



CONDENSED INTERIM
FINANCIAL
STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

CONTENTS

<u>Fund's Information</u>	1
<u>Report of the Directors of the Management Company</u>	2
<u>Trustee Report to the Unit Holders</u>	5
<u>Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information</u>	6
<u>Condensed Interim Statement of Assets and Liabilities</u>	7
<u>Condensed Interim Income Statement</u>	8
<u>Condensed Interim Distribution Statement</u>	9
<u>Condensed Interim Statement of movement in Unit Holders' Fund</u>	10
<u>Condensed Interim Cash Flow Statement</u>	11
<u>Notes to and forming part of the Condensed Interim Financial Statements</u>	12

FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited	
Board of Directors of the Management Company	Sheikh Mukhtar Ahmed	Chairman
	Muhammad Waseem Mukhtar	Director
	Mr. Khalid A. Sherwani	Director
	Mr. M. Jawaid Iqbal	Director
	Muhammad Yaseen	Director
	Mr. M. Shakeb Murad	Director
	Mr. Kamran Nishat	Director
Chief Executive Officer:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Audit Committee:	Mr. Kamran Nishat	Chairman
	Muhammad Waseem Mukhtar	Member
	Muhammad Yaseen	Member
Head of Internal Audit & Compliance	Mr. Faisal Nadeem Mangroria	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.	
Auditors:	A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisors:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 -C1 -10, Beaumont Road, CivilLines, Karachi.	
Bankers:	Allied Bank Limited Bank Al-Falah Limited United Bank Limited	
Distributor:	Allied Bank Limited	
Registered Office:	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 un-audited Condensed Interim Financial Statements of ABL Income Fund (ABL-IF) for the half year ended December 31, 2010.

ECONOMIC PERFORMANCE REVIEW

The first half of FY10-11 was a mixed bag for the economy with external accounts showing healthy trend but domestic finances going further into doldrums. Although some macroeconomic indicators showed positive trend in 1HFY11 like record high Forex reserves, surplus current account and positive balance of payment position, key fiscal issues remained unaddressed. Improvement in service trade balance due to reimbursement of US\$ 743 million under coalition support fund (CSF), growth in exports coupled with record-high workers' remittances and flows from donor agencies improved FX reserves to the record level of US\$ 17.357 billion by Dec'10 as compared to US\$ 14.36 billion in the same period last year. On the grim side, YoY CPI inflation increased by 14.61% in 1HFY11 as against 10.31% in 1HFY10 mainly due to rising commodity and energy prices along with unabated government borrowing for budgetary support. Taxation reforms remained on the back-burner and fiscal deficit for 1HFY11 crossed 3% (provisional) of the GDP against Ministry of Finance and IMF's full year target of 4.7%. This deficit is attributed to lower tax revenues, higher government expenditures owing to massive floods and different subsidies provided by the GoP. Consequently, SBP raised discount rate three times in a row by 50 bps each in first half of the fiscal year to curb inflation and discourage government borrowing from the central bank. LSM growth also declined by 2.3% YoY in 5MFY11 on the back of energy shortages, high interest rates and crowding out of liquidity by the government.

On a positive note, IMF approved a nine months' extension in its SBA till September 2011 to give breathing space for implementing the much awaited fiscal reforms and meet fiscal governance targets agreed with the donor agencies. Although FDI for 1HFY11 dipped by 14.5% to US\$828.5 million, the silver lining came from strong FPI of US\$221.5 million during the period. The stability in the external account helped remove concern over macro vulnerability in near term and kept Pak Rupee largely stable between PKR 85-86/USD.

MUTUAL FUND INDUSTRY REVIEW

The mutual fund industry continued to show recovery trends during the period due to competitive rates on investments in Sovereign debt instruments and commendable equity market performance. Total assets under management (AUMs) of Pakistan's mutual funds industry grew by 13% in 1HFY11, taking the overall industry size to Rs.224 billion as at December 31, 2010. As most income funds have either provided for or substantially reduced their exposure to toxic debt, investor interest in this segment has rekindled. Nevertheless challenges to income funds persist owing to volatility and pricing risk associated with corporate bonds. Thus money market funds which invest in low risk, liquid instruments such as Treasury Bills have outpaced income funds in terms of size due to consistent yet competitive returns. As a result, Income fund category AUMs decreased by 8.94% from PKR46.237 billion in June 2010 to PKR42.104 billion in December 2010.

FUND PERFORMANCE

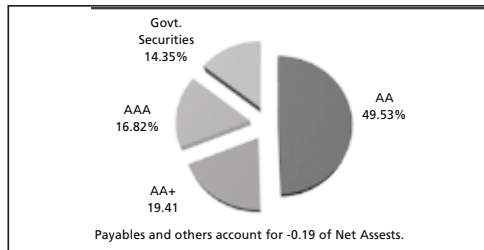
During the period under review ABL Income Fund's AUMs declined by 28.88% to PKR5.946 billion from PKR8.360 billion in June 2010. The main reason for this decline was switching of some investors to our newly launched ABL Cash Fund. Furthermore, yearend redemptions also magnified the impact. Despite fast changing interest rate environment, ABL Income Fund offered stable returns in comparison to its peers and remained one of the largest funds in its category. During the half year ended December 31, 2010, the unit price of ABL-IF increased by 5.54% to close at 10.5539 (cum dividend) translating into an annualized return of 10.98%.

During the period under review, ABL-IF was not able to outperform its 6-month KIBOR benchmark average rate of 12.77% due to its conservative investment allocation. ABL-IF refrained from taking heavy exposure in any KIBOR linked instrument or high yielding corporate debt due to asset quality and liquidity risks. The fund kept a very conservative investment stance and took exposure primarily in sovereign debts instruments and term deposits.

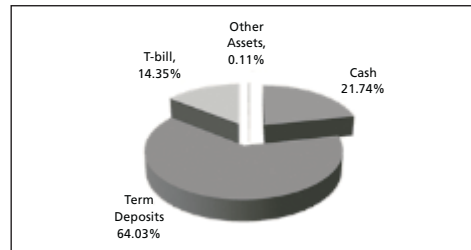
ABL-IF's Treasury bill allocation was decreased to 14.35% as on December 31, 2010 in comparison to 46.26% as at June 30, 2010 as a rising interest rate environment inflicted volatility in T-bill returns. Conversely, TDR allocation was enhanced to 64.03% of fund size compared to 38.88% as at June 30, 2010 and cash deposits were enhanced to 21.74% to take advantage of higher year-end rates offered by banks. Selective investments in TFCs are also being considered in order to improve returns and differentiate between our income and cash fund.

ABL Income Fund earned total income of Rs.456.92 million for the half year ended December 31, 2010 mainly out of which Rs.252.23 million was earned from government securities, Rs.140.11 million was earned from deposited with banks and fixed term deposits receipts, Rs.20.32 million was earned from letter of placements and Rs.40.70 million from reverse repurchase transactions, whereas net loss on sale of investments was Rs.2.32 million. After accounting for expenses of Rs.64.62 million (comprising mainly of the management fee of Rs.55.80 million) net income from operating activities for the half year ended December 31, 2010 stood at Rs.392.31 million. With the net element of loss and capital losses of Rs.56.31 million included in the prices of units issued less those in units redeemed and Rs.6.65 million was provision for workers welfare fund, the net income for the half year ended December 31, 2010 stood at Rs.329.35 million.

Credit Quality of Portfolio (% of Assets)



Asset Allocation (% of Assets)



DIVIDEND

The Chief Executive Office (CEO) on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on December 30, 2010 has approved and declared interim distribution of Rs.0.2689 per unit (2.689% of the par value of Rs.10) for ABL-IF for the quarter ended December 31, 2010. 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.

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) from 'AM3' (AM-Three), which denotes 'good management quality.'

FUTURE OUTLOOK

Despite some positive signs, the economic situation is still frail and challenges continue to hamper a steady rebound. In our view, unabated government borrowing for budgetary support and sticky inflation could instigate further monetary tightening going ahead. Besides these, rising circular debt, delays in tax reforms and a ballooning fiscal deficit continue to remain a cause of concern. Although foreign inflows in the form of remittances and external account balances seem promising, these are not sufficient enough to underpin an economic recovery.

As a result, ABL Income Fund will continue to maintain a conservative investment stance in 2HFY11 where investments will be geared primarily towards short term sovereign debt instruments and placements with good rated counters in order to protect from any interest rate volatility.

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 for their exemplary commitment and hard work.

For and on behalf of the Board


FARID AHMED KHAN
CEO

Karachi, February 18, 2011

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office**

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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(h) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

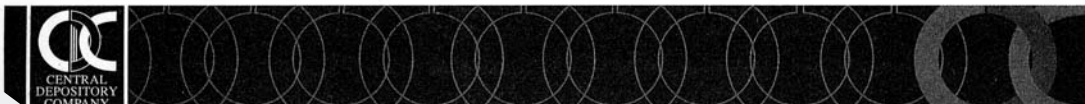
The ABL Income Fund (the Fund), an open-end Fund was established under a trust deed dated June 16, 2008, executed between ABL Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 in accordance with the provisions of the following:

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


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

Karachi: February 22, 2011



A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F.Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 32426682-6 / 32426711-5
Facsimile: (021) 32415007 / 32427938

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Income Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (herein-after referred to as the 'condensed interim financial information'), for the half-year ended December 31, 2010. The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2010.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended December 31 2010 is not prepared, in all material respects, in accordance with approved accounting standards applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Date: February 18, 2011

Karachi

Lahore Office: 23-C Aziz Avenue, Canal Bank, Gulberg V, P. O. Box 39, Lahore, Pakistan Tel: (92-42) 35715864-71 Fax: (92-42) 35715872
Islamabad Office: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O.Box 3021, Islamabad-44000, Pakistan Tel: (92-51) 2273457-60 Fax: (92-51) 2277924
Kabul Office: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan. Tel: +93-779-315320, +93-799-315320



ABL INCOME FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2010

	Note	(Unaudited) December 31, 2010	(Audited) June 30, 2010
Rupees in '000			
ASSETS			
Bank balances	4	1,323,922	663,489
Investments	5	4,665,734	7,766,698
Profit receivable	6	35,275	71,022
Security deposits, prepayments and other receivables		6,565	100
Preliminary expenses and floatation costs		2,718	3,222
Total assets		6,034,214	8,504,531
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	7	11,105	15,796
Payable to the Central Depository Company of Pakistan Limited - Trustee		628	936
Payable to the Securities and Exchange Commission of Pakistan		2,790	7,044
Dividend payable		62,950	92,474
Payable against redemption of units		310	26,534
Accrued expenses and other liabilities	8	10,340	1,693
Total liabilities		88,123	144,477
NET ASSETS		5,946,091	8,360,054
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,946,091	8,360,054
CONTINGENCIES AND COMMITMENTS	9		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		594,036,382	834,636,866
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		10.0096	10.0164
FACE VALUE PER UNIT		10.0000	10.0000

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

Note	For the half year ended December 31, 2010	For the half year ended December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
Rupees in '000				
INCOME				
Net (loss) / gain on sale of investments	(2,318)	607	(42)	-
Income from Government Securities	252,229	68,871	108,560	44,075
Income from Term Deposit Receipts	126,731	235,540	68,315	105,166
Income from Certificates of Investment	2,369	68,152	-	44,619
Income from Certificates of Deposit	2,470	1,306	-	-
Income from Letters of Placement	20,316	44,477	6,441	26,128
Income from Reverse Repurchase transactions	40,699	16,582	18,557	6,820
Income from Term Finance Certificates	1,068	-	1,068	-
Profit on bank accounts	13,383	87,060	6,600	43,315
	456,947	522,595	209,499	270,123
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss	(24)	(5,109)	(442)	2,097
	456,923	517,486	209,057	272,220
EXPENSES				
Remuneration of ABL Asset Management Company Limited - Management Company	55,795	62,834	24,782	32,941
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,224	4,693	1,904	2,448
Annual fee - Securities and Exchange Commission of Pakistan	2,790	2,892	1,239	1,647
Brokerage and other transaction costs	625	559	293	163
Bank charges	172	273	84	80
Auditors' remuneration	189	247	101	151
Amortisation of preliminary expenses and floatation costs	504	504	252	252
Printing charges	186	17	93	17
Listing fee	20	20	10	10
Annual rating fee	93	88	49	44
Other expenses	18	3	2	2
Total operating expenses	64,616	72,130	28,809	37,755
Net income from operating activities	392,307	445,356	180,248	234,465
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(56,309)	13,801	(9,172)	(24,004)
Provision for Workers' Welfare Fund	(6,651)	-	(3,456)	-
Net income for the period before taxation	329,347	459,157	167,620	210,461
Taxation	12	-	-	-
Net income for the period after taxation	329,347	459,157	167,620	210,461
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	329,347	459,157	167,620	210,461
Earnings per unit	10			

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

For ABL Asset Management Company Limited
(Management Company)



FARID AHMED KHAN
CEO



MUHAMMAD YASEEN
DIRECTOR



ABL INCOME FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	For the half year ended December 31, 2010	For the half year ended December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees in '000			
Net assets at the beginning of the period	8,360,054	6,872,176	6,344,614	8,773,097
Issue of 363,326,786 units (2009: 973,371,075 units) and 137,153,714 units (2009: 372,299,281 units) for the half year and quarter ended respectively	3,669,072	9,865,530	1,386,357	3,772,113
Redemption of 624,353,187 units (2009: 921,876,955 units) and 187,473,007 units (2009: 495,478,772 units) for the half year and quarter ended respectively	(6,339,094)	(9,332,906)	(1,898,722)	(5,027,911)
Issue of 20,425,917 bonus units (2009: 29,860,492 units)	204,260	298,605	102,289	145,768
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	56,309	(13,801)	9,172	24,004
- amount representing (income) / loss and capital (gains) / losses - transferred to distribution statement	3,450	(3,882)	-	-
	59,759	(17,683)	9,172	24,004
Other net income for the period	331,689	463,659	168,104	208,364
Capital (loss) / gain on sale of investments	(2,318)	607	(42)	-
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	(24)	(5,109)	(442)	2,097
Total income / (loss) for the period	329,347	459,157	167,620	210,461
Interim distribution:				
- Re 0.2689 per unit on December 30, 2010 (2009: Re 0.2783 per unit on December 30, 2009)	(62,950)	(70,250)	(62,950)	(70,250)
Cash distribution	(102,289)	(145,768)	(102,289)	(145,768)
Interim distribution:				
- Re 0.2701 per unit on September 30, 2010 (2009: Re 0.2731 per unit on September 29 2009)	(66,647)	(98,392)	-	-
Cash distribution	(101,971)	(152,837)	-	-
Issue of bonus units	(333,857)	(467,247)	(165,239)	(216,018)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(3,450)	3,882	-	-
Net assets as at the end of the period	5,946,091	7,681,514	5,946,091	7,681,514

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	For the half year ended December 31, 2010	For the half year ended December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees in '000			
Opening undistributed income - realised	17,772	11,365	2,926	19,920
- unrealised	(4,087)	-	418	(7,206)
	<u>13,685</u>	<u>11,365</u>	<u>3,344</u>	<u>12,714</u>
Net income for the period	329,347	459,157	167,620	210,461
Interim distribution: - Re 0.2689 per unit on December 30, 2010 (2009: Re 0.2783 per unit on December 30, 2009)				
Cash distribution	(62,950)	(70,250)	(62,950)	(70,250)
Issue of bonus units	(102,289)	(145,768)	(102,289)	(145,768)
Interim distribution: - Re 0.2701 per unit on September 30, 2010 (2009: Re 0.2731 per unit on September 29, 2009)				
Cash distribution	(66,647)	(98,392)	-	-
Issue of bonus units	(101,971)	(152,837)	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(3,450)	3,882	-	-
Undistributed income carried forward	<u><u>5,725</u></u>	<u><u>7,157</u></u>	<u><u>5,725</u></u>	<u><u>7,157</u></u>
Undistributed income comprising:				
Realised income	5,749	12,266	5,749	12,266
Unrealised loss	(24)	(5,109)	(24)	(5,109)
	<u><u>5,725</u></u>	<u><u>7,157</u></u>	<u><u>5,725</u></u>	<u><u>7,157</u></u>

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


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

Note	For the half year ended December 31, 2010	For the half year ended December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
	Rupees in '000			
Net income for the period before taxation	329,347	459,157	167,620	210,461
Adjustment for non-cash charges and other items:				
Amortisation of preliminary expenses and floatation costs	504	504	252	252
Unrealised diminution / (appreciation) on re-measurement of investments classified as "financial assets at fair value through profit or loss"	24	5,109	442	(2,097)
Net element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed	56,309	(13,801)	9,172	24,004
	<u>386,184</u>	<u>450,969</u>	<u>177,486</u>	<u>232,620</u>
(Increase)/ decrease in assets				
Profit receivable	35,747	(43,529)	(6,028)	(19,821)
Investments	3,007,940	(2,548,181)	1,607,223	1,203,918
Security deposits, prepayment and other receivables	(6,465)	(131)	(5,935)	(101)
	<u>3,037,222</u>	<u>(2,591,841)</u>	<u>1,595,260</u>	<u>1,183,996</u>
Increase/ (decrease) in liabilities				
Payable to ABL Asset Management Company Limited - Management Company	(4,691)	3,011	(510)	218
Payable to the Central Depository Company of Pakistan Limited - Trustee	(308)	203	(30)	17
Payable to Securities and Exchange Commission of Pakistan	(4,254)	948	1,239	1,647
Accrued expenses and other liabilities	8,647	(191)	(297)	(407)
	<u>(606)</u>	<u>3,971</u>	<u>402</u>	<u>1,475</u>
Net cash generated from / (used in) operating activities	<u>3,422,800</u>	<u>(2,136,901)</u>	<u>1,773,148</u>	<u>1,418,091</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(159,121)	(176,093)	(66,647)	(98,392)
Net (payments) / receipts against (redemption) / issuance of units	(2,696,246)	532,193	(516,398)	(1,382,477)
Net cash (used in) / generated from financing activities	<u>(2,855,367)</u>	<u>356,100</u>	<u>(583,045)</u>	<u>(1,480,869)</u>
Net increase / (decrease) in cash and cash equivalents	<u>567,433</u>	<u>(1,780,801)</u>	<u>1,190,103</u>	<u>(62,778)</u>
Cash and cash equivalents at the beginning of the period	3,663,489	3,814,798	3,040,819	2,096,775
Cash and cash equivalents at the end of the period	<u>4,230,922</u>	<u>2,033,997</u>	<u>4,230,922</u>	<u>2,033,997</u>

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



FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)



MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

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 and Notified Entities Regulations, 2008. The Securities and Exchange Commission of Pakistan (SECP) approved the Trust Deed of the Fund on June 6, 2008. The Fund commenced its operations on September 20, 2008. 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 the 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 the public for subscription on a continuous basis. The units are transferable and are redeemable by surrendering them to the Fund.

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. The Fund has been categorised as an "Income Scheme" under the categorisation criteria laid down by the SECP.

JCR-VIS Credit Rating Company Limited has assigned a 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 condensed interim 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 (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies 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 Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34; 'Interim Financial Reporting'.

These condensed interim financial statements are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance and these condensed interim financial statements are being circulated to the unit holders as required under the NBFC Regulations.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective.

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 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 Fund's operations and are therefore not detailed in these condensed interim financial statements.

	Note	(Unaudited) December 31, 2010	(Audited) June 30, 2010
4 BANK BALANCES			
		Rupees in '000	
Saving accounts	4.1	<u>1,323,922</u>	<u>663,489</u>
		<u>1,323,922</u>	<u>663,489</u>
4.1 CASH AND CASH EQUIVALENTS			
Balances with banks		1,323,922	663,489
Term deposit receipts		<u>2,907,000</u>	<u>3,000,000</u>
		<u>4,230,922</u>	<u>3,663,489</u>
5 INVESTMENTS			
Financial assets at fair value through profit or loss	5.1	858,734	3,936,698
Loans and receivables	5.2	<u>3,807,000</u>	<u>3,830,000</u>
		<u>4,665,734</u>	<u>7,766,698</u>

5.1 'Financial assets at fair value through profit or loss'

Issue date	Tenor	Face Value				Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the period	Disposed / matured during the period	As at December 31, 2010	Cost	Market value	Appreciation / (diminution)		

(Rupees in '000)

a) Government Treasury Bills:

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	198,185	198,178	(7)	3.33	4.25
August 13, 2010	3 Months	-	4,542,986	4,542,986	-	-	-	-	-	-
August 13, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
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	6 Months	-	786,500	786,500	-	-	-	-	-	-
November 4, 2010	3 Months	-	1,365,000	1,171,500	193,500	191,779	191,737	(42)	3.22	4.11
November 4, 2010	6 Months	-	375,000	375,000	-	-	-	-	-	-
December 2, 2010	3 Months	-	1,400,000	1,400,000	-	-	-	-	-	-
December 2, 2010	6 Months	-	275,000	275,000	-	-	-	-	-	-
December 18, 2010	3 Months	-	250,000	-	250,000	235,728	235,700	(28)	3.96	5.05
December 30, 2010	3 Months	-	240,000	-	240,000	233,066	233,119	53	3.92	5.00
Total - June 30, 2010			4,145,000	19,297,986	22,559,486	883,500	858,758	858,734	(24)	
Total - June 30, 2010			-	11,335,000	7,190,000	4,145,000	3,940,785	3,936,698	(4,087)	

b) Pakistan Investment Bonds:

July 22, 2010	3 Years	-	25,000	25,000	-	-	-	-	-	-
July 22, 2010	5 Years	-	75,000	75,000	-	-	-	-	-	-
Total - June 30, 2010			-	100,000	100,000	-	-	-	-	-
Total - June 30, 2010			-	-	-	-	-	-	-	-

c) Term Finance Certificates:

Name of the investee company	Profit / Markup Rate %	Number of Certificates				Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the period	Disposed / matured during the period	As at December 31, 2010	Cost	Market value	Appreciation / (diminution)		
Askari Bank Limited- I	6 months KIBOR plus 1.50%	-	7,990	7,990	-	-	-	-	-	
Bank Al Habib Limited- II	6 months KIBOR plus 1.95%	-	2,077	2,077	-	-	-	-	-	
Bank AL Falah Limited- II	6 months KIBOR plus 1.50%	-	3,140	3,140	-	-	-	-	-	
Standard Chartered Bank (Pakistan) Limited- III	6 months KIBOR plus 2%	-	4,548	4,548	-	-	-	-	-	
		-	17,755	17,755	-	-	-	-	-	
Total - June 30, 2010		-	-	-	-	-	-	-	-	

(Rupees in '000)

	Note	(Unaudited) December 31, 2010	(Audited) June 30, 2010
		Rupees in '000	
5.2 Loans and receivables			
Certificates of Investment		-	500,000
Certificate of Deposit		-	80,000
Term Deposit Receipts	5.2.1	3,807,000	3,250,000
		<u>3,807,000</u>	<u>3,830,000</u>

5.2.1 Term Deposit Receipts carry mark-up at rates ranging from 11.75% to 14.00% (June 30, 2010: 11.75% to 12.50%) per annum and maturities ranging from January 21, 2011 to March 21, 2011 (June 30, 2010: July 20, 2010 to January 21, 2011). Term Deposit Receipts include Rs: 293,000,000 (June 30, 2010: Nil) maintained with Allied Bank Limited, a related party.

6 PROFIT RECEIVABLE

Interest accrued on Term Deposit Receipts	33,938	54,825
Interest accrued on Certificates of Investment	-	13,142
Interest accrued on Certificates of Deposit	-	2,443
Markup accrued on bank deposits	1,337	611
	<u>35,275</u>	<u>71,022</u>

7 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

Management fee	8,105	12,796
Preliminary expenses and flotation costs	3,000	3,000
	<u>11,105</u>	<u>15,796</u>

8 ACCRUED EXPENSES AND OTHER LIABILITIES	(Unaudited)	(Audited)
	December 31, 2010	June 30, 2010
	Rupees in '000	
Auditors' remuneration	194	270
Brokerage	226	41
Printing charges	254	170
Provision for Workers' Welfare Fund	7,863	1,212
Tax deducted at source on capital gain	1,803	-
	10,340	1,693

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2010 and December 31, 2010.

10 EARNINGS PER UNIT (EPU)

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

11 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 Honourable High Court of Sindh (the Court) 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 in the annual financial statements for the year ended June 30, 2010 for the period from May 27, 2010 to June 30, 2010. The Management Company has undertaken to bear the charge for the WWF for the period prior to May 27, 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

On December 14, 2010, the Ministry has 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 the 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 7.863 million in these condensed interim financial statements.

12 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 intends to distribute such income at the year end to avail this tax exemption. Accordingly, no tax liability has been recorded for the current period.

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.

13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

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.

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

13.1 Details of transactions with connected persons are as follows:

	(Unaudited)			
	For the half year ended December 31, 2010	For the half year ended December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees in '000			
ABL Asset Management Company Limited				
- Management Company				
Issue of 994,886 units (2009: 21,731,421 units)	10,000	220,372	-	70,000
Bonus of 363,161 units (2009: 725,440 units)	3,632	7,254	1,747	3,955
Redemption of 18,122,253 units (2009: 15,865,068 units)	183,000	161,300	6,800	28,600
Remuneration for the period	55,795	62,834	24,782	32,941
Allied Bank Limited				
Issue of Nil units (2009: 97,568,591 units)	-	1,000,000	-	-
Redemption of Nil units (2009: 97,568,591 units)	-	976,798	-	-
Cash dividend	40,425	68,001	20,167	20,872
Markup income	17,192	36,883	16,395	27,558
Bank charges	40	80	27	46
Placement of Term Deposit Receipts	1,553,000	-	903,000	-
Maturity of Term Deposit Receipts	1,260,000	-	1,260,000	-
ABL Asset Management Company Limited				
- Staff Provident Fund				
Issue of 39,106 units (2009: 111,692 units)	400	1,127	400	548
Bonus of 8,373 units (2009: 4,482 units)	84	45	47	17
Redemption of Nil units (2009: 69,712 units)	-	710	-	710
ABL- Employees Superannuation (Pension) Fund				
Cash dividend	21,495	21,990	10,723	11,099
ABL- Staff Provident Fund				
Cash dividend	1,426	1,458	712	736
CHAIRMAN OF THE MANAGEMENT COMPANY				
Sheikh Mukhtar Ahmad				
Bonus of 653 units (2009: 602 units)	7	6	4	3
DIRECTORS OF THE MANAGEMENT COMPANY				
Mr. Muhammad Jawaid Iqbal				
Bonus of 2,542 units (2009: 1,685 units)	25	17	8	9
Redemption of 34,355 units (2009: Nil units)	353	-	353	-

	(Unaudited)			
	For the half year ended December 31, 2010	For the half year ended December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees in '000			
Mr. Shakeb Murad				
Bonus of 1,637 units (2009: 1,675 units)	16	17	8	9
KEY MANAGEMENT PERSONNEL				
Chief Executive Officer				
Bonus of 85,133 units (2009: Nil units)	851	-	430	-
Executives				
Issue of Nil units (2009: 159,563 units)	-	1,620	-	921
Bonus of 4,187 units (2009: 8,316 units)	42	83	29	30
Redemption of 119,139 units (2009: 205,748 units)	1,202	2,084	45	2,004
TRUSTEE				
Central Depository Company of Pakistan Limited				
Remuneration for the period	4,224	4,693	1,904	2,448
CDS Connection Fee	3	3	1	1

13.2 Amounts outstanding as at period / year ended

	(Unaudited) December 31, 2010	(Audited) June 30, 2010
	Rupees in '000	
ABL Asset Management Company Limited - Management Company		
Outstanding 6,671,638 units (June 30, 2010: 23,435,844 units)	66,780	234,743
Preliminary expenses and floatation costs payable	3,000	3,000
Remuneration payable to management company	8,105	12,796
Allied Bank Limited		
Outstanding 75,000,000 units (June 30, 2010: 75,000,000 units)	750,720	751,230
Cash dividend payable	20,168	42,345
Bank balances	13,509	63,364
Mark up accrued	2,630	436
Term Deposit Receipts	293,000	-
ABL Asset Management Company Limited - Staff Provident Fund		
Outstanding 181,501 units (June 30, 2010: 134,022 units)	1,817	1,342
ABL- Employees Superannuation (Pension) Fund		
Outstanding 39,880,238 units (June 30, 2010: 39,880,238 units)	399,185	399,456
Cash dividend payable	10,724	9,655
ABL- Staff Provident Fund		
Outstanding 2,644,829 units (June 30, 2010: 2,644,829 units)	26,474	26,492
Cash dividend payable	711	640
CHAIRMAN OF THE MANAGEMENT COMPANY		
Sheikh Mukhtar Ahmad		
Outstanding 12,605 units (June 30, 2010: 11,952 units)	126	120
DIRECTORS OF THE MANAGEMENT COMPANY		
Mr. Muhammad Jawaid Iqbal		
Outstanding 31,638 units (June 30, 2010: 63,451 units)	317	636

	(Unaudited) December 31, 2010	(Audited) June 30, 2010
	Rupees in '000	
Mr. Shakeb Murad		
Outstanding 31,603 units (June 30, 2010: 29,966 units)	316	300
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Outstanding 1,643,589 units (June 30, 2010: 1,558,456 units)	16,452	15,610
Executives		
Outstanding 78,589 units (June 30, 2010: 193,541 units)	787	1,939
Central Depository Company of Pakistan Limited - Trustee		
Remuneration and CDC connection fee payable	628	936

14 GENERAL

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

14.2 Corresponding figures have been rearranged / reclassified, wherever necessary. No significant reclassifications were made during the current period.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2011 by the Board of Directors of the Management Company.



FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)



MUHAMMAD YASEEN
DIRECTOR

CONTACT US:

Helpline 0800 ABL-AM (0800 225 26)
UAN: (021) 111-ABL-AMC (111-225-262)
Email: contactus@ablamc.com
Website: www.ablamc.com



ABL Asset Management

Discover the potential