by the Fund.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan have been followed in the preparation of the financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listed regulations;
8. Performance table of the Fund is given on page # 13 of the Annual Report;
9. There is no any statutory payment on account of taxes, duties, levies and charges outstanding;
10. The statement as to the value of investments of Staff Provident Fund is not applicable in the case of the Fund as such expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO and the Company Secretary and their spouse except as disclosed below and in notes to the financial statements;

S. No.	NAME	DESIGNATION	BEGINNING UNITS	UNITS ISSUED	UNITS REDEEMED	BONUS UNITS	CLOSING UNITS
1	Sheikh Mukhtar Ahmed	Chairman	11,952	-	-	1,388	13,340
2	Mr. M. Jawaid Iqbal	Director	63,451	-	34,355	4,389	33,485
3	Mr. M. Shakeb Murad	Director	29,966	-	-	3,482	33,448
4	Mr. Farid Ahmed Khan	CEO	1,558,456	-	449,046	154,856	1,264,266
5	Mr. Faisal Mangroria	CFO & Company Secretary	99,862	-	99,862	-	-

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the period under review four meetings were held. Attendance of directors in these meetings are given below and in notes to the financial statements;

S.No	Name of Directors	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	04	1	3	19 th , 20 th , 21 st
2	Mr. Muhammad Waseem Mukhtar*	03	03	-	-
3	Mr. Mohammad Aftab Manzoor**	01	-	01	18 th
4	Mr. Khalid A. Sherwani*	03	03	-	-
5	Mr. M. Jawaid Iqbal	04	04	-	-
6	Mr. Muhammad Yaseen	04	03	01	18 th
7	Mr. M. Shakeb Murad	04	03	01	20 th
8	Mr. Kamran Nishat	04	04	-	-

*Appointed as new Directors of the ABL AMCL through circular resolution No. ABL AMCL Memo No.CIR.14/2010 dated September 02, 2010

**Resigned through circular resolution No. ABL AMCL Memo No.CIR.14/2010 dated September 02, 2010

13. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL Income Fund, is given on page # 16 of the Annual Report.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors being eligible for re-appointment have been appointed as auditors for the year ending June 30, 2012 for ABL Income Fund (ABL-IF).

FUND STABILITY RATING

On December 31, 2010, JCR-VIS reaffirmed the Fund Stability Rating of ABL Income Fund (ABL-IF) at 'A+(f)' (Single A Plus (f)), which denotes moderate degree of stability in Net Asset Value.

MANAGEMENT QUALITY RATING

On December 31, 2010, JCR-VIS upgraded the Management Quality Rating of ABL Asset Management Company Limited (ABL AMCL) to 'AM3+' (AM-Three Plus) with positive outlook from 'AM3' (AM-Three), which denotes 'good management quality.'

OUTLOOK & STRATEGY

Macroeconomic conditions have shown some improvement but challenges continue to exist. Although interest rate stability is a welcome gesture, economic activity is still weak amid a strong perception of crisis of governance. Failure to resolve the circular debt issue, dwindling foreign inflows and weak security conditions are likely to keep pressure on economic managers.

ABL-IF intends to maintain high exposure towards short to medium term Government Securities and explore other low risk investment opportunities like Ijarah sukuk. The fund will continue to avoid longer duration and fixed rate instruments, especially those in the corporate sector, as credit risk issues remain a matter of concern. Furthermore, placements with good rated financial institutions and investments in selected banking TFCs will be explored to keep the portfolio diverse and achieve competitive returns.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, State Bank of Pakistan, the Trustee (Central Depository Company of Pakistan Limited), the management of Karachi Stock Exchange (Guarantee) Limited and the Auditors for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

Karachi, August 23, 2011

For and on behalf of the Board



FARID AHMED KHAN
Chief Executive Officer

FUND MANAGER'S REPORT

OBJECTIVE

The objective of ABL Income Fund is to earn superior risk adjusted rate of return by investing in a blend of short, medium and long term debt instruments, both within and outside Pakistan.

MARKET OVERVIEW

The Fixed Income mutual fund category exhibited a handsome growth of 45.3% during last year, thanks to strong investor interest in money market funds. Income funds category, on the contrary, declined by 22.62% during the period under review compared to a staggering 153.37% growth in money market fund AUMs. As the flight to safety continued, investor sentiments towards riskier and volatile income funds remained frail irrespective of potentially higher returns.

Economic uncertainties underpinned by security concerns, fiscal imbalances and rising interest rates led to very high volatility in money market yields. The SBP had to play an active role in managing the money markets by conducting regular Open Market Operations. During 1HFY-11, the central bank inflicted three consecutive hikes of 50bps each in the Discount Rate which rose to 14%. High inflation, burgeoning fiscal deficit and persistent Government borrowing from the central bank were the main reasons which forced SBP's hands. Adding to woes was flood related crisis towards the start of the fiscal year which curtailed GDP growth and in tandem fueled inflation during FY11. The escalating circular debt issue added fuel to the fire. Moreover, delays in implementation of crucial reforms led to a discontinuation of IMF's Standby Arrangement which jittered investor's nerves. Government borrowing via T-bills thus remained high which adversely impacted private sector credit off-take. Consequently, yields on T-bills remained competitive as investors took advantage of Government's plight.

Political instability and worsening security situation kept the much required foreign investment at bay. However, 2HFY-11 experienced an improvement in macroeconomic figures led by a positive current account, courtesy of healthy export figures and high remittances. Inflation subsided in the second half of the year due to dissipating impact of the floods along with restrained government borrowing which led to status quo decisions in the Discount Rate in the latter half of FY11.

M2 growth in FY11 was recorded at 15.89% YoY, mainly on the back of very high government borrowing. Foreign Exchange (FX) reserves increased to approximately \$18 billion in FY11, from \$16 billion in FY10 due to healthy export figures and high remittances.

FUND PERFORMANCE

As on June 30, 2011, net assets under management (AUM) of ABL-IF were Rs.4,879

million, a decline of 41.64% YoY. This was due to cannibalization of income funds' AUMs by money market funds during the period. During the period under review ABL-IF yielded an annualized return of 11.65%, while below average benchmark return of 13.38%, remained one of the highest in its peer group. ABL-IF, as a policy decision, avoided taking exposure in high yield instruments like TFCs due to high credit risks and price volatility, which led to stability in returns but at the cost of missing benchmark's performance. The fund maintained high exposure in government securities and with good rated banking counters as risk-reward equation in other instruments remains unattractive.

As of June 30, 2011, Government securities accounted for 45.89% of the fund, of which 32.13% were in Treasury Bills, 13.28% in GoP Ijara Sukuk and 0.48% in PIBs. TDRs constituted 24.14% compared to 38.88% allocation in the previous fiscal year. Remaining investments constituted primarily cash balance of 19.82%, Short term Sukuk of 2.51% and Money market Placements constituting 7.04% of fund size.

FUTURE OUTLOOK AND STRATEGY

Macroeconomic conditions have shown some improvement but the road ahead continues to look challenging. Energy shortages, poor revenue collection, falling infrastructure spending and dwindling external support funds will make the recovery long and painful. Although interest rate stability is a welcome development, pickup in economic activity is paramount to get the country on the path to recovery. Failure to resolve the circular debt issue, poor investment growth and weak security conditions are likely to keep pressure on economic managers.

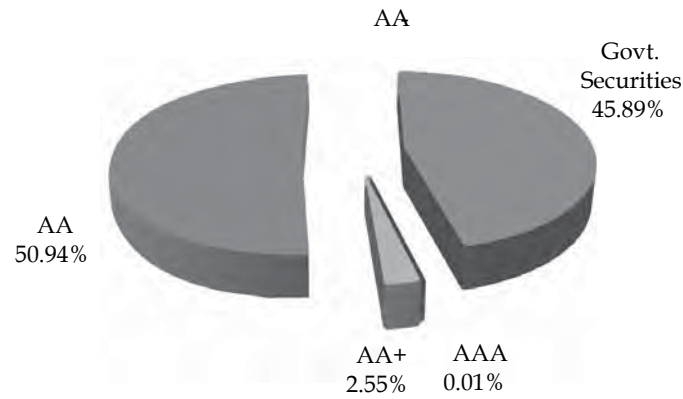
ABL-IF intends to maintain high exposure towards short to medium term Government Securities and will explore other low risk investment opportunities to generate competitive returns. Furthermore, placements with good rated financial institutions and investments in high rated banking TFCs will be explored to keep the portfolio diverse and achieve higher returns.

ABL Income Fund Performance		FY2011
Yield		11.65%
Benchmark (Average 6 month KIBOR)		13.38%
Weighted average time to maturity of net assets		201 days

ABL Income Fund AUMs & Pricing		FY2011
Assets under management as at June 30, 2011 (PKR mn)		4,879
Closing NAV per unit as June 30, 2011 (PKR) (Ex-Dividend)		10.0195
Closing NAV per unit as June 30, 2011 (PKR) (Cum-Dividend)		11.1339

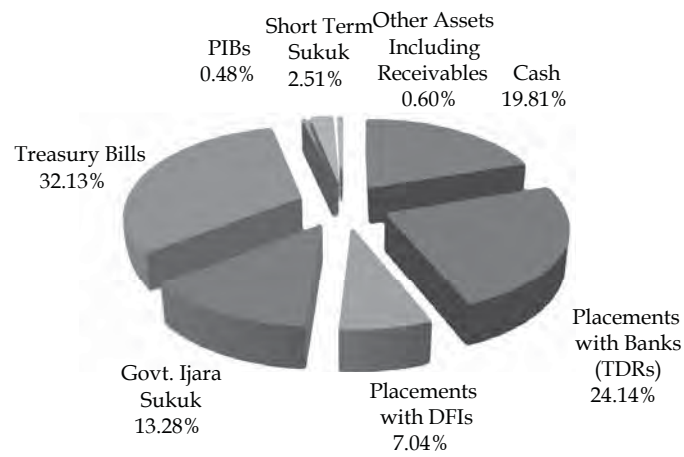
Distribution	Payout	FY2011
1 st Quarterly Dividend	100%	0.2701
2 nd Quarterly Dividend	100%	0.2689
3 rd Quarterly Dividend	100%	0.2906
4 th Quarterly Dividend	100%	0.2848

Asset Quality as a %age of Total Assets



Other assets account for 0.60% of Total Assets

Asset Allocation as a %age of Total Assets



ABL INCOME FUND PERFORMANCE TABLE

	June 2011	June 2010	June 2009
	----- (Rupees in '000) -----		
Net Assets	4,878,536	8,360,054	6,872,176
Net Income	639,266	933,649	398,369
	(Rupees per unit)		
Net Assets value	10.0195	10.0164	10.0166
Interim distribution	0.8296	0.8123	0.7627
Final distribution	0.2848	0.2421	0.2971
Distribution date final	June 29, 2011	June 28, 2010	June 29, 2009
Closing offer price	10.0195	10.0164	10.0166
Closing repurchase price	10.0195	10.0164	10.0166
Highest offer price	10.2906	10.2731	10.4165
Lowest offer price	10.0032	10.0032	10.0000
Highest repurchase price per unit	10.2906	10.2731	10.4165
Lowest repurchase price per unit	10.0032	10.0032	10.0000
	Percentage		
Total return of the fund			
- capital growth	0.51%	0.43%	3.96%
- income distribution	11.14%	10.54%	10.60%
Average return of the fund			
First Year	11.65%	10.97%	14.56%
Second Year	11.95%	12.53%	-
Third Year / Since Inception	13.58%	-	-
Weighted average Portfolio duration in days	201	92	82

* Distribution date

2011		2010		2009	
Date	Rate	Date	Rate	Date	Rate
September 29, 2010	Re 0.2701 Per Unit	September 29, 2009	Re 0.2731 Per Unit	December 31, 2008	Re 0.4165 Per Unit
December 30, 2010	Re 0.2689 Per Unit	December 30, 2009	Re 0.2783 Per Unit	March 31, 2009	Re 0.3462 Per Unit
March 30, 2011	Re 0.2906 Per Unit	March 30, 2010	Re 0.2609 Per Unit		

Disclaimer

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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

TRUSTEE REPORT TO THE UNIT HOLDERS

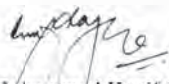
ABL INCOME FUND

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

The ABL Income Fund (the Fund), an open-end Fund was established under a trust deed dated June 16, 2008, executed between ABL Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 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 4, 2011





A. F. FERGUSON & CO.

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


We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ABL Asset Management Company Limited (the Management Company) for and on behalf of **ABL Income Fund** to comply with the requirements of Chapter XI of the Listing Regulations 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 Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

Sub-Regulation (xiii a) of Listing Regulation No. 35 requires the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2011.


Chartered Accountants
Karachi
Dated: August 29, 2011

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

*Lahore: 29-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1916, Street No. 1, Behird Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320*

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance (“the Code”) contained in Regulation No.35 of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The board of directors (“the Board”) of ABL Asset Management Company Limited (“the Management Company”), an un-listed public company, manages the affairs of ABL Income Fund (“the Fund”). The Fund being a unit trust open ended scheme does not have its own board of directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present, the Board includes seven non-executive directors of whom two are independent directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the directors of the Management Company have confirmed that they are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year under review two casual vacancies occurred on the Board which were dully filed on time.
5. The Management Company has prepared a ‘Statement of Ethics and Business Practices’ which has been signed by all the directors and employees of the Management Company.
6. The Board has developed a vision/mission statement, an overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these 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 have been taken by the Board. There is no executive director of the Management Company.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. In order to apprise the directors of their duties and responsibilities, the requirements of applicable laws and regulations and for their orientation purposes they have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2008, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Management Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Management Company and to the Fund, their policies and procedures and with the provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
11. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
12. The roles and responsibilities of the Chairman and the CEO have been approved by the Board.
13. The Directors' Report of the Fund for the year ended June 30, 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
15. The directors, CEO and executives do not hold any interest in the units of the Fund other than disclosed in the Directors Report.

16. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
17. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee.
18. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
19. There exists an effective internal audit function within the Management Company.
20. The statutory auditors of the Fund have confirmed that they have been give a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
21. 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.
22. We confirm that all other material principles contained in the Code have been complied with.

Karachi, August 23, 2011

For and on behalf of the Board



FARID AHMED KHAN
Chief Executive Officer



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **ABL Income Fund**, which comprise the statement of assets and liabilities as at June 30, 2011, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the 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 state of the Fund's affairs as at June 30, 2011 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Other matters

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

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: August 25, 2011

Karachi

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>*

*Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 89, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1916, Street No. 1, Behind Cinema Boriqot, Nuhur-e-Darsan, Kurte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320*

ABL INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES

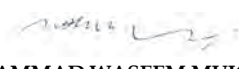
AS AT JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
----- (Rupees in '000) -----			
ASSETS			
Bank balances	4	1,005,203	663,489
Investments	5	3,956,284	7,766,698
Profit receivable	6	24,389	71,022
Security deposits and other receivables	7	875	100
Preliminary expenses and floatation costs	8	2,222	3,222
Total assets		<u>4,988,973</u>	<u>8,504,531</u>
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	9	8,063	15,796
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	413	936
Payable to the Securities and Exchange Commission of Pakistan	11	4,917	7,044
Dividend payable		61,081	92,474
Payable against redemption of units		3,115	26,534
Accrued expenses and other liabilities	12	32,848	1,693
Total liabilities		<u>110,437</u>	<u>144,477</u>
NET ASSETS		<u>4,878,536</u>	<u>8,360,054</u>
Unit holders' Fund (as per statement attached)		<u>4,878,536</u>	<u>8,360,054</u>
Contingencies and Commitments	13		
----- (Number of units) -----			
Number of units in issue	14	<u>486,903,898</u>	<u>834,636,866</u>
----- (Rupees)-----			
Net asset value per unit		<u>10.0195</u>	<u>10.0164</u>
Face value per unit		<u>10.0000</u>	<u>10.0000</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL INCOME FUND
INCOME STATEMENT

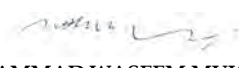
FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		----- (Rupees in '000) -----	
INCOME			
Net Gain / (Loss) on sale of investments		1,783	(525)
Income from Government Securities		478,958	263,633
Income from Term Deposit Receipts		211,962	478,500
Income from Certificates of Investment		2,369	105,167
Income from Certificates of Deposit		14,587	3,749
Income from Letters of Placement		30,874	85,265
Income from Reverse Repurchase transactions		53,718	54,602
Income from Term Finance Certificates / sukuk		2,545	-
Profit on bank accounts		47,328	149,296
		<u>844,124</u>	<u>1,139,687</u>
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net	5.5	<u>(1,089)</u>	<u>(4,087)</u>
		843,035	1,135,600
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company		98,333	140,890
Remuneration of Central Depository Company of Pakistan Limited - Trustee		7,000	10,393
Annual fee - Securities and Exchange Commission of Pakistan		4,917	6,794
Brokerage and other transaction costs		1,445	957
Bank charges		307	442
Auditors' remuneration	15	394	435
Amortisation of preliminary expenses and floatation costs	8	1,000	1,000
Printing charges		173	200
Listing fee		40	40
Rating fee		185	175
Other expenses		134	6
Total operating expenses		<u>113,928</u>	<u>161,332</u>
Net income from operating activities		<u>729,107</u>	<u>974,268</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(76,795)	(39,407)
Provision for workers' welfare fund	12.1	(13,046)	(1,212)
Net income for the year before taxation		<u>639,266</u>	<u>933,649</u>
Taxation	16	-	-
Net income for the year after taxation		<u>639,266</u>	<u>933,649</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>639,266</u></u>	<u><u>933,649</u></u>
Earnings per unit	17		

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL INCOME FUND
DISTRIBUTION STATEMENT

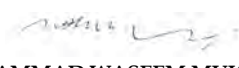
FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2011	June 30, 2010
	----- (Rupees in '000) -----	
Undistributed income brought forward		
- realised	17,772	11,365
- unrealised	(4,087)	-
	<u>13,685</u>	<u>11,365</u>
Interim distribution:		
- Re 0.2701 per unit on September 29, 2010 (2010: 0.2731 per unit on September 29, 2009)		
- Cash distribution	(66,647)	(98,392)
- Issue of bonus units	(101,971)	(152,837)
Interim distribution:		
- Re 0.2689 per unit on December 30, 2010 (2010: Re 0.2783 per unit on December 30, 2009)		
- Cash distribution	(62,950)	(70,250)
- Issue of bonus units	(102,289)	(145,768)
Interim distribution:		
- Re 0.2906 per unit on March 30, 2011 (2010: Re 0.2609 per unit on March 30, 2010)		
- Cash distribution	(68,041)	(70,351)
- Issue of bonus units	(91,246)	(168,557)
Final distribution:		
- Re 0.2848 per unit on June 29, 2011 (2010: Re 0.2421 per unit on June 29, 2010)		
- Cash distribution	(61,081)	(92,474)
- Issue of bonus units	(85,781)	(136,582)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(3,450)	3,882
Net income for the year	639,266	933,649
Undistributed income carried forward	<u>9,495</u>	<u>13,685</u>
Undistributed income comprising:		
Realised income	10,584	17,772
Unrealised income / (loss)	(1,089)	(4,087)
	<u>9,495</u>	<u>13,685</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL INCOME FUND
MOVEMENT IN UNIT HOLDERS' FUND

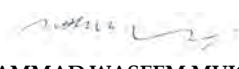
FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2011	June 30, 2010
	----- (Rupees in '000) -----	
Net assets at the beginning of the year	8,360,054	6,872,176
Issue of 602,260,386 (2010: 2,501,642,312) units	6,092,647	25,256,424
Redemption of 988,122,053 (2010: 2,413,460,960) units	(10,031,507)	(24,410,135)
	(3,938,860)	846,289
Issue of bonus units		
- Interim distribution 29,550,550 (2010: 46,716,151 units)	295,506	467,162
- Final distribution 8,578,149 (2010: 13,658,244 units)	85,781	136,582
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	76,795	39,407
- amount representing (income) / loss and capital (gains) / losses - transferred to distribution statement	3,450	(3,882)
	80,245	35,525
Other net income for the year	638,572	938,261
Capital (loss) / gain on sale of investments	1,783	(525)
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(1,089)	(4,087)
Total comprehensive income for the year	639,266	933,649
Interim distribution:		
- Re 0.2701 per unit on September 29 2010 (2010: 0.2731 per unit on September 29 2009)		
Cash distribution	(66,647)	(98,392)
Issue of bonus units	(101,971)	(152,837)
Interim distribution:		
- Re 0.2689 per unit on December 30, 2010 (2010: Re 0.2783 per unit on December 31, 2009)		
Cash distribution	(62,950)	(70,250)
Issue of bonus units	(102,289)	(145,768)
Interim distribution:		
- Re 0.2906 per unit on March 30, 2011 (2010: Re 0.2609 per unit on March 30, 2010)		
Cash distribution	(68,041)	(70,351)
Issue of bonus units	(91,246)	(168,557)
Final distribution:		
- Re 0.2848 per unit on June 29, 2011 (2010: Re 0.2421 per unit on June 28, 2010)		
Cash distribution	(61,081)	(92,474)
Issue of bonus units	(85,781)	(136,582)
	(640,006)	(935,211)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) and capital (gains) / losses transferred to distribution statement	(3,450)	3,882
Net assets as at the end of the year	4,878,536	8,360,054

The annexed notes 1 to 29 form an integral part of these financial statements.

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL INCOME FUND
CASH FLOW STATEMENT

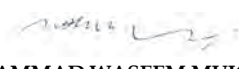
FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		639,266	933,649
Adjustment for non-cash charges and other items;			
Amortisation of preliminary expenses and floatation costs		1,000	1,000
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		1,089	4,087
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		<u>76,795</u>	<u>39,407</u>
		718,150	978,143
(Increase) / decrease in assets			
Profit receivable		46,633	41,841
Investments		2,009,325	(1,736,785)
Security deposits and prepayment		(775)	-
		2,055,183	(1,694,944)
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		(7,733)	3,713
Payable to the Central Depository Company of Pakistan Limited - Trustee		(523)	314
Payable to the Securities and Exchange Commission of Pakistan		(2,127)	4,850
Accrued expenses and other liabilities		<u>31,155</u>	<u>1,246</u>
		20,772	10,123
Net cash inflow from / (outflow on) operating activities		<u>2,794,105</u>	<u>(706,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(290,112)	(316,694)
Net (payments) / receipts against (redemption) / issuance of units		<u>(3,962,279)</u>	<u>872,063</u>
Net cash (outflow on) / inflow from financing activities		(4,252,391)	555,369
Net decrease in cash and cash equivalents		<u>(1,458,286)</u>	<u>(151,309)</u>
Cash and cash equivalents at the beginning of the year		3,663,489	3,814,798
Cash and cash equivalents at the end of the year	4.1	<u><u>2,205,203</u></u>	<u><u>3,663,489</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL INCOME FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Income Fund (the Fund) was established under a Trust Deed executed on June 16, 2008 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed in accordance with the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Securities and Exchange Commission of Pakistan (SECP) approved the revised / amended Trust Deed of the Fund on June 6, 2008. The Fund commenced its operations on September 20, 2008. During the year, a supplemental Trust Deed was executed on September 30, 2010 to categorise ABL Income Fund as an Open End Income Scheme in terms of Circular 7 of SECP.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by SECP on December 7, 2007. The registered office of the Management Company is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

The Fund is an open ended mutual fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered to public for subscription on a continuous basis. The units are transferable and are redeemable by surrendering them to the Fund. The units of the Fund were initially offered to public for subscription at par from September 17, 2008 to September 19, 2008 and thereafter these units are offered to public for subscription on a continuous basis.

The objective of the Fund is to earn superior risk adjusted rate of return by investing in a blend of short, medium and long-term instruments, both within and outside Pakistan. The Fund, in line with its investment objectives, invests primarily in money and debt markets, CFS, certificate of investments, clean placements, spread transactions, derivatives and other absolute return instruments.

JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM3+' (Positive Outlook) to the Management Company and Fund Stability Rating of 'A+(f)' to the Fund.

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, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i. Classification and valuation of financial assets (notes 3.1 and 5)
- ii. Amortisation of preliminary expenses and floatation costs (note 3.5 and 8)

2.5 Accounting convention

These financial statements are prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below:

3.1 Financial assets

3.1.1 Classification

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

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

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

b) Loans and receivables

These are non-derivatives 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 or loss.

3.1.2 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value while the related transaction costs are expensed out in the income statement.

3.1.3 Subsequent measurement

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

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

- Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 of 2009 dated January 6, 2009. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

- Basis of valuation of government securities

The investment of the Fund in Government Securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan in accordance with the requirements of Regulation 66(k) of the NBFC Regulations.

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

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to 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'.

b) Loans and receivable

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

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.1.4 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such 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 in case of held for trading financial assets. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement is reclassified from the Statement of Comprehensive Income to the Income Statement.

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to original terms. The amount of the provision is the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

Provision for non-performing debt securities is made in accordance with the criteria for provision of non-performing debt securities specified in Circular No. 1 dated January 06, 2009 and Circular No. 13 dated May 4, 2009 issued by the SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.1.5 Derecognition

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

3.2 Derivatives

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

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, cancelled or expired.

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations.

3.6 Provisions

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

3.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among 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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.8 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

3.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company after realization of subscription money. The offer price represents the net asset value per unit plus the allowance for sales load

provision for transaction costs and any provision for duties and charges, if applicable as of the close of the business day when duly filled investment form is received. However, effective from November 1, 2010, offer price represents net asset value per unit as of the close of the business day when the instrument is realized in the trust bank account as per the constitutive document. 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, applicable to units for which the distributors receive redemption request during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, 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.

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the Unit Holder's Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders.

The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the income statement.

However, there is no element of income / (loss) and capital gain / (loss) relating to units issued and redeemed during the current accounting period which pertains to unrealised gains / (losses) held in the unit Holder's Fund as the Fund has not recognised any investment as 'available for sale' during the year ended June 30, 2011.

3.11 Net Asset Value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.12 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.
- Income on government securities, bank deposits and placements is recognised on an accrual basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' category are included in the income statement in the period in which they arise.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost.

	Note	June 30, 2011	June 30, 2010
----- (Rupees in '000) -----			
4 BANK BALANCES			
Saving accounts	4.1	1,005,203	663,489
		<u>1,005,203</u>	<u>663,489</u>
4.1 CASH AND CASH EQUIVALENTS			
Balances with banks	4.2	1,005,203	663,489
Term deposit receipts		1,200,000	3,000,000
		<u>2,205,203</u>	<u>3,663,489</u>

- 4.2 These saving accounts carrying mark-up at rates ranging from 5.00% to 13.90% (June 30, 2010: 5.00% to 11.50%) per annum. Deposits in savings accounts include Rs. 28,412,652 (June 30, 2010: Rs. 63,364,181) maintained with Allied Bank Limited, a related party.

5 INVESTMENTS	Note	June 30,	June 30,
		2011	2010
----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss' - held for trading			
- Government Treasury Bills	5.1	1,597,246	3,936,698
- Pakistan Investment Bonds	5.2	23,816	-
- Ijarah sukuk	5.3	660,222	-
- Term finance certificates / sukuk	5.4	125,000	-
Loans and receivables	5.6	1,550,000	3,830,000
		<u>3,956,284</u>	<u>7,766,698</u>

5.1 Government Treasury Bills:

Issue date	Tenor	Face Value			Balance as at June 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the year	Disposed off / matured during the year	As at June 30, 2011	Carrying value	Market value		
----- Rupees in '000 -----									
July 30, 2009	12 Months	300,000	-	300,000	-	-	-	-	-
August 13, 2009	12 Months	250,000	80,000	330,000	-	-	-	-	-
September 26, 2009	12 Months	-	92,000	92,000	-	-	-	-	-
January 14, 2010	6 Months	-	300,000	300,000	-	-	-	-	-
February 1, 2010	6 Months	-	1,004,000	1,004,000	-	-	-	-	-
February 11, 2010	6 Months	-	383,000	383,000	-	-	-	-	-
February 25, 2010	6 Months	-	425,000	425,000	-	-	-	-	-
March 25, 2010	12 Months	-	200,000	200,000	-	-	-	-	-
April 8, 2010	6 Months	200,000	50,000	250,000	-	-	-	-	-
April 22, 2010	12 Months	100,000	-	100,000	-	-	-	-	-
April 22, 2010	6 Months	450,000	-	450,000	-	-	-	-	-
April 22, 2010	3 Months	10,000	73,000	83,000	-	-	-	-	-
May 6, 2010	3 Months	-	135,000	135,000	-	-	-	-	-
May 6, 2010	6 Months	85,000	475,000	560,000	-	-	-	-	-
May 20, 2010	12 Months	150,000	-	150,000	-	-	-	-	-
May 20, 2010	6 Months	1,100,000	500,000	1,600,000	-	-	-	-	-
May 20, 2010	3 Months	100,000	945,000	1,045,000	-	-	-	-	-
June 3, 2010	6 Months	800,000	425,000	1,225,000	-	-	-	-	-
June 3, 2010	12 Months	400,000	-	400,000	-	-	-	-	-
June 17, 2010	12 Months	200,000	-	200,000	-	-	-	-	-
July 15, 2010	3 Months	-	580,000	580,000	-	-	-	-	-
July 15, 2010	6 Months	-	50,000	50,000	-	-	-	-	-
July 29, 2010	3 Months	-	408,000	408,000	-	-	-	-	-
July 29, 2010	6 Months	-	200,000	200,000	-	-	-	-	-
August 13, 2010	3 Months	-	4,542,986	4,542,986	-	-	-	-	-
August 13, 2010	6 Months	-	450,000	450,000	-	-	-	-	-
August 26, 2010	3 Months	-	187,000	187,000	-	-	-	-	-
August 26, 2010	6 Months	-	187,000	187,000	-	-	-	-	-
August 26, 2010	12 Months	-	600,000	600,000	-	-	-	-	-
September 9, 2010	3 Months	-	921,500	921,500	-	-	-	-	-
October 7, 2010	3 Months	-	1,743,000	1,743,000	-	-	-	-	-
October 21, 2010	3 Months	-	618,500	618,500	-	-	-	-	-
October 21, 2010	6 Months	-	851,500	851,500	-	-	-	-	-
November 4, 2010	3 Months	-	1,654,000	1,654,000	-	-	-	-	-
November 4, 2010	6 Months	-	375,000	375,000	-	-	-	-	-
December 2, 2010	3 Months	-	2,260,000	2,260,000	-	-	-	-	-
December 2, 2010	6 Months	-	275,000	275,000	-	-	-	-	-
December 18, 2010	3 Months	-	250,000	250,000	-	-	-	-	-
December 30, 2010	3 Months	-	240,000	240,000	-	-	-	-	-
January 13, 2011	3 Months	-	1,195,000	1,195,000	-	-	-	-	-
January 27, 2011	3 Months	-	2,204,500	2,204,500	-	-	-	-	-
February 10, 2011	3 Months	-	2,763,400	2,763,400	-	-	-	-	-
February 10, 2011	6 Months	-	1,186,000	1,185,500	500	493	493	0.0%	0.0%
February 24, 2011	3 Months	-	828,000	828,000	-	-	-	-	-

February 24, 2011	6 Months	-	440,000	200,000	240,000	235,366	235,247	(119)	5%	6%	
March 10, 2011	3 Months	-	425,000	425,000	-	-	-	-	-	-	
March 10, 2011	6 Months	-	1,195,000	1,006,000	189,000	184,412	184,321	(91)	4%	5%	
March 24, 2011	3 Months	-	375,000	375,000	-	-	-	-	-	-	
March 24, 2011	6 Months	-	2,013,000	2,013,000	-	-	-	-	-	-	
March 24, 2011	12 Months	-	624,000	249,000	375,000	342,051	340,962	(1,089)	7%	9%	
April 7, 2011	3 Months	-	800,000	800,000	-	-	-	-	-	-	
April 7, 2011	6 Months	-	4,214,500	4,214,500	-	-	-	-	-	-	
April 21, 2011	3 Months	-	562,000	562,000	-	-	-	-	-	-	
April 21, 2011	6 Months	-	762,000	562,000	200,000	192,215	192,102	(113)	4%	5%	
May 5, 2011	3 Months	-	500,000	495,000	5,000	4,953	4,951	(2)	0.1%	0.1%	
May 5, 2011	6 Months	-	750,000	500,000	250,000	239,284	238,905	(379)	5%	6%	
May 19, 2011	3 Months	-	375,000	375,000	-	-	-	-	-	-	
May 19, 2011	6 Months	-	645,000	526,100	118,900	113,062	113,049	(13)	2%	3%	
May 19, 2011	12 Months	-	200,000	200,000	-	-	-	-	-	-	
June 2, 2011	3 Months	-	100,000	-	100,000	98,029	98,019	(10)	2%	2%	
June 2, 2011	6 Months	-	200,000	-	200,000	189,256	189,197	(59)	4%	5%	
June 30, 2011	12 Months	-	100,000	100,000	-	-	-	-	-	-	
Total - June 30, 2011			4,145,000	43,937,886	46,404,486	1,678,400	1,599,121	1,597,246	(1,875)	33%	40%
Total - June 30, 2010			-	11,335,000	7,190,000	4,145,000	3,940,785	3,936,698	(4,087)	47%	51%

5.2 Pakistan Investment Bonds:

Issue date	Tenor	Face Value				Balance as at June 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the year	Disposed off /matured during the year	As at June 30, 2011	Carrying value	Market value	Appreciation/ (diminution)		
-----Rupees in '000-----										
July 22, 2010	3 Years	-	125,000	100,000	25,000	23,802	23,816	14	0.5%	1%
July 22, 2010	5 Years	-	175,000	175,000	-	-	-	-	-	-
July 22, 2010	10 Years	-	50,000	50,000	-	-	-	-	-	-
September 3, 2010	3 Years	-	300,000	300,000	-	-	-	-	-	-
Total - June 30, 2011			650,000	625,000	25,000	23,802	23,816	14	0.5%	1%
Total - June 30, 2010			-	-	-	-	-	-	-	-

5.3 Ijarah sukuk

Issue date	Tenor	Face Value				Balance as at June 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the year	Disposed off /matured during the year	As at June 30, 2011	Carrying value	Market value	Appreciation/ (diminution)		
-----Rupees in '000-----										
November 15, 2010	3 Years	-	50,000	50,000	-	-	-	-	-	-
March 7, 2011	3 Years	-	120,000	-	120,000	120,250	120,294	44	2%	3%
May 16, 2011	3 Years	-	1,525,000	985,800	539,200	539,200	539,928	728	11%	14%
Total - June 30, 2011			1,695,000	1,035,800	659,200	659,450	660,222	772	14%	17%
Total - June 30, 2010			-	-	-	-	-	-	-	-

5.4 Term Finance Certificates / sukuk:

Name of the investee company	Profit/ Markup Rate %	Number of Certificates				Balance as at June 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the year	Disposed off /matured during the year	As at June 30, 2011	Carrying value	Market value	Appreciation/ (diminution)		
-----Rupees in '000-----										
Askari Bank Limited- I	6 months KIBOR plus 1.50%	-	15,505	15,505	-	-	-	-	-	-
Bank Al Habib Limited- II	6 months KIBOR plus 1.95%	-	2,077	2,077	-	-	-	-	-	-

Bank Alfalah Limited- II	6 months KIBOR plus 1.50%	-	6,280	6,280	-	-	-	-	-	-
Bank Alfalah Limited- IV Fixed	15%	-	1,200	1,200	-	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited- III	6 months KIBOR plus 2%	-	13,644	13,644	-	-	-	-	-	-
Soneri Bank Limited - I	6 months KIBOR plus 1.60%	-	2,000	2,000	-	-	-	-	-	-
United Bank Limited - III	6 months KIBOR plus 1.70%	-	3,400	3,400	-	-	-	-	-	-
United Bank Limited - I	8.40%	-	9,000	9,000	-	-	-	-	-	-
Kot Addu Power Company Limited	14.89%	-	25,000	-	25,000	125,000	125,000	-	2.6%	3.2%
Total - June 30, 2011		-	78,106	53,106	25,000	125,000	125,000	-	2.6%	3.2%
Total - June 30, 2010		-	-	-	-	-	-	-	-	-

	June 30, 2011	June 30, 2010
5.5 Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - 'held for trading'	----- (Rupees in '000) -----	
Market value of securities	2,406,284	3,936,698
Less: carrying value of securities	2,407,373	3,940,785
	<u>(1,089)</u>	<u>(4,087)</u>

5.6 Loans and receivables

Certificates of Investment	-	500,000
Certificate of Deposit	-	80,000
Term Deposit Receipts	5.6.1 1,200,000	3,250,000
Letter of Placement	5.6.2 350,000	-
	<u>1,550,000</u>	<u>3,830,000</u>

5.6.1 Term Deposit Receipts carry mark-up at rates ranging from 13.75% to 13.98% (June 30, 2010: 11.75% to 12.50%) per annum and maturities ranging from July 25, 2011 to July 28, 2011 (June 30, 2010: July 20, 2010 to January 21, 2011).

5.6.2 Letter of Placement carry mark- up at the rate of 13.75% per annum and maturity at July 13, 2011.

	June 30, 2011	June 30, 2010
6 PROFIT RECEIVABLE	----- (Rupees in '000) -----	
Interest accrued on Term Deposit Receipts	2,304	54,825
Interest accrued on Certificates of Investment	-	13,142
Interest accrued on Certificates of Deposit	-	2,443
Markup accrued on bank deposits	3,918	612
Interest accrued on Pakistan Investments Bond	1,233	-
Profit accrued on Ijarah sukuk - Government of Pakistan	14,357	-
Profit accrued on unlisted debt securities	204	-
Interest accrued on Letter of Placements	2,373	-
	<u>24,389</u>	<u>71,022</u>

7 SECURITY DEPOSIT AND OTHER RECEIVABLES

CDC - Security Deposit	100	100
National Clearing Company of Pakistan Limited	275	-
Annual Fee - BATS	500	-
	<u>875</u>	<u>100</u>

		June 30, 2011	June 30, 2010
8	PRELIMINARY EXPENSES AND FLOATATION COSTS	----- (Rupees in '000) -----	
	Opening balance	3,222	4,222
	Less: amortized during the year	<u>(1,000)</u>	<u>(1,000)</u>
	Closing balance	<u><u>2,222</u></u>	<u><u>3,222</u></u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirement of the Trust Deed, these costs are being amortized over a period not exceeding five years.

	Note	June 30, 2011	June 30, 2010
9	PAYABLE TO THE ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY	----- (Rupees in '000) -----	
	Management fee	9.1 6,063	12,796
	Preliminary expenses and flotation costs	<u>2,000</u>	<u>3,000</u>
		<u><u>8,063</u></u>	<u><u>15,796</u></u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 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 1.5 percent of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

	Note	June 30, 2011	June 30, 2010
10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	----- (Rupees in '000) -----	
	Trustee fee	10.1 413	935
	CDS custody charges	<u>-</u>	<u>1</u>
		<u><u>413</u></u>	<u><u>936</u></u>

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

Based on the revised terms, the tariff structure applicable to the Fund as at June 30, 2011 is as follows:

Net Assets	Tariff per annum
Upto Rs 1 billion	Rs 0.6 million (2010: Rs.0.7 million) or 0.17 percent (2010: 0.20 percent) per annum of NAV whichever is higher.
Rs 1 billion to Rs 5 billion	Rs 1.7 million (2010: Rs. 2.0 million) plus 0.085 percent (2010: 0.10 percent) per annum of NAV exceeding Rs 1 billion.
Over Rs 5 billion	Rs 5.1 million (2010: Rs 6.0 million) plus 0.07 percent (2010: 0.10 percent) per annum of NAV exceeding Rs 5 billion.

	Note	June 30, 2011	June 30, 2010
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	----- (Rupees in '000) -----	
	Annual fee	11.1 <u>4,917</u>	<u>7,044</u>

11.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme was required to pay, as an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the scheme.

	Note	June 30, 2011	June 30, 2010
12 ACCRUED EXPENSES AND OTHER LIABILITIES		----- (Rupees in '000) -----	
Auditors' remuneration		290	270
Brokerage		64	41
Printing and others charges		300	170
Payable to Workers' Welfare Fund	12.1	14,258	1,212
Tax deducted at source		139	-
Advance against issue of units	12.2	17,797	-
		<u>32,848</u>	<u>1,693</u>

12.1 Provision for workers' welfare fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution from May 27, 2010 till June 30, 2010 in the annual financial statements of the Fund for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 14.258 million (including Rs 13.046 million for the current year) in these financial statements.

- 12.2 This represents advance against issue of units received from various individuals during May – June 2011 . In accordance with the requirements of the Trust Deed and Offering documents the management intends to issue the units against these amounts upon completion of all documentation formalities.

13 CONTINGENCIES AND COMMITMENTS

- 13.1 There were no contingencies and commitments outstanding as at June 30, 2011.

14 NUMBER OF UNITS IN ISSUE

	June 30, 2011	June 30, 2010
	-----Number of units-----	
Total units in issue at the beginning of the year	834,636,866	686,081,119
Add: Units issued	602,260,386	2,501,642,312
Add: Bonus units issued	38,128,699	60,374,395
Less: Units redeemed	(988,122,053)	(2,413,460,960)
Total units in issue at the end of the year	<u>486,903,898</u>	<u>834,636,866</u>
	June 30, 2011	June 30, 2010

15 AUDITORS' REMUNERATION

	----- (Rupees in '000) -----	
Annual audit fee	200	175
Half yearly review fee	100	100
Other certifications and services	75	75
Out of pocket	19	85
	<u>394</u>	<u>435</u>

16 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as

reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the management company intends to distribute at least ninety percent of the Fund's accounting income for the current period as reduced by capital gains, whether realised or unrealised, to its unit holders.

17 EARNINGS PER UNIT

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2011, all the financial assets carried on the Statement of Assets and Liabilities are categorised as 'loans and receivables' and financial assets 'at fair value through profit or loss' and all the financial liabilities carried on the Statement of Assets and Liabilities are categorised as 'Liabilities other than at fair value through profit or loss', respectively.

	-----As at June 30, 2011-----		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
	-----Rupees in '000-----		
Financial assets			
Bank balances	1,005,203	-	1,005,203
Investments	1,550,000	2,406,284	3,956,284
Profit receivable	24,389	-	24,389
Security deposits	875	-	875
	<u>2,580,467</u>	<u>2,406,284</u>	<u>4,986,751</u>

	-----As at June 30, 2011-----		
	Other financial liabilities	Liabilities at fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial liabilities			
Payable to the ABL Asset Management Company Limited - Management Company	8,063	-	8,063
Payable to the Central Depository Company of Pakistan Limited - Trustee	413	-	413
Dividend payable	61,081	-	61,081
Payable against redemption of units	3,115	-	3,115
Accrued expenses and other liabilities	18,451	-	18,451
	<u>91,123</u>	<u>-</u>	<u>91,123</u>

	-----As at June 30, 2010-----		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
	-----Rupees in '000-----		
Financial assets			
Bank balances	663,489	-	663,489
Investments	3,830,000	3,936,698	7,766,698
Profit receivable	71,022	-	71,022
Security deposits	100	-	100
	<u>4,564,611</u>	<u>3,936,698</u>	<u>8,501,309</u>

	-----As at June 30, 2010-----		
	Other financial liabilities	Liabilities at fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial liabilities			
Payable to the ABL Asset Management Company Limited			-
- Management Company	15,796	-	15,796
Payable to the Central Depository Company of Pakistan Limited - Trustee	936		936
Dividend payable	92,474	-	92,474
Payable against redemption of units	26,534	-	26,534
Accrued expenses and other liabilities	481	-	481
	136,221	-	136,221

19 TRANSACTIONS WITH CONNECTED PERSONS

- 19.1** Connected persons / related parties include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited - Employees Superannuation (Pension) Fund, ABL Staff Provident Fund being entities under common management and / or directorship, Central Depository Company being the trustee of the Fund and the directors and officers of the Management Company.
- 19.2** Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 19.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

19.5 Details of transactions during the year

	June 30, 2011	June 30, 2010
	----- (Rupees in '000) -----	
ABL Asset Management Company Limited		
- Management Company		
Issue of 1,191,094 units (2010: 34,539,745 units)	12,000	350,072
Bonus of 624,126 units (2010: 1,731,167 units)	6,241	17,312
Redemption of 20,974,180 units (2010: 20,852,148 units)	212,000	211,950
Remuneration for the year	98,333	140,890
Allied Bank Limited		
Issue of Nil units (2010: 197,477,673 units)	-	2,000,000
Redemption of Nil units (2010: 197,477,673 units)	-	1,977,005
Cash dividend	83,580	129,916
Mark-up income	46,092	75,460
Term Deposit Receipts placed	2,753,000	1,000,000
Term Deposit Receipts matured	2,753,000	1,155,000
Bank charges	70	195
ABL Asset Management Company Limited		
- Staff Provident Fund		
Issue of 39,106 units (2010: 186,189 units)	400	1,873
Bonus of 12,001 units (2010: 7,367 units)	120	74
Redemption of 185,129 units (2010: 106,285 units)	1,863	1,080
ABL - Employees Superannuation (Pension) Fund		
Cash dividend	44,443	42,050
ABL - Staff Provident Fund		
Cash dividend	2,947	2,789

	June 30, 2011	June 30, 2010
	----- (Rupees in '000) -----	
CHAIRMAN OF THE MANAGEMENT COMPANY		
Sheikh Mukhtar Ahmad Bonus of 1,388 units (2010: 1,181 units)	14	12
DIRECTORS OF THE MANAGEMENT COMPANY		
Mr. Muhammad Javaid Iqbal Issue of Nil units (2010: 29,291 units) Redemption of 34,355 units (2010: Nil units) Bonus of 4,389 units (2010: 4,015 units)	- 353 44	300 - 40
Mr. Shakeb Murad Issue of Nil units (2010: 29,966 units) Bonus of 3,482 units (2010: 3, 286 units) Redemption of Nil units (2010: 33,247 units)	- 35 -	300 33 333
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer Issue of Nil units (2010: 3,184,414 units) Bonus of 154,856 units (2010: 49,697 units) Redemption of 449,046 units (2010: 1,675,655 units)	- 1,549 4,550	32,110 497 16,810
Executives Issue of Nil units (2010: 604,771 units) Bonus of 3,824 units (2010: 15,073 units) Redemption of 114,719 units (2010: 567,617 units)	- 38 1,157	6,120 151* 5,747*
* Amounts changed from prior year due to change in the criteria for classification of executives by the Management Company.		
TRUSTEE		
Central Depository Company of Pakistan Limited Remuneration for the year	7,000	10,393
19.6 Amounts outstanding as at year end	June 30, 2011	June 30, 2010
	----- (Rupees in '000) -----	
ABL Asset Management Company Limited - Management Company Outstanding 4,276,885 units (June 30, 2010: 23,435,845 units) Preliminary expenses and floatation costs payable Remuneration payable to Management Company	42,852 2,000 6,063	234,743 3,000 12,796
Allied Bank Limited Outstanding 75,000,000 units (June 30, 2010: 75,000,000 units) Cash dividend payable Bank balances Mark up accrued	751,463 21,360 28,413 134	751,230 42,345 63,364 436
ABL Asset Management Company Limited - Staff Provident Fund Outstanding Nil units (June 30, 2010: 134,022 units)	-	1,342
ABL - Employees Superannuation (Pension) Fund Outstanding 39,880,238 units (June 30, 2010: 39,880,238 units) Cash dividend payable	399,580 11,358	399,456 9,655
ABL - Staff Provident Fund Outstanding 2,644,829 units (June 30, 2010: 2,644,829 units) Cash dividend payable	26,500 753	26,492 640

CHAIRMAN OF THE MANAGEMENT COMPANY**Sheikh Mukhtar Ahmad**

Outstanding 13,340 units (June 30, 2010: 11,952 units) 134 120

DIRECTORS OF THE MANAGEMENT COMPANY**Mr. Muhammad Javaid Iqbal**

Outstanding 33,485 units (June 30, 2010: 63,451 units) 336 636

Mr. Shakeb Murad

Outstanding 33,448 units (June 30, 2010: 29,966 units) 335 300

KEY MANAGEMENT PERSONNEL**Chief Executive Officer**

Outstanding 1,264,266 units (June 30, 2010: 1,558,456 units) 12,667 15,610

Executives

Outstanding 36,739 units (June 30, 2010: 147,634 units) 368 1,479*

Central Depository Company of Pakistan Limited - Trustee

Remuneration and CDC connection fee payable 413 936

Security deposits receivable 100 100

* Amounts changed from prior year due to change in the criteria for classification of executives by the Management Company.

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No	Name	Designation	Experience in years	Qualification
1	Mr. Farid Ahmed Khan	Chief Executive Officer	17	CFA
2	Mr. Muhammad Imran	Chief Investment Officer	12	MBA
3	Mr. Abid Jamal	Head of Research	8	Bs
4	Mr. Hammad Ali Abbas	Fund Manager	7	Msc
5	Mr. Kamran Aziz	Fund Manager	4	BBA

20.1 Mr. Hammad Abbas is also managing ABL Cash Fund and ABL Islamic Cash Fund.

21 TRANSACTIONS WITH BROKERS / DEALERS

List of brokers by percentage of commission paid during the year ended June 30, 2011

S. No.	Particulars	Percentage
1	Invest Capital Investment Bank Limited	29.90%
2	IGI Finex Securities Limited	19.86%
3	Js Global Capital Limited	13.38%
4	Invisor Securities (Pvt) Limited	10.35%
5	KASB Securities Limited	5.35%
6	Global Securities Pakistan Limited	5.10%
7	Invest & Finance Securities Limited	3.75%
8	BMA Capital Management Limited	3.57%
9	ICON Securities Private Limited	2.61%
10	First Capital Securities Corporation Limited	2.00%

List of brokers by percentage of commission paid during the year ended June 30, 2010

S. No.	Particulars	Percentage
1	Invest Capital Investment Bank Limited	20.00%
2	Global Securities Pakistan Limited	16.66%
3	Vector Capital (Pvt) Limited	15.09%
4	Elixir Securities Pakistan (Private) Limited	14.78%
5	KASB Securities Limited	10.71%
6	IGI Finex Securities Limited	8.68%
7	Alfalah Securities (Private) Limited	5.39%
8	BMA Capital Management Limited	4.98%
9	First Capital Securities Corporation Limited	1.58%
10	Invisor Securities (Pvt) Limited	1.30%

22 PATTERN OF UNIT HOLDING

Category	Number of Unit holders	Number of units held	As at June 30, 2011	
			Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	1,130	75,565,726	757,133	15.52%
Associated companies / directors	8	123,146,491	1,233,866	25.29%
Insurance companies	5	13,675,949	137,026	2.81%
Bank / DFIs	4	107,017,485	1,072,262	21.98%
NBFCs	-	-	-	0.00%
Retirement funds	15	8,120,250	81,361	1.67%
Public limited companies	10	92,734,360	929,152	19.05%
Others	19	66,643,637	667,736	13.69%
	1,191	486,903,898	4,878,536	100%

Category	Number of Unit holders	Number of units held	As at June 30, 2010	
			Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	1,372	71,757,240	718,749	8.60%
Associated companies / directors	9	142,758,759	1,429,929	17.10%
Insurance companies	11	62,793,219	628,960	7.52%
Bank/ DFIs	6	190,527,768	1,908,402	22.83%
NBFCs	-	-	-	-
Retirement funds	28	16,597,062	166,242	1.99%
Public limited companies	14	242,903,622	2,433,020	29.10%
Others	26	107,299,196	1,074,752	12.86%
	1,466	834,636,866	8,360,054	100%

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 18th, 19th, 20th and 21st Board meetings were held on August 6, 2010, October 25, 2010, February 18, 2011, and April 29, 2011 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	4	1	3	19th, 20th, 21st
2	Mr. Muhammad Waseem Mukhtar *	3	3	-	-
3	Mr. Mohammad Aftab Manzoor**	1	-	1	18th
4	Mr. Khalid A. Sherwani*	3	3	-	-
5	Mr. M. Jawaid Iqbal	4	4	-	-
6	Mr. Muhammad Yaseen	4	3	1	18th
7	Mr. M. Shakeb Murad	4	3	1	20th
8	Mr. Kamran Nishat	4	4	-	-

* Appointed as new Directors of the ABL AMCL through circular resolution No. ABL AMCL Memo No. CIR.14/2010 dated September 02, 2010.

** Resigned through circular resolution No. ABL AMCL Memo No. CIR.14/2010 dated September 02, 2010.

24 FINANCIAL RISK MANAGEMENT

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

24.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee.

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

24.1.1 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 currency exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

24.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument .

b) Sensitivity analysis for fixed rate instruments

Fixed rates instruments comprises of T-Bills, PIBs, Ijarah sukuk, KAPCO sukuk, TDRs and letter of placements. The Fund income from these investments is substantially independent of changes in market interest rates, except for changes if any as a result of fluctuation in respective fair values.

Treasury bills and Pakistan Investment Bonds which are classified as financial assets 'at fair value through profit or loss' expose the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Market Association on June 30, 2011, with all other variables held constant, the net income for the year and net assets would be lower by Rs 5.974 million (2010: Rs 15.229 million). In case of 100 basis points decrease in rates announced by Financial Market Association on June 30, 2010, with all other variables held constant, the net income for the year and net assets would be higher by Rs 6.048 million (2010: Rs 16.421 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at June 30, 2011					
Effective Yield / Interest Rate	Exposed to Yield/ Interest risk			Not exposed to Yield/ Interest risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	5 - 13.9	1,005,203	-	-	1,005,203
Investments	13.07 - 14.89	2,073,030	1,199,217	684,038	3,956,285
Profit receivable	-	-	-	24,389	24,389
Security deposit and other receivable	-	-	-	875	875
Sub Total		3,078,233	1,199,217	684,038	4,986,752
Financial liabilities					
Payable to ABL Asset Management Company Limited - Management Company	-	-	-	8,063	8,063
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	413	413
Dividend payable	-	-	-	61,081	61,081
Payable against redemption of units	-	-	-	3,115	3,115
Accrued expenses and other liabilities	-	-	-	18,451	18,451
Sub Total		-	-	91,123	91,123
On-balance sheet gap		3,078,233	1,199,217	(65,859)	4,895,629

As at June 30, 2010					
Effective Yield / Interest Rate	Exposed to Yield/ Interest risk			Not exposed to Yield/ Interest risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	5 - 15	663,489	-	-	663,489
Loans and receivables	11.75 - 12.50	4,152,410	3,614,288	-	7,766,698
Profit receivable	-	-	-	71,022	71,022
Security deposit and other receivable	-	-	-	100	100
Sub Total		4,815,899	3,614,288	71,122	8,501,309
Financial liabilities					
Payable to ABL Asset Management Company Limited - Management Company	-	-	-	15,796	15,796
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	936	936
Dividend payable	-	-	-	92,474	92,474
Payable against redemption of units	-	-	-	26,534	26,534
Accrued expenses and other liabilities	-	-	-	481	481
Sub Total		-	-	136,221	136,221
On-balance sheet gap		4,815,899	3,614,288	(65,099)	8,365,088

24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not hold any security which exposes the Fund to price risk.

24.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in TFCs/sukuk, classified as financial assets "loans and receivables" and balances with banks. The credit risk on liquid fund is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

24.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2011:

Bank balances by rating category

Name of the bank	Rating agency	Published rating	
		2011	2010
Allied Bank Limited	PACRA	AA	AA
Askari Bank Limited	PACRA	AA	AA
Bank Al Habib Limited	PACRA	AA+	AA+
Bank Alfalah Limited	PACRA	AA	AA
Barclays Bank Limited	Standard & Poor's	AA-	AA-
Deutsche Bank AG	Standard & Poor's	A+	AA+
Faysal Bank Limited	PACRA	AA	AA
Habib Metropolitan Bank Limited	PACRA	AA+	AA+
MCB Bank Limited	PACRA	AA+	AA+
National Bank Of Pakistan	JCR-VIS	AAA	AAA
NIB Bank Limited	PACRA	AA-	AA-
Soneri Bank Limited	PACRA	AA-	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	AA+
United Bank Limited	JCR-VIS	AA+	AA+

Term Deposit Receipt by rating category

Name of the bank	Rating agency	Published rating	
		2011	2010
Askari Bank Limited	PACRA	A1+	A1+
Bank Alfalah Limited	PACRA	A1+	A1+

The maximum exposure to credit risk before any credit enhancement as at June 30, 2011 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties 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 concentrations of credit risk.

24.3 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 to the Fund.

The Fund is exposed to daily cash redemptions 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 damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess 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.

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.

As at June 30, 2011				
Upto three months	More than three months and up to one year	More than one year	Total	
----- Rupees in '000 -----				
Payable to the ABL Asset Management Company Limited - Management Company	6,063	1,000	1,000	8,063
Payable to the Central Depository Company of Pakistan Limited - Trustee	413	-	-	413
Dividend payable	61,081	-	-	61,081
Payable against redemption of units	3,115	-	-	3,115
Accrued expenses and other liabilities	18,451	-	-	18,451
	89,123	1,000	1,000	91,123

As at June 30, 2010				
Upto three months	More than three months and up to one year	More than one year	Total	
----- Rupees in '000 -----				
Payable to the ABL Asset Management Company Limited - Management Company	12,796	1,000	2,000	15,796
Payable to the Central Depository Company of Pakistan Limited - Trustee	936	-	-	936
Dividend payable	92,474	-	-	92,474
Payable against redemption of units	26,534	-	-	26,534
Accrued expenses and other liabilities	481	-	-	481
	133,221	1,000	2,000	136,221

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

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

Investment of the Fund carried at fair value are categorised as follows:

	As at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Rupees in '000				
ASSETS				
Investment in securities - financial assets 'at fair value through profit or loss'				
- Government Treasury Bills:	-	1,597,246	-	1,597,246
- Pakistan Investment Bonds:	-	23,816	-	23,816
- Ijarah Sukuk	-	660,222	-	660,222
- Term Finance Certificates / sukuk:	-	125,000	-	125,000

	As at June 30, 2010			
	Level 1	Level 2	Level 3	Total
Rupees in '000				
ASSETS				
Investment in securities - financial assets 'at fair value through profit or loss'				
- Government Treasury Bills:	-	3,936,698	-	3,936,698
- Pakistan Investment Bonds:	-	-	-	-
- Ijarah sukuk	-	-	-	-
- Term Finance Certificates / sukuk:	-	-	-	-

26 UNIT HOLDER'S FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends 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 has no restriction or specific capital requirement on the subscription and redemption of units.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 23, 2011 by the Board of Directors of the Management Company.

28 CORRESPONDING FIGURES

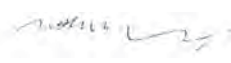
Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification were made in these financial statements except as described in note 19.

29 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

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ABL Asset Management

Discover the potential