ABL-IF
ABL-INCOME FUND

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ANNUAL REPORT '10

ABL-IF
ABL-INCOME FUND

ABL Asset Management
Discover the potential

CONTENTS

Vision

“Creating investment solutions within everyone’s reach”

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 information

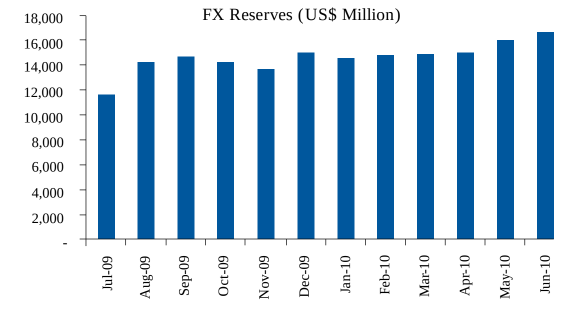
Management Company:	ABL Asset Management Company Limited 11 – B, Lalazar, M. T. Khan Road, Karachi.	
Board of Directors of the Management Company:	Sheikh Mukhtar Ahmed	Chairman
	Mr. Mohammad Aftab Manzoor	Director
	Mr. M. Jawaid Iqbal	Director
	Mr. Muhammad Yaseen	Director
	Mr. M. Shakeb Murad	Director
	Mr. Kamran Nishat	Director
Audit Committee:	Mr. Mohammad Aftab Manzoor	Chairman
	Mr. Muhammad Yaseen	Member
	Mr. Kamran Nishat	Member
Chief Executive Officer:	Mr. Farid Ahmed Khan, CFA	
Chief Operating Officer & Company Secretary:	Mr. Sulaiman S. Mehdi	
Chief Financial Officer:	Mr. Saqib Matin	
Head of Internal Audit & Compliance:	Mr. Faisal Nadeem Mangroria	
Trustee:	Central Depository Company of Pakistan Ltd. 99-B, Block -B, S.M.C.H.S Main Shahrah-e-Faisal, Karachi.	
Bankers to the Fund:	Allied Bank Limited Bank Al-falah Limited United Bank Limited	
Distributors:	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 Metro Securities (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 Cumberland (Pvt.) Limited
Auditors:	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.	
Rating:	Fund Stability: A+(f) by JCR-VIS Management Company: AM3 by JCR-VIS	

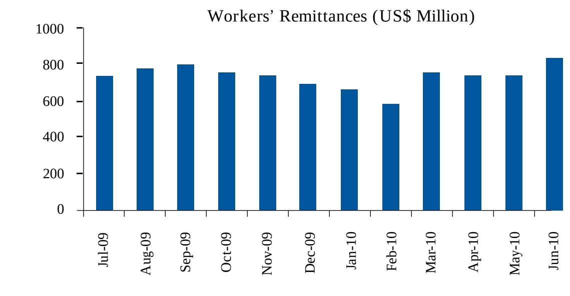
REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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, 2010.

ECONOMIC PERFORMANCE REVIEW

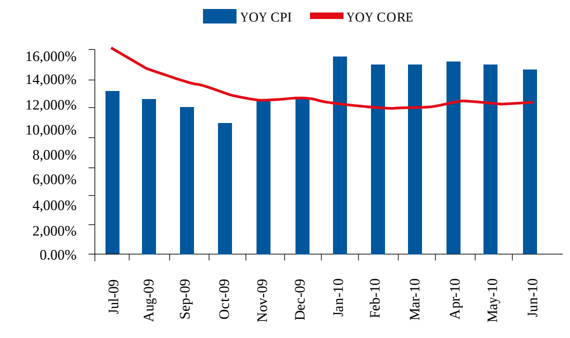
During the year under review (July 09 – June 10), Pakistan's macroeconomic indicators depicted a mixed picture in the back drop of global financial recovery and continued domestic unrest. The Gross Domestic Product (GDP) posted an increase of 4.1% in FY10, a commendable bounce from eight year low of 2% growth touched in FY09. The revival was led by Services sector growth which grew by 4.6% followed by 4.4% growth in Large Scale Manufacturing. On the other hand, fiscal account continued to bleed with the fiscal deficit soaring to 6.2% of GDP, well above government's estimate of 4.2% and wide off the targets set by IMF. On the bright side, total Foreign Exchange Reserves touched all time high of US$16.8 billion thanks to almost $3.53bn of IMF loans received during the year and record-high remittances. Lower oil prices helped reduce trade deficit and coupled with 14% growth in remittances, brought the current account deficit (CAD) down to 1.96% of GDP.

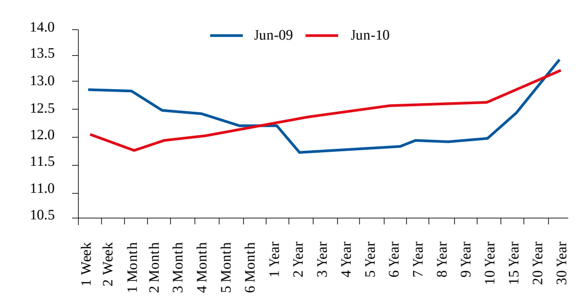




Foreign direct investment (FDI) shrunk significantly 41% YoY to US$ 2.2 billion despite improved flows on the portfolio side. A combination of slowdown in global commodity prices, relatively stable exchange rate, tight Monetary Policy and high base effect curtailed Inflation in first half of the fiscal year. This led to a cut in Policy Discount Rate by 100 bps in July 2009 and 50 bps in November 2009 by the State Bank of Pakistan. In order to curb money market volatility, SBP also introduced a rate corridor where the Discount Rate served as a ceiling and the floor rate was set approximately 300 bps below the Discount Rate.

Inflationary pressures started to re-emerge in the second half of the fiscal year and CPI rose to 11.7% YoY whereas core inflation depicted an increase of 11.0% YoY. Heavy budgetary borrowing from the banking system, lack of committed foreign flows and mounting inflationary pressures were also reflected in comparative yield curves. In addition to that, circular debt problems in power and commodity sectors put further pressure on corporate sector liquidity and the ensuing credit demand pushed debt rates further up.





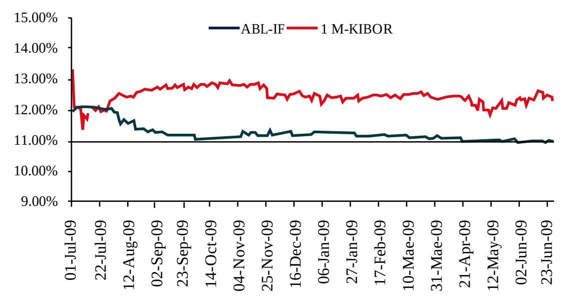
MUTUAL FUND INDUSTRY REVIEW

Economic stability and better returns helped revive the local asset management industry. As liquidity improved and TFC prices recovered, mutual fund returns started to improve which helped attract investors back towards the sector. However, there were some setbacks towards the end of the fiscal year in the shape of imposition of capital gains tax and workers welfare fund levy on all mutual funds. These developments stifled the recovery and overall Assets Under Management (AUM) of the mutual fund industry decreased by 1.78% to Rs.199.52 billion in June 2010 from Rs.203.14 billion in June 2009. Further, the AUMs of fixed income funds decreased by 24.74% to Rs. 63.57 billion during the period. On the other hand, Money Market funds grew significantly by 877% YoY to Rs.38.22 billion as investors flocked to safer havens in search of lower volatility and competitive returns.

FUND PERFORMANCE

During the period under review, ABL Income Fund's AUM grew by 21.65% to Rs.8.36 billion making it the single largest fixed income fund in the industry. This growth is even more commendable when looked in the perspective of significant decline in the income funds' AUMs during the year. In the year ending June 30, 2010, ABL-IF delivered an annualized return of 10.97% placing it amongst the best performing fixed income funds in the Industry.

During the period under review, ABL-IF was not able to beat its 1-month KIBOR benchmark. This underperformance was largely due to our strategy to shun high risk investments which have the potential to deliver higher returns but at the cost of inflicting higher volatility and credit risk to the fund. In an environment besieged by interest rate volatility and spectre of corporate defaults, the fund managers chose steady, low risk investments to deliver save and stable returns for our unit holders. As a result, T-Bills accounted for 46.26% of net assets as on June 30, 2010 as Government bond yields increased due to high public sector borrowings. TDR allocation stood at 38.88% and money markets placements were at 6.94% of fund size as on June 30, 2010. As per ABL-IF conservative investment philosophy, the fund refrained from taking any exposure in TFCs due to poor risk-adjusted returns offered by this asset class.



ABL Income Fund earned total income of Rs.1,135.60 million for the year ended June 30, 2010 out of which Rs.627.80 million was earned from deposits with banks and term deposits receipts, Rs.105.17 million was earned from certificates of investments and Rs.263.64 million from government securities. After accounting for expenses of Rs.161.33 million (comprising mainly of the management fee of Rs.140.89 million) net income from operating activities for the year ended June 30, 2010 stood at Rs.974.27 million. With the net element of income/(loss) and capital gains/(losses) of Rs.(39.41) million included in the prices of units issued less those in units redeemed and Rs.1.212 million provision for workers' welfare fund, the net income for the year ended June 30, 2010 stood at Rs.933.65 million.

DIVIDEND

The Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on June 28, 2010 has approved the final distribution of Rs.0.2421 per unit (2.42% of the par value of Rs.10) for ABL–IF for the year ended June 30, 2010. This is in addition to interim distribution of Rs.0.2731/- per unit (2.73% of the par value of Rs.10/-) for the quarter ended September 30, 2009, Rs.0.2783/- per unit (2.78% of the par value of Rs.10/-) for the quarter ended December 31, 2009 and Rs.0.2609/- per unit (2.61% of the par value of Rs.10/-) for the quarter ended March 31, 2010. Thus the total dividend distribution of ABL-IF during the year ended June 30, 2010 amounted to Rs.1.0544 per unit (10.54% of the par value of Rs.10/-).

Since the above distribution is more than 90% of the income for the year ended June 30, 2010, 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.

STRATEGY, REVIEW AND OUTLOOK OF ABL-IF

For strategy, review and outlook of ABL-IF, kindly refer to the Fund Manager's Report on Page 8 of the Annual Report

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 has 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 listing regulations;

8. Performance table of the Fund is given on page 10 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 its Directors, CEO, CFO, Company Secretary and their spouse excepts 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	10,771	-	-	1,181	11,952
2	Mr. M. Jawaid Iqbal	Director	30,145	29,291	-	4,015	63,451
3	Mr. M. Shakeb Murad	Director	29,961	29,966	33,247	3,286	29,966
4	Mr. Farid Ahmed Khan	CEO	-	3,184,414	1,675,655	49,697	1,558,456
5	Mr. Sulaiman S. Mehdi	Company Secretary	30,923	29,221	31,768	3,188	31,564

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 in notes to the financial statements;

13. The pattern of holding in ABL Income Fund is given in the notes to the Financial Statements.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors are being eligible for re-appointment have been appointed as auditors for the year ended June 30, 2011 for ABL Income Fund (ABL-IF).

FUND STABILITY RATING

On December 31, 2009, JCR-VIS has upgraded the Fund Stability Rating of ABL Income Fund (ABL-IF) to 'A+(f)' (Single A Plus (f)) from 'A(f)' (Single A (f)) denoting, both credit and price risk being considered manageable.

MANAGEMENT QUALITY RATING

On December 31, 2009, JCR-VIS has reaffirmed the Management Quality Rating of ABL Asset Management
Company Limited (ABL AMCL) at 'AM3' (AM-Three), which denotes 'good management quality.'

OUTLOOK

Pakistan macroeconomic outlook is now precariously placed in the aftermath of the worst floods in our history, which have further compounded the fiscal and monetary challenges faced by the economy. The country urgently needs fiscal reforms like reduction in non development expenditure, broadening of tax base, improvement in financial health of public sector enterprises and effective debt management to reduce reliance on foreign aid and control the spiraling domestic debt. While the monetary policy is expected to remain tight in the coming year with interest rates in low teen levels, the efficacy of monetary policy will be severely diluted if the fiscal side fails to complement it.

With chronic power shortages, fiscal indiscipline and persistent inflation, growth in real sector likely to be subdued and we don't expect GDP growth to top 4% mark during FY10-11. As the game plan on fiscal reforms is still not ready, Pakistan will be heavily reliant on external funding in the short term. Continued IMF support will be essential in this scenario and investors should watch out for triggers like implementation of structural reforms including VAT or reformed GST as the key to keep IMF on board. SBP has also showed its concern on fiscal slippages in last two Monetary Policy Statements (MPS) so apparently if this situation continues, we can see tight liquidity in money markets going forward and possible hikes in Discount Rates (DR). Tight liquidity conditions and increase in DR can potentially enhance fund returns in future.

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, October 25, 2010

FUND MANAGER'S REPORT

FOR THE YEAR ENDED JUNE 30, 2010

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

After going through a bearish spell in FY09, the fixed income segment of the mutual fund industry witnessed a healthy recovery in size in FY10. Although TFC centric funds, more specifically income funds, posted a slight decline of 1.78% YoY in terms of Assets Under Management (AUM), money market category fared well and grew by 877% YoY to PKR38.22 billion during the year as investors' bias shifted towards low risk investment avenues. As a result, approximately 9 money market funds were launched during the year. Ironically, a similar number of Income Funds were also launched during the period in order to benefit from high yields offered on sound TFCs. Nevertheless, investors still flocked towards low risk money market funds, shunning riskier income funds offering potentially higher returns but also higher volatility.

Extreme volatility in the corporate debt market and rising risk free rates nudged investors towards low risk instruments. Government was unable to meet its fiscal deficit target of 5.1% of GDP in FY10 which stood at 6.2% instead. Moreover, the zero budgetary borrowing form Central Bank was also not met which was one of the primary conditions linked to the IMF program. Investor demand for Treasury bills grew in the backdrop of shaky economic fundamentals and higher yields offered by Government paper. Rising external debt repayments, higher government borrowing due to fiscal imbalances, low private sector investment and sticky inflation made Treasury bills a better risk-adjusted investment than competing corporate paper.

Despite Pakistan's entry into IMF Standby program in 2008, major economic indicators failed to improve materially. Political instability and worsening security situation kept foreign investment at bay. Inflation, however, did subside in the first half of the year which consequently led to cuts in the Discount Rate from 14.00% to 12.50%. Nevertheless stringent IMF conditions, coupled with delays in foreign financing, continued to put pressure on domestic liquidity. M2 growth in FY10 was recorded at 12.50% YoY mainly on back of government borrowing. Foreign Exchange (FX) reserves, on the other hand, increased to $16bn in FY10, from $11.5bn in FY09. However Ex-IMF financing, FX reserves are flat since June-09.

Lately, the devastation caused by floods and rising inflation has further complicated the macro picture. Revenue generation is below targets due to which budgetary expenditure is being met via borrowings. Although foreign inflows in the form of remittances and support funds have cushioned the fiscal balances, the recovery is fragile and outlook is murky. Widening of tax base to increase revenue and curtailing expenditure are paramount for a sustainable and long term growth of the economy.

FUND PERFORMANCE

As on June 30, 2010, net assets under management (AUM) of ABL-IF were Rs.8,360 million, an increase of 21.65% YoY. In spite of cannibalization of income funds' AUMs by money market funds during the period, ABL-IF fund size continued to grow. During the period under review, ABL-IF yielded a return of 10.97%, while average benchmark return was 12.45%. ABL-IF, as a policy decision, refrained from taking exposure in high yield instruments like TFCs due to high credit risk and price volatility, which explains fund's underperformance with respect to the benchmark. Continuous risks to macroeconomic stability led to a conservative investment stance where the fund maintained high exposure in shorter-term T-bills and portfolio duration of below 92 days. We believe that competitive yields offered on Treasury bills led to fund return stability and delivery of superior risk adjusted returns during the period under review which drew investors to ABL-IF despite overall contraction in sector AUMs.

As of June 30, 2010, Government securities accounted for 46.26% of the fund whereas TDRs were 38.88% compared to 78% allocation in the previous fiscal year.

FUTURE OUTLOOK AND STRATEGY

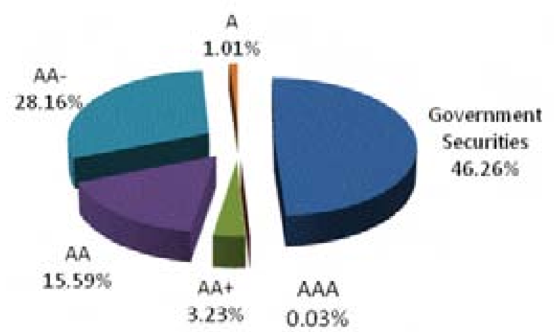
Macroeconomic conditions remain subdued due to double digit inflation and low revenue generation. Interest rate is likely to strengthen further and high Government borrowing may keep money market tight. Continued build up of circular debt and falling foreign inflows will add pressure to the already tight monetary policy. ABL-IF intends to maintain a high exposure towards Treasury bills, while keeping a low duration in order to mitigate any interest rate volatility going ahead. Furthermore, placements with good rated banking counters and investments in highly rated TFCs will be explored to keep the portfolio diverse and achieve higher risk-adjusted returns.

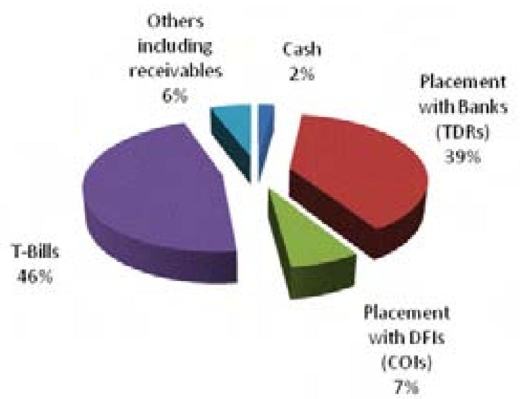
ABL-IF Performance	FY-10
Yield Fiscal Year 2010	10.97%
Benchmark Average (1M-KIBOR)	12.45%
Weighted Average Duration as at June 30, 2010	92 days

ABL-IF AUM & Pricing	FY-10
Assets under management as at June 30, 2010 (PKR mn)	8,360
Closing NAV per unit as at June 30, 2010 (PKR) (Ex-Dividends)	10.0164
Closing NAV per unit as at June 30, 2010 (Cum-Dividends)	11.0708

Distributions	Payout	Rupees per unit
1st Quarterly Dividend	100%	0.2731
2nd Quarterly Dividend	100%	0.2783
3rd Quarterly Dividend	100%	0.2609
4th Quarterly Dividend	100%	0.2421

Credit Quality of Portfolio (% of Assets)





Performance Table

	June 2010	June 2009
	(Rupees in '000)	
Net Assets	8,360,054	6,872,176
Net Income	933,649	398,369
	(Rupees per unit)	
Net Assets value	10.0164	10.0166
Interim distribution	0.8123	0.7627
Final distribution	0.2421	0.2971
Distribution date final	June 28, 2010	June 29, 2009
Closing offer price	10.0164	10.0166
Closing repurchase price	10.0164	10.0166
Highest offer price	10.2731	10.4165
Lowest offer price	10.0032	10.0000
Highest repurchase price per unit	10.2731	10.4165
Lowest repurchase price per unit	10.0032	10.0000
	Percentage	
Total return of the fund		
- capital growth	0.43%	3.96%
- income distribution	10.54%	10.60%
Average return of the fund		
First Year	10.97%	14.56%
Second Year	12.53%	-
Weighted average portfolio duration in days	92	82

Distribution date

2010		2009	
Date	Rate	Date	Rate
September 29, 2009	Re 0.2731 Per Unit	December 31, 2008	Re 0.4165 Per Unit
December 30, 2009	Re 0.2783 Per Unit	March 31, 2009	Re 0.3462 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
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S.M.C.H.S. Main Shahra-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) 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, 2010 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi: October 25, 2010

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

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 Income Fund** to comply with the Listing Regulation No. 35 (Chapter XI) 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.

Further, 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 price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of 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 Fund's compliance, 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, 2010.

Chartered Accountants
Karachi
Dated: October 25, 2010

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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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

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-executivdirectors. At present, the Board includes seven non-executive directors two of whom are non-executive 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. Two casual vacancies occurred during the year under review. One upon the resignation of Mr. Samad Dawood which was duly filled within 30 days. The other vacancy occurred due to resignation of Mr. Anis ur Rahman (CEO) with effect from November 01, 2009 which was duly filled by the appointment of Mr. Farid Ahmed Khan, as CEO, with effect from February 24, 2010

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.

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 are placed before the audit committee and approved by the board of directors on quarterly basis 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. The Directors have been provided with the copies of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies & Notified Entities 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.

11. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the current year.

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, 2010 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 with respect to the fund.

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.

For and on behalf of the Board

Farid Ahmed Khan
CEO

Karachi, October 25, 2010

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

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, 2010, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' fund for the year ended June 30, 2010 and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2010 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: October 25, 2010
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, Fazl-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
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2010

	Note	June 30, 2010	June 30, 2009
		Rupees in '000	
ASSETS			
Bank balances	4	663,489	914,798
Investments	5	7,766,698	5,934,000
Profit receivable	6	71,022	112,863
Security deposits		100	100
Preliminary expenses and floatation costs	7	3,222	4,222
Total assets		8,504,531	6,965,983
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	8	15,796	12,083
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	936	622
Payable to the Securities and Exchange Commission of Pakistan	10	7,044	2,194
Dividend payable		92,474	77,701
Payable against redemption of units		26,534	760
Accrued expenses and other liabilities	11	1,693	447
Total liabilities		144,477	93,807
NET ASSETS		8,360,054	6,872,176
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		8,360,054	6,872,176
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		834,636,866	686,081,119
		(Rupees)	
NET ASSET VALUE PER UNIT	13	10.0164	10.0166
FACE VALUE PER UNIT		10.0000	10.0000

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

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND
INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
		Rupees in '000	
INCOME			
(Loss) / Gain on sale of investments		(525)	202
Income from Government Securities		263,633	5,778
Income from Term Deposit Receipts		478,500	251,441
Income from Certificates of Investment		105,167	35,814
Income from Certificates of Deposit		3,749	7,897
Income from Letters of Placement		85,265	22,209
Income from Reverse Repurchase transactions		54,602	189
Profit on bank accounts		149,296	44,339
		1,139,687	367,869
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading'	5.1	(4,087)	-
		1,135,600	367,869
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company		140,890	37,398
Remuneration of Central Depository Company of Pakistan Limited - Trustee		10,393	3,271
Annual fee - Securities and Exchange Commission of Pakistan		6,794	2,194
Brokerage and other transaction costs		957	653
Bank charges		442	196
Auditors' remuneration	15	435	380
Amortization of preliminary expenses and floatation costs		1,000	778
Printing charges		200	194
Listing fee		40	160
Annual rating fee		175	170
Other expenses		6	7
Total operating expenses		161,332	45,401
Net income from operating activities		974,268	322,468
Element of income/ (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(39,407)	75,901
Provision for Workers' Welfare Fund	11.1	(1,212)	-
Net income for the year / period before taxation		933,649	398,369
Taxation		-	-
Net income for the year / period after taxation		933,649	398,369
Other Comprehensive income for the year /period			
Element of income/ (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	-
Total comprehensive income for the year / period		933,649	398,369
Earnings per unit	16		

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

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CE O

MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND
DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
	Rupees in'000	
Opening undistributed income - realised	11,365	-
- unrealised	-	-
	11,365	-
Interim distribution:		
- Re 0.2731 per unit on September 29, 2009 (2008: Nil)		
Cash distribution	(98,392)	-
Issue of bonus units	(152,837)	-
Interim distribution:		
- Re 0.2783 per unit on December 30, 2009 (2008: Re 0.4165 per unit on December 31, 2008)		
Cash distribution	(70,250)	(64,886)
Issue of bonus units	(145,768)	(17,221)
Interim distribution:		
- Re 0.2609 per unit on March 30, 2010 (2009: Re 0.3462 per unit on March 31, 2009)		
Cash distribution	(70,351)	(55,081)
Issue of bonus units	(168,557)	(61,754)
Final distribution:		
- Re 0.2421 per unit on June 28, 2010 (2009: Re 0.2971 per unit on June 29, 2009)		
Cash distribution	(92,474)	(77,701)
Issue of bonus units	(136,582)	(110,361)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	3,882	-
Net income for the year / period	933,649	398,369
Undistributed income carried forward	13,685	11,365
Undistributed income comprising:		
Realised income	17,772	11,365
Unrealised income / (loss)	(4,087)	-
	13,685	11,365

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

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CE O

MUHAMMAD YASEEN
DIRECTOR

ABL INCOME FUND
MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2010

	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
	Rupees in'000	
Net Assets at the beginning of the year	6,872,176	-
Issue of 2,501,642,312 (2009:1,258,637,641) units	25,256,424	12,759,872
Redemption of 2,413,460,960 (2009: 591,490,147) units	(24,410,135)	(6,012,496)
	846,289	6,747,376
Issue of bonus units		
- Interim distribution 46,716,151 (2009: 7,897,547 units)	467,162	78,975
- Final distribution 13,658,244 (2009: 11,036,078 units)	136,582	110,361
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	39,407	(75,901)
- amount representing (income)/ loss and capital (gains)/ losses transferred to distribution statement	(3,882)	-
	35,525	(75,901)
Other net income for the year / period	938,261	398,167
Capital loss/(Gain) on sale of investments	(525)	202
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	(4,087)	-
Total comprehensive income / (expense) for the year/ period	933,649	398,369
Interim distribution:		
- Re 0.2731 per unit on September 29, 2009 (2008: Nil)		
Cash distribution	(98,392)	-
Issue of bonus units	(152,837)	-
Interim distribution:		
- Re 0.2783 per unit on December 30, 2009 (2008: Re 0.4165 per unit on December 31, 2008)		
Cash distribution	(70,250)	(64,886)
Issue of bonus units	(145,768)	(17,221)
Interim distribution:		
- Re 0.2609 per unit on March 30, 2010 (2009: Re 0.3462 per unit on March 31, 2009)		
Cash distribution	(70,351)	(55,081)
Issue of bonus units	(168,557)	(61,754)
Final distribution:		
- Re 0.2421 per unit on June 28, 2010 (2009: Re 0.2971 per unit on June 29, 2009)		
Cash distribution	(92,474)	(77,701)
Issue of bonus units	(136,582)	(110,361)
	(935,211)	(387,004)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealized appreciation	3,882	-
Net assets as at the end of the year / period	8,360,054	6,872,176

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

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CE O

MUHAMMAD YASEEN
DIRECTOR

ABL Asset Management
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ABL-IF
ABL-INCOME FUND

ABL INCOME FUND
CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
		Rupees in'000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year / period before taxation		933,649	398,369
Adjustment for non-cash charges and other items;			
Amortisation of preliminary expenses and floatation costs		1,000	778
Remuneration of ABL Asset Management Company Limited - Management Company		140,890	37,398
Remuneration of Central Depository Company of Pakistan Limited - Trustee		10,393	3,271
Unrealised diminution on re-measurement of investments classified as "financial assets at fair value through profit or loss"		4,087	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		39,407	(75,901)
		1,129,426	363,915
(Increase) / decrease in assets			
Profit receivable		41,841	(112,863)
Investments		(1,736,785)	(3,034,000)
Security deposit		-	(100)
		(1,694,944)	(3,146,963)
Increase/ (decrease) in liabilities			
Payable to Securities and Exchange Commission of Pakistan		4,850	2,194
Accrued expenses and other liabilities		1,246	447
Payable against redemption of units		25,774	760
		31,870	3,401
Remuneration paid to ABL Asset Management Company Limited - Management Company		(136,177)	(29,315)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		(10,079)	(2,649)
Paid to ABL Asset Management Company for preliminary expenses and floatation costs		(1,000)	(1,000)
		(147,256)	(32,964)
Net cash used in operating activities		(680,904)	(2,812,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(316,694)	(119,967)
Net receipts against issuance of units		846,289	6,747,376
Net cash generated from financing activities		529,595	6,627,409
Net (decrease) / increase in cash and cash equivalents		(151,309)	3,814,798
Cash and cash equivalents at the beginning of the year / period		3,814,798	-
Cash and cash equivalents at the end of the year / period	4.1	3,663,489	3,814,798

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

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CE O

MUHAMMAD YASEEN
DIRECTOR

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

FOR THE YEAR ENDED JUNE 30, 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 (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.

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 the 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 the public for subscription at par from September 17, 2008 to September 19, 2008 and thereafter these units are offered to the 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.

The rating company has assigned Management Quality Rating of 'AM3' 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 (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.

2.2 Changes in accounting policies and disclosures arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement (referred to as the statement of assets and liabilities in these financial statements) as at the beginning of the comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period.

The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one performance statement. As a result non-owner changes in equity which were previously credited directly in the statement of movement in unit holders' fund are now shown as other comprehensive income in the performance statement (referred to as statement of comprehensive income in these financial statements). The change in the presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence restated statement of assets and liabilities has not been presented. The adoption of this standard has resulted in increase in certain disclosures.

2.3 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2009:

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment resulted in additional disclosures, which have been detailed in these financial statements.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. Keeping in view the requirements set out in the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the adoption of this amendment did not impact the classification of units in the financial statements of the Fund.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. The adoption of this amendment did not have any effect on the Fund's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but were 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.

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Fund's accounting periods beginning on or after January 1, 2010:

a) IAS 7 (Amendment), 'Statement of Cash Flows' (effective from January 1, 2010). The amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment is not expected to have any impact on the Fund's financial statements.

b) IAS 24 'Related Party Disclosures' (revised) (effective from January 1, 2011). The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

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

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires 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 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 recognized 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 where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are as follows:

i) Classification and valuation of investments (notes 3.1 and 5)

2.6 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair values.

2.7 Functional and Presentation Currency
These financial statements are presented in Pak 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 stated below:

3.1 Financial assets
Classification

The Fund classifies its financial assets in the following categories: Financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropiate 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

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'Financial assets at fair value through profit or loss'. These investments are marked to market using the closing market rates as at the end of each day and are carried on the Statement of Assets and Liabilities at fair value. Net gains and losses arising on the changes in fair value of these investments are taken to the income statement.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognized at fair value. Subsequently, these investments are carried at amortised cost, using the effective interest method.

3.2 Basis of valuation of Government Securities

The investment of the Fund in government securities is valued on the basis of rates of these securities announced by the Financial Market Association in accordance with the requirements of Regulation 66(k) of the NBFC Regulations 2008.

3.3 Issue and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests 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.

3.4 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 income / 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.

3.5 Provisions

Provisions are recognized 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 amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.6 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 realized or unrealized, is distributed amongst the unit holders. Accordingly, no provision has been made for current and deferred taxation in these financial statements.

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 unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realized. However, the Fund has not recognized 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 realized or unrealized, to its unit holders every year.

3.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of five years starting from the commencement of operations of the Fund.

3.8 Offsetting of financial instruments

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

3.9 Financial assets and financial liabilities

Financial assets carried on the Statement of Assets and Liabilities include bank balances, loans and receivables, profit receivable and other receivables.

Financial liabilities carried on the Statement of Assets and Liabilities include payable to the Management Company, payable to the Trustee, payable on redemption of units and accrued expenses and other liabilities.

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred for the acquisition of investments classified as 'financial assets at fair value through profit or loss' transaction costs that may be incurred on disposal which are charged as expense when incurred. The particular recognition method adopted for measurement of financial assets and financial liabilities subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.10 Impairment

The carrying value of the Fund's assets are reviewed at each balance sheet 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

3.11 Revenue recognition

- Realized capital gains/ (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealized capital gains/ (losses) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognized on an accrual basis.
- Profit on investments is recognized on an accrual basis.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances in saving accounts and other deposits with banks having 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, 2010	June 30, 2009
		(Rupees in '000)	
4 BANK BALANCES			
Saving accounts	4.2	663,489	914,798
		663,489	914,798

4.1 CASH AND CASH EQUIVALENTS

	Note	June 30, 2010	June 30, 2009
Balances with banks	4.2	663,489	914,798
Term deposit receipts		3,000,000	2,900,000
		3,663,489	3,814,798

4.2 These saving accounts carrying mark-up at rates ranging from 5.00% to 11.50% (June 30, 2009: 5.00% to 15.00%) per annum . Deposits in savings accounts include Rs. 63,364,181 (June 30, 2009: Rs.153,684,777) maintained with Allied Bank Limited, a related party.

5 INVESTMENTS

	Note	June 30, 2010	June 30, 2009
Financial assets at fair value through profit or loss - held for trading	5.1	3,936,698	-
Loans and receivables	5.2	3,830,000	5,934,000
		7,766,698	5,934,000

5.1 Financial assets at fair value through profit or loss - Held for trading

(a) Government Treasury Bills

Issue Date	Tenor	Face Value				Balance as at June 30, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2009	Purchases during the year	Disposed / matured during the year	As at June 30, 2010	Cost	Market value	Appreci-ation / (diminu-tion)		
					Rupees in '000					
January 29, 2009	12 months	-	200,000	200,000	-	-	-	-	-	-
February 12, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
February 12, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
February 12, 2009	12 months	-	250,000	250,000	-	-	-	-	-	-
March 12, 2009	12 months	-	200,000	200,000	-	-	-	-	-	-
March 26, 2009	12 months	-	200,000	200,000	-	-	-	-	-	-
April 9, 2009	12 months	-	150,000	150,000	-	-	-	-	-	-
April 9, 2009	12 months	-	150,000	150,000	-	-	-	-	-	-
April 9, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
April 23, 2009	12 months	-	250,000	250,000	-	-	-	-	-	-
April 23, 2009	12 months	-	200,000	200,000	-	-	-	-	-	-
April 23, 2009	12 months	-	150,000	150,000	-	-	-	-	-	-
April 23, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
April 23, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
May 21, 2009	12 months	-	200,000	200,000	-	-	-	-	-	-
June 18, 2009	12 months	-	200,000	200,000	-	-	-	-	-	-
June 18, 2009	12 months	-	10,000	10,000	-	-	-	-	-	-
June 18, 2009	12 months	-	40,000	40,000	-	-	-	-	-	-
June 18, 2009	12 months	-	150,000	150,000	-	-	-	-	-	-
June 18, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
July 16, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
July 16, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
July 16, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
July 30, 2009	12 months	-	400,000	400,000	-	-	-	-	-	-
July 30, 2009	12 months	-	200,000	100,000	100,000	99,199	99,087	(112)	1.19%	1.28%
July 30, 2009	12 months	-	400,000	200,000	200,000	198,382	198,174	(208)	2.37%	2.55%
August 13, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
August 13, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
August 13, 2009	12 months	-	100,000	100,000	-	-	-	-	-	-
August 13, 2009	12 months	-	250,000	-	250,000	246,701	246,567	(134)	2.95%	3.17%
August 27a, 2009	12 months	-	50,000	50,000	-	-	-	-	-	-
September 10, 2009	6 months	-	50,000	50,000	-	-	-	-	-	-
September 10, 2009	6 months	-	50,000	50,000	-	-	-	-	-	-
September 10, 2009	6 months	-	50,000	50,000	-	-	-	-	-	-
September 10, 2009	6 Months	-	100,000	100,000	-	-	-	-	-	-
October 8, 2009	6 Months	-	50,000	50,000	-	-	-	-	-	-

5.1 Financial assets at fair value through profit or loss - Held for trading

(a)Government Treasury Bills

Issue Date	Tenor	Face Value				Balance as at June 30, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2009	Purchases during the year	Disposed / matured during the year	As at June 30, 2010	Cost	Market value	Appreci-ation / (diminu-tion)		
					Rupees in '000					
October 8, 2009	6 Months	-	200,000	200,000	-	-	-	-	-	-
December 3, 2009	3 Months	-	100,000	100,000	-	-	-	-	-	-
February 11, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
February 11, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
February 25, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
February 25, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
February 25, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
February 25, 2010	6 Months	-	100,000	100,000	-	-	-	-	-	-
February 25, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
February 25, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	150,000	150,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	150,000	150,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	150,000	150,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	75,000	75,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	75,000	75,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	50,000	50,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	50,000	50,000	-	-	-	-	-	-
March 11, 2010	3 Months	-	50,000	50,000	-	-	-	-	-	-
April 8, 2010	3 Months	-	350,000	350,000	-	-	-	-	-	-
April 8, 2010	6 Months	-	20,000	-	20,000	19,381	19,367	(14)	0.23%	0.25%
April 8, 2010	6 Months	-	20,000	-	20,000	19,381	19,367	(14)	0.23%	0.25%
April 8, 2010	6 Months	-	60,000	-	60,000	58,142	58,101	(41)	0.69%	0.75%
April 8, 2010	6 Months	-	100,000	-	100,000	96,898	96,836	(62)	1.16%	1.25%
April 22, 2010	3 Months	-	200,000	200,000	-	-	-	-	-	-
April 22, 2010	12 Months	-	100,000	-	100,000	91,140	90,932	(208)	1.09%	1.17%
April 22, 2010	6 Months	-	200,000	-	200,000	192,898	192,800	(98)	2.31%	2.48%
April 22, 2010	6 Months	-	100,000	-	100,000	96,455	96,400	(55)	1.15%	1.24%
April 22, 2010	3 Months	-	200,000	190,000	10,000	9,955	9,955	-	0.12%	0.13%
April 22, 2010	6 Months	-	150,000	-	150,000	144,705	144,600	(105)	1.73%	1.86%
May 6, 2010	6 Months	-	85,000	-	85,000	81,631	81,549	(82)	0.98%	1.05%
May 20, 2010	6 Months	-	250,000	-	250,000	239,058	238,772	(286)	2.86%	3.07%
May 20, 2010	6 Months	-	250,000	-	250,000	239,077	238,772	(305)	2.86%	3.07%
May 20, 2010	6 Months	-	250,000	-	250,000	239,096	238,772	(324)	2.86%	3.07%
May 20, 2010	6 Months	-	150,000	-	150,000	143,446	143,263	(183)	1.71%	1.84%
May 20, 2010	12 Months	-	150,000	-	150,000	135,643	135,231	(412)	1.62%	1.74%
May 20, 2010	6 Months	-	150,000	-	150,000	143,418	143,263	(155)	1.71%	1.84%
May 20, 2010	6 Months	-	50,000	-	50,000	47,806	47,754	(52)	0.57%	0.61%
May 20, 2010	3 Months	-	100,000	-	100,000	98,627	98,629	2	1.18%	1.27%
June 3, 2010	6 Months	-	200,000	-	200,000	190,303	190,163	(140)	2.27%	2.45%
June 3, 2010	6 Months	-	200,000	-	200,000	190,319	190,163	(156)	2.27%	2.45%
June 3, 2010	6 Months	-	200,000	-	200,000	190,354	190,163	(191)	2.27%	2.45%
June 3, 2010	6 Months	-	200,000	-	200,000	190,337	190,163	(174)	2.27%	2.45%
June 3, 2010	12 Months	-	200,000	-	200,000	179,822	179,539	(283)	2.15%	2.31%
June 3, 2010	12 Months	-	200,000	-	200,000	179,803	179,539	(264)	2.15%	2.31%
June 17, 2010	12 Months	-	200,000	-	200,000	178,808	178,777	(31)	2.14%	2.30%
Total - June 30, 2010		-	11,335,000	7,190,000	4,145,000	3,940,785	3,936,698	(4,087)		
Total - June 30, 2009		-	570,000	570,000	-	-	-	-		

	Note	June 30, 2010	June 30, 2009
5.2 Loans and receivables		(Rupees in '000)	
Certificates of Investment	5.2.1	500,000	500,000
Certificate of Deposit	5.2.2	80,000	79,000
Term Deposit Receipts	5.2.3	3,250,000	5,355,000
		3,830,000	5,934,000

5.2.1 Certificates of Investment carry mark- up at rates ranging from 12.35% to 12.40% (June 30, 2009:13.25% to 13.40%) per annum and maturities ranging from July 02, 2010 to July 28, 2010 (June 30, 2009: October 23, 2009 to November 02, 2009).

5.2.2 Certificate of Deposit carry mark- up at the rate of 12.25% (June 30, 2009: 17.75%) per annum and maturity at October 01, 2010 (June 30, 2009: August 04, 2009).

5.2.3 Term Deposit Receipts carry mark-up at rates ranging from 11.75% to 12.50% (June 30, 2009: 12.90% to 15.00%) per annum and maturities ranging from July 20, 2010 to January 21, 2011 (June 30, 2009: July 09, 2009 to April 22, 2010). Term Deposit Receipts includes Rs: Nil (June 30, 2009: Rs. 155,000,0000) maintained with Allied Bank Limited, a related party.

6 PROFIT RECEIVABLE

Interest accrued on Term Deposit Receipts	54,825	79,983
Interest accrued on Certificates of Investment	13,142	11,778
Interest accrued on Certificates of Deposit	2,443	5,648
Markup accrued on bank deposits	611	15,454
	71,022	112,863

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening Balance	4,222	5,000
Less: amortised during the year / period	(1,000)	(778)
Closing Balance	3,222	4,222

7.1 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 amortised over a period not exceeding five years.

8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

Management fee	8.1	12,796	8,083
Preliminary expenses and floatation costs		3,000	4,000
		15,796	12,083

8.1 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.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee	9.1	935	621
CDS custody charges		1	1
		936	622

9.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears, as per the following tariff structure:

Net Assets	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% per annum of Net Asset Value whichever is higher.
Exceeding Rs. 1,000 million	Rs. 2 million plus 0.10% per annum of Net Asset Value exceeding Rs. 1,000 million.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is 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, 2010	June 30, 2009
11 ACCRUED EXPENSES AND OTHER LIABILITIES		(Rupees in '000)	
Auditors' remuneration		270	242
Brokerage		41	60
Printing charges		170	145
Payable to Workers' Welfare Fund	11.1	1,212	-
		1,693	447

11.1 Provision for workers' welfare fund

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The issue is subjudice in the Honorable High Court of Sindh and a stay has been granted to one of MUFAP's members. MUFAP has received a clarification from Ministry of Labour that WWF is not applicable on mutual funds and in the light of the legal opinion of the counsel appointed by MUFAP; the management company believes that this levy may not be applicable on funds under its management.

However, various legal opinions are available on this matter. Some legal advisors are of the view that this levy is not applicable on CIS and therefore provision is not required to be created while there is also a contrary view according to which this levy has become applicable on the fund and the letter issued by the Ministry of Labour & Manpower, Government of Pakistan has no legal significance.

Keeping in view the legal ambiguity on this matter and in case of any adverse developments, the management company has undertaken that it will bear the impact up to May 26, 2010, the date on which the decision on the petition filed by MUFAP in the High Court of Sindh was received by MUFAP. The High Court had dismissed MUFAP's petition mainly on the grounds that MUFAP (the Petitioner) could not be held entitled to maintain a petition in respect of its members as it was not the aggrieved party. The management company has also made provision at the rate of two percent of the profit for the period from May 27, 2010 to June 30, 2010 in the books of the Fund for the current year. The breakup of charge is as follows:

Charge to be borne by the Management Company	25,428	-
Charge to be borne by the Fund	1,212	-
Total charge	26,640	-

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2009 and June 30, 2010.

13 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit is calculated by dividing the net assets of the Fund by the number of units in circulation as at the year end.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	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
	4,564,611	3,936,698	8,501,309

	As at June 30, 2010		
	Other financial liabilities	Liabilities at fair value through profit or loss	Total
	(Rupees in '000)		
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
	136,221	-	136,221

	As at June 30, 2009		
	Loans and receivables	Financial Assets at fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Bank balances	914,798	-	914,798
Investments	5,934,000	-	5,934,000
Profit receivable	112,863	-	112,863
Security Deposits	100	-	100
	6,961,761	-	6,961,761

	As at June 30, 2009		
	Other financial liabilities	Liabilities at fair value through profit or loss	Total
	(Rupees in '000)		
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	12,083	-	12,083
Payable to Central Depository Company of Pakistan Limited - Trustee	622	-	622
Dividend payable	77,701	-	77,701
Payable against redemption of units	760	-	760
Accrued expenses and other liabilities	447	-	447
	91,613	-	91,613

15 AUDITORS' REMUNERATION	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
	(Rupees in '000)	
Annual audit fee	175	175
Half yearly review fee	100	100
Other certifications and services	75	105
Out of Pocket	85	-
	435	380

16 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.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

Connected persons / related parties include ABL Asset Management Company Limited being theManagement 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.

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

Details of transactions with connected persons are as follows:

	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
	(Rupees in '000)	
ABL Asset Management Company Limited - Management Company		
Issue of 34,539,745 units (2009: 25,438,533 units)	350,072	255,700
Bonus of 1,731,167 units (2009: 725,205 units)	17,312	7,252
Redemption of 20,852,148 units (2009: 18,146,658 units)	211,950	186,150
Remuneration for the year / period	140,890	37,398
Allied Bank Limited		
Issue of 197,477,673 units (2009: 172,616,212 units)	2,000,000	1,750,000
Redemption of 197,477,673 units (2009: 97,616,212 units)	1,977,005	977,421
Cash dividend	129,916	108,487
Markup income	75,460	8,281
Term Deposits Receipts placed	1,000,000	305,000
Term Deposits Receipts matured	1,155,000	150,000
Bank charges	195	77
ABL Asset Management Company Limited - Staff Provident Fund		
Issue of 186,189 units (2009: 145,092 units)	1,873	1,474
Bonus of 7,367 units (2009: 4,854 units)	74	49
Redemption of 106,285 units (2009: 103,195 units)	1,080	1,059
ABL- Employees Superannuation (Pension) Fund		
Issue of: Nil (2009: 39,880,238 units)	-	405,000
Cash dividend	42,050	42,265
ABL- Staff Provident Fund		
Issue of: Nil units(2009: 2,644,829 units)	-	27,000
Cash dividend	2,789	2,803

	June 30, 2010	For the period from September 20, 2008 to June 30, 2009
CHAIRMAN OF THE MANAGEMENT COMPANY	(Rupees in '000)	
Sheikh Mukhtar Ahmed		
Issue of: Nil units(2009: 9,706 units)	-	100
Bonus of 1,181 units (2009: 1,065 units)	12	11
DIRECTORS OF THE MANAGEMENT COMPANY		
Mr. Muhammad Jawaid Iqbal		
Issue of 29,291 units (2009: 29,275 units)	300	300
Bonus of 4,015 units (2009: 870 units)	40	9
Mr. Shakeb Murad		
Issue of 29,966 units (2009: 29,961 units)	300	300
Bonus of 3,286 units (2009: Nil)	33	-
Redemption of 33,247 units (2009: Nil)	333	-
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Issue of 3,184,414 units (2009: Nil)	32,110	-
Bonus of 49,697 units (2009: Nil)	497	-
Redemption of 1,675,655 units (2009: Nil)	16,810	-
Executives		
Issue of 604,771 units (2009: 431,640 units)	6,120	4,390
Bonus of 15,405 units (2009: 13,822 units)	154	138
Redemption of 567,617 units (2009: 304,481 units)	5,752	3,097
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year / period	10,393	3,271

17.2 Amounts outstanding as at year / period end

	June 30, 2010	June 30, 2009
	(Rupees in '000)	
ABL Asset Management Company Limited - Management Company		
Outstanding 23,435,844 units (June 30 2009: 8,017,080 units)	234,743	80,304
Preliminary expenses and floatation costs payable	3,000	4,000
Remuneration payable to management company	12,796	8,083
Allied Bank Limited		
Outstanding 75,000,000 units (June 30 2009: 75,000,000 units)	751,230	751,245
Cash dividend payable	42,345	51,284
Bank balances	63,364	153,685
Mark up accrued	436	1,801
Term Deposit Receipts	-	155,000
ABL Asset Management Company Limited - Staff Provident Fund		
Outstanding 134,022 units (June 30 2009: 46,751 units)	1,342	468
ABL- Employees Superannuation (Pension) Fund		
Outstanding 39,880,238 units (June 30, 2009: 39,880,238 units)	399,456	399,464
Cash dividend payable	9,655	11,848
ABL- Staff Provident Fund		
Outstanding 2,644,829 units (June 30, 2009: 2,644,829 units)	26,492	26,492
Cash dividend payable	640	786

	June 30, 2010	June 30, 2009
	(Rupees in '000)	
CHAIRMAN OF THE MANAGEMENT COMPANY		
Sheikh Mukhtar Ahmad		
Outstanding 11,952 units (June 30, 2009: 10,771 units)	120	108
DIRECTORS OF THE MANAGEMENT COMPANY		
Mr. Muhammad Jawaid Iqbal		
Outstanding 63,451 units (June 30, 2009: 30,145 units)	636	302
Mr. Shakeb Murad		
Outstanding 29,966 units (June 30, 2009: 29,961 units)	300	300
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Outstanding 1,558,456 units (June 30, 2009: Nil)	15,610	-
Executives		
Outstanding 193,541 units (June 30, 2009: 140,982 units)	1,939	1,412
Central Depository Company of Pakistan Limited - Trustee		
Remuneration and CDC connection fee payable	936	622

18 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	16	CFA
2	Mr. Sulaiman S. Mehdi	Chief Operating Officer	9	ACIS
3	Mr. Muhammad Imran	Chief Investment Officer	11	MBA
4	Mr. Hammad Abbas	Fund Manager- Income Fund	6	MBA
5	Mr. Kamran Aziz	Fund Manager- Stock Fund	3	BBA

18.1 Mr. Hammad Abbas is not managing any other Fund.

19 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		June 30, 2010
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%

TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		For the period from September 20, 2008 to June 30, 2009
1	Alfalah Securities (Private) Limited	25.57%
2	IGI Finex Securities Limited	24.29%
3	Global Securities Pakistan Limited	19.26%
4	Invest Capital Investment Bank Limited	11.83%
5	JS Global Capital Limited	8.91%
6	First Dawood Investment Bank Limited - Brokerage Division	4.91%
7	KASB Securities Limited	3.52%
8	Elixir Securities Pakistan (Private) Limited	0.98%
9	First Capital Securities Corporation Limited	0.58%
10	BMA Capital Management Limited	0.14%

20 PATTERN OF UNIT HOLDINGS

As at June 30, 2010

Category	Number of Unit holders	Number of units held	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%

As at June 30, 2009

Category	Number of Unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
			(Rupees in '000)	
Individuals	841	58,153,422	582,500	8.48%
Associated Companies/ Directors	14	213,213,716	2,135,676	31.08%
Insurance Companies	7	43,350,167	434,221	6.32%
Bank/ DFIs	5	44,339,158	444,128	6.46%
NBFCs	1	5,548,654	55,579	0.81%
Retirement Funds	32	42,099,848	421,697	6.14%
Public Limited Companies	12	147,921,109	1,481,667	21.56%
Others	20	131,455,045	1,316,708	19.16%
	932	686,081,119	6,872,176	100%

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

The 14th, 15th, 16th, 17th Board meetings were held on August 07, 2009, October 20, 2009, February 24, 2010 and April 26, 2010 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	4	1	3	14th, 15th and 17th
2	Mr. Mohammad Aftab Manzoor	4	4	-	-
3	Mr. M. Jawaid Iqbal	4	1	3	14th, 15th and 16th
4	Mr. Muhammad Yaseen	4	4	-	-
5	Mr. M. Shakeb Murad	4	3	1	17th
6	Mr. Samad Dawood*	2	1	1	15th
7	Mr. Anis ur Rahman*	2	2	-	-
8	Mr. Kamran Nishat**	2	2	-	-
9	Mr. Farid Ahmed Khan***	1	1	-	-

* Resigned in 15th meeting of the BOD held on October 20,2009.

**Appointed as new Independent Director of the ABL AMCL in 15th meeting of the BOD held on October 20, 2009.

***Appointed as new Chief Executive Officer (CEO) of ABL AMCL in 16th meeting of BOD held on February 24, 2010.

22 FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, government securities, spread transactions, continuous funding system transactions and investments in other money market instruments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

22.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

22.1.1 Currency risk

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

22.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on its investments and on balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

Sensitivity analysis for fixed rate instruments

As at June 30, 2010, the Fund holds Treasury bills which are classified as at fair value through profit or loss exposing 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, 2010, with all other variables held constant, the net income for the year and net assets would be lower by Rs 15.229 million (2009: Rs Nil). 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 16.421 million (2009: Rs Nil).

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, 2010 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

22.1.3 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.

The Fund's MROR sensitivity related to financial assets and financial liabilities as at June 30, 2010 can be determined from the following:

	As at June 30, 2010					
		Exposed to Yield / Interest risk				
	Interest Rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest rate risk	Total
	%	-----------------------------------	Rupees in '000	-----------------------------------		
On-balance sheet financial instruments						
Financial assets						
Bank balances	5 - 11.5	663,489	-	-	-	663,489
Investments	11.75 - 12.50	4,152,410	3,614,288	-	-	7,766,698
profit receivable	-	-	-	-	71,022	71,022
Security deposits 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 liabilites		-	-	-	481	481
Sub Total		-	-	-	136,221	136,221
On-balance sheet gap		4,815,899	3,614,288	-	(65,089)	8,365,088

	As at June 30, 2009					
		Exposed to Yield / Interest risk				
	Interest Rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest rate risk	Total
	%	-----------------------------------	Rupees in '000	-----------------------------------		
On-balance sheet financial instruments						
Financial assets						
Bank balances	5 -15	914,798	-	-	-	914,798
Loans and receivables	12.9 - 17.75	3,979,000	1,955,000	-	-	5,934,000
profit receivable	-	-	-	-	112,863	112,863
Security deposits	-	-	-	-	100	100
Sub Total		4,893,798	1,955,000	-	112,963	6,961,761
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	12.083	12.083
Payable to Central Depository Company of Pakistan Limited.-Trustee		-	-	-	622	622
Dividend payable		-	-	-	77,701	77,701
Payable against redemption of units		-	-	-	760	760
Accrued expenses and other liabilites		-	-	-	447	447
Sub Total		-	-	-	91,613	91,613
On-balance sheet gap		4,893,798	1,955,000	-	21,350	6,870,148

22.1.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest 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. At present, the Fund is not exposed to price risk as there are no investments in marketable securities.

22.2 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 loans and receivables and balances with banks. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company.

22.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2010:

Bank Balances by rating category	2010	2009
Allied Bank Limited	AA	AA
Arif Habib Bank Limited	A	A
Askari Bank Limited	AA	AA
Bank Al Habib Limited	AA+	AA+
Bank Alfalah Limited	AA	AA
Deutsche Bank AG	A+	A+
Faysal Bank Limited	AA	AA
Habib Metropolitan Bank Limited	AA+	AA+
MCB Bank Limited	AA+	AA+
NIB Bank Limited	AA–	AA–
Standard Chartered Bank (Pakistan) Limited	AA+	AAA
United Bank Limited	AA+	AA+
Dawood Islamic Bank Limited	BBB+	A–
Albaraka Islamic Bank Limited	A	A
Soneri Bank Limited	AA–	AA–
The Bank Of Punjab	AA–	AA–
JS Bank Limited	A	A
Atlas Bank Limited	A–	A–
KASB Bank Limited	A–	A
Barclays Bank Limited	AA–	AA–
Samba Bank Limited	A	A
Silkbank Limited	A–	A–
The Royal Bank Of Scotland	AA	AA

Concentration of credit risk

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

22.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Management Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

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

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

	As at June 30, 2010			
	Upto three months	More than three months and up to one year	More than one year	Total
Liabilities	----------Rupees in '000----------			
Payable to ABL Asset Management Company Limited - Management Company	12,796	1,000	2,000	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
	133,221	1,000	2,000	136,221

	As at June 30, 2009			
	Upto three months	More than three months and up to one year	More than one year	Total
Liabilities	----------Rupees in '000----------			
Payable to ABL Asset Management Company Limited - Management Company	8,083	1,000	3,000	12,083
Payable to Central Depository Company of Pakistan Limited.-Trustee	622	-	-	622
Dividend payable	77,701	-	-	77,701
Payable against redemption of units	760	-	-	760
Accrued expenses and other liabilities	447	-	-	447
	87,613	1,000	3,000	91,613

22.3.2 Market rate of return (MROR) risk

MROR risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. The Fund manages its investment portfolio in order to reduce the risk of loss in the market value of investments.

22.3.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Effective January 1, 2009, the Fund adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	As at June 30, 2010			
	Leve 1	Leve 2	Leve 3	Total
ASSETS	----------Rupees in '000----------			
Investment in securities - at fair value through profit or loss	-	3,936,698	-	3,936,698

23 UNIT HOLDER'S FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. These are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Asset Management Company has arranged for investment in seed capital through ABL - Employees Superannuation (Pension) Fund for a period of two years in compliance with the Regulation 44(3)(e)(iii) of NBFC Regulations. The said period of two years will expire on September 20, 2010

The Fund has no restrictions or specific capital requirements on the subscription and redemption of units.

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the NBFC Regulations the Fund is required to distribute at least ninety percent of its income from sources other than capital gain as reduced by such expenses as are chargeable to the Fund.

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

24 GENERAL

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

24.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.

Significant reclassifications include the following:

An amount of Rs 2,900 million has been reclassified from bank balances to investments under the head 'loans and receivables'. However, comparative statement of assets and liabilities at the beginning of the comparative period cannot be presented as the earliest financial statements of the Fund were prepared for the period from September 20, 2008 to June 30, 2009.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 25, 2010 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CE O

MUHAMMAD YASEEN
DIRECTOR