



ABL Islamic Income Fund

CONDENSED INTERIM
**FINANCIAL
INFORMATION**
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

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FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited	
Board of Directors of the Management Company	Sheikh Mukhtar Ahmed	Chairman
	Muhammad Waseem Mukhtar	Director
	Mr. Khalid A. Sherwani	Director
	Mr. M. Jawaid Iqbal	Director
	Muhammad Yaseen	Director
	Mr. M. Shakeb Murad	Director
	Mr. Kamran Nishat	Director
Chief Executive Officer:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Faisal Nadeem Mangroria	
Audit Committee:	Mr. Kamran Nishat	Chairman
	Muhammad Waseem Mukhtar	Member
	Muhammad Yaseen	Member
Head of Internal Audit & Compliance	Mr. Saqib Matin	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.	
Auditors:	A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisors:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 -C1 -10, Beaumont Road, Civil Lines, Karachi.	
Bankers:	Allied Bank Limited Bank Al-Falah Limited United Bank Limited	
Distributor:	Allied Bank Limited	
Registered Office:	11 - B, Lalazar, M. T. Khan Road, Karachi.	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Income Fund (ABL-IIF), is pleased to present the un-audited Condensed Interim Financial Information of ABL-IIF for the half year ended December 31, 2011.

ECONOMIC PERFORMANCE REVIEW

Economic conditions remained frail during the first half of FY12 with the twin deficits, fiscal and external, dominating the economic headlines. Current Account deficit surged to USD 2.2 billion during the period compared to a surplus of USD 8 million in corresponding period of last year. Rising international oil prices (+37% YoY) coupled with crash in cotton prices resulted in 1HFY12 trade deficit of USD 7.6bn, +32% YoY.

Disappointing foreign direct investment (-36% YoY) and limited foreign aid flows further contributed to the weak balance of payments situation, eventually leading to a decline in FX reserves to USD 16.9 billion as at December 31st 2011, compared to USD 18.2 billion at the start of the fiscal year. The rupee followed suit and depreciated by a significant 4.7% against the US Dollar during the period under review. Likewise, fiscal deficit numbers were a cause of concern, recorded at 4.5% for 1HFY12, despite tax revenue collection seemingly on target at +27% YoY. Recently strained diplomatic ties with the US was the major contributor in this regard as the finance ministry had built in a significant cushion of foreign aid while formulating the fiscal deficit target of 4.0% for FY12 - a target seemingly highly optimistic under the current scenario.

On the positive front, inflation was back in single digits at 9.75% for December 2011 and 10.9% for 1HFY12. This improvement in CPI number is mainly attributed to reconstitution of the CPI basket along with high base of the index due to floods in 2010. Taking cue from this, the central bank adopted an expansionary monetary stance and cut the key policy rate by 200bps to 12% during the period. However, the move was short lived and SBP halted its pro-growth approach in its last statement highlighting growing risks to the economy, particularly the weak external account situation and possible reemergence of inflationary pressures. Moreover, the impact of monetary easing was hardly visible on private sector whose borrowing remained subdued, primarily due to heavy borrowing by the Government from both the central bank (+143bn in 1HFY12) as well as commercial banks (+697bn in 1HFY12). Acute energy shortages have further downplayed monetary easing efforts as commercial banks' scope for lending is greatly reduced. In general, growth elements failed to gather any sort of momentum during 1HFY12, which has resulted in downward revision of GDP growth target to 3.6% from the original FY12 target of 4.2% set by the Government of Pakistan.

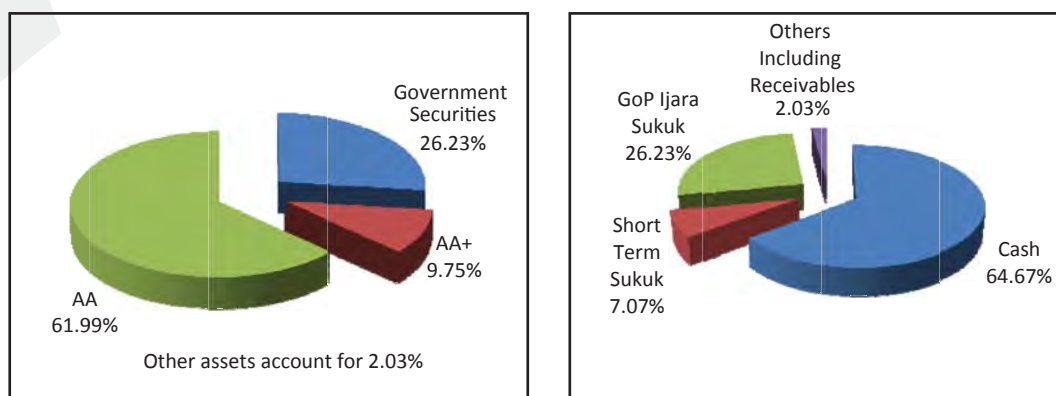
MUTUAL FUND INDUSTRY REVIEW

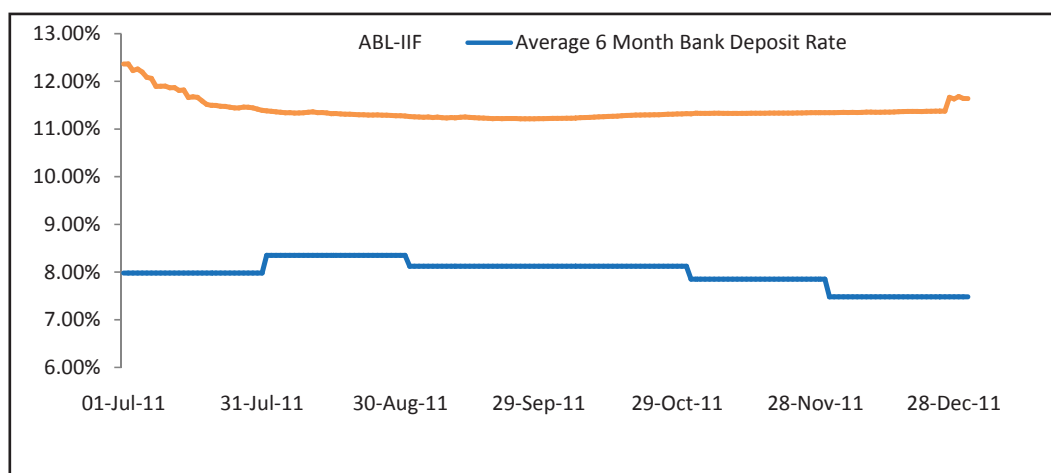
Total assets under management (AUMs) of Pakistan's open end mutual fund industry grew by 18.2% in 1HFY-12 to close at Rs.268 billion as at December 31, 2011. Bulk of this growth was supported by debt funds as competitive rates on sovereign debt instruments made fixed income fund investments ideal for both corporate and retail investors at large. Equities remained out of favor due to economic instability and political uncertainties during the period and performance was also affected by foreign outflows. The Islamic income fund category, though relatively small in comparison to conventional funds, performed well due to improved returns on account of Sovereign Ijara Sukuks auctioned during the period. Moreover the 200bps cut in Discount rate also benefited returns in terms of valuation gains. The Islamic income fund category AUMs improved by 38.22% to PKR28.852 billion in December 31, 2011 compared to PKR20.874 billion as on June 30, 2011.

FUND PERFORMANCE

During the period under review, ABL Islamic Income Fund's AUMs decreased by 14.14% to PKR701.123 million from PKR816.605 million as on June 30, 2011. In September 2011, the fund was converted into income category in order to diversify asset allocation and consequently offer better returns. Before conversion, the fund was primarily holding bank deposits with AA and above rated banks. After its conversion into income category, the fund has a much diversified portfolio, including GoP Ijara Sukuks, which have led to substantial improvement in return performance. During the half year ended December 31, 2011, unit price of ABL-IIF increased by 5.78% to close at 10.5948 (cum dividend) translating into an annualized compounded return of 11.64%. During the period under review, ABL-IIF outperformed its benchmark by 365 bps.

As on December 31, 2011, ABL-IIF investments with AA and above rated Islamic banks were 64.67%, GoP Ijara Sukuk 26.23% and short term Sukuks were 7.07% of the portfolio. The above allocation is optimal under current situation as the fund earns high returns whilst maintaining an adequate level of liquidity and a low duration.





FUTURE OUTLOOK

We feel the current easing cycle will be a short one and the twin deficits will force central bank's hands to tighten the reins eventually. The dip in inflation could be transient as high international oil prices and reduction in energy subsidies will put pressure on CPI numbers going forward. In the absence of foreign flows further rupee depreciation cannot be ruled out, especially with IMF loan repayments scheduled to start. In the current scenario monetary authorities are likely to adopt a cautious stance with interest rates expected to remain firm. Fiscal policy has limited or no space as rising domestic debt servicing and large public sector deficits will eat into whatever revenue growth we see coming through this year.

We expect GoP Ijara Sukuks issued by the government to benefit returns going ahead. Due to dearth of investment avenues for Islamic funds, there are good prospects of reaping valuations gains on GoP Ijara Sukuks. Moreover we will be exploring investments in Corporate debt Sukuks issued by strong counters for diversification purposes. However, superior credit quality, low volatility and high liquidity will be the guiding principles leading our investment decisions in ABL IIF.

DIVIDEND

The Chief Executive Officer (CEO) on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on December 26, 2011 has approved and declared Interim dividend distribution of Re.0.2655 per unit (2.67% of the par value of Rs.10) for the quarter ended December 31, 2011. This is in addition to interim dividend distribution of Re.0.2733 per unit (2.73% of the par value of Rs.10) for the quarter ended September 30, 2011.

FUND STABILITY RATING

January 10, 2012: JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has revised the Fund Stability Rating of ABL Islamic Income Fund (formerly ABL Islamic Cash Fund) from 'AA(f)' (Double A (f)) to 'A+(f)' (Single A Plus(f)).

MANAGEMENT QUALITY RATING

September 16, 2011: JCR-VIS Credit Rating Company Limited has upgraded the Management Quality Rating of ABL Asset Management Limited (ABL AMC) from 'AM3+' (AM Three Plus) to 'AM Two Minus' (AM2-). Outlook on the assigned rating is 'Stable'.

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) and the management of Karachi Stock Exchange (Guarantee) Limited for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

Karachi, February 22, 2012

For and on behalf of the Board


FARID AHMED KHAN
Chief Executive Officer

**ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND)
TRUSTEE REPORT TO THE
UNIT HOLDERS**

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan
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Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

**ABL ISLAMIC INCOME FUND
(FORMERLY ABL ISLAMIC CASH FUND)**

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

We Central Depository Company of Pakistan Limited, being the Trustee of ABL Islamic Income Fund (formerly ABL Islamic Cash Fund) (the Fund) are of the opinion that ABL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

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

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

Karachi: February 23, 2012



ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND)
AUDITORS REPORT TO THE UNIT HOLDERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



A. F. FERGUSON & CO.

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

Introduction

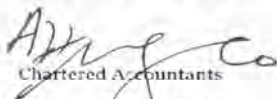
We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Islamic Income Fund (formerly ABL Islamic Cash Fund)** as at December 31, 2011 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants
Date: February 23, 2012
Karachi

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

Lahore: 29-A, A.G. Avenue, Canal Bank, Gulberg V, P.O. Box 39, Shalimar Cantonment, Lahore-54000, Tel: +92 (42) 35712641-26; Fax: +92 (42) 35115879
Islamabad: PLX Building, 505 Floor, 49 Blue Area, Faisal Road, P.O. Box 3021, Islamabad-44000, Tel: +92 (51) 2273477-766; Fax: +92 (51) 22726004
Kabul: House No. 196, 3rd Floor, 1st No. 1, Bahawal Caverna Barquet, Nahr-e-Banous, Karte-3, Kabul, Afghanistan, Tel: +92 (91) 4112221; Fax: +92 (91) 4112222

**ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND)
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES**

AS AT DECEMBER 31, 2011

	Note	Unaudited December 31, 2011	Audited June 30, 2011
		----- Rupees -----	
ASSETS			
Balances with banks	3	457,324,465	129,803,154
Investments	4	235,518,000	710,000,000
Prepayments and other receivables	5	123,595	5,700
Profit receivable	6	12,022,274	8,356,550
Preliminary expenses and floatation costs	7	2,224,709	2,578,909
Total assets		<u>707,213,043</u>	<u>850,744,313</u>
LIABILITIES			
Payable to ABL Asset Management Company Limited Management Company	8	3,809,955	3,688,599
Payable to Central Depository Company of Pakistan Limited Trustee	9	85,033	79,022
Payable to the Securities and Exchange Commission of Pakistan	10	258,998	295,034
Dividend payable		14,222	2,547,515
Payable against redemption of units		25,000	3,516,319
Accrued expenses and other liabilities	11	1,896,424	24,012,257
Total liabilities		<u>6,089,632</u>	<u>34,138,746</u>
NET ASSETS		<u>701,123,411</u>	<u>816,605,567</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>701,123,411</u>	<u>816,605,567</u>
CONTINGENCIES AND COMMITMENTS	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>69,842,230</u>	<u>81,527,269</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		<u>10.0387</u>	<u>10.0163</u>
FACE VALUE PER UNIT		<u>10.0000</u>	<u>10.0000</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND) CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	For the half year ended December 31, 2011	For the period from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2011	For the quarter ended December 31, 2010
-----Rupees'-----				
INCOME				
Net capital gain on sale of investment	60,000	-	60,000	-
Profit on Term Deposit Receipts	13,101,645	-	623,836	-
Profit from Sukuk Certificates	6,936,800	-	3,910,581	-
Profit on bank accounts	23,841,065	17,997,147	15,511,980	11,450,412
	<u>43,939,510</u>	<u>17,997,147</u>	<u>20,106,397</u>	<u>11,450,412</u>
Unrealised appreciation on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - held for trading	518,000	-	518,000	-
Total income	<u>44,457,510</u>	<u>17,997,147</u>	<u>20,624,397</u>	<u>11,450,412</u>
EXPENSES				
Remuneration of ABL Asset Management Company Limited - Management Company	3,453,271	1,633,054	1,561,520	1,026,658
Sindh sales tax on Management Company's Remuneration	552,524	-	249,884	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	587,063	331,169	265,459	205,328
Annual fee - Security and Exchange Commission of Pakistan	258,998	124,126	117,114	76,999
Auditors' remuneration	145,777	172,348	77,881	102,948
Amortisation of preliminary expenses and floatation costs	354,200	296,428	177,100	177,100
Other expenses	306,703	208,960	162,544	129,466
Total operating expenses	<u>5,658,536</u>	<u>2,766,085</u>	<u>2,611,502</u>	<u>1,718,499</u>
Net income from operating activities	<u>38,798,974</u>	<u>15,231,062</u>	<u>18,012,896</u>	<u>9,731,913</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(3,780,548)	618,904	(1,320,201)	170,631
Provision for Workers' Welfare Fund	11.1 (574,269)	(311,071)	(207,754)	(194,385)
Net income for the period before taxation	<u>34,444,157</u>	<u>15,538,895</u>	<u>16,484,940</u>	<u>9,708,159</u>
Taxation	-	-	-	-
Net income for the period after taxation	<u>34,444,157</u>	<u>15,538,895</u>	<u>16,484,940</u>	<u>9,708,159</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>34,444,157</u>	<u>15,538,895</u>	<u>16,484,940</u>	<u>9,708,159</u>


Earnings per unit

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The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

**ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND)
CONDENSED INTERIM DISTRIBUTION
STATEMENT (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	For the half year ended December 31, 2011	For the period from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2011	For the quarter ended December 31, 2010
	-----Rupees-----			
Opening undistributed income comprising:				
- realised	1,333,019	-	980,292	173,695
- unrealised	-	-	-	-
	<u>1,333,019</u>	<u>-</u>	<u>980,292</u>	<u>173,695</u>
 Net income for the period	 34,444,157	 15,538,895	 16,484,940	 9,708,159
 Interim distribution:				
- Re 0.2733 per unit on September 27, 2011 (2010 - Re 0.1418 per unit on September 29, 2010)				
Issue of 1,556,490 bonus units (2010: 419,069)	(15,564,900)	(4,190,687)	-	-
Cash distribution	(2,747,044)	(1,466,354)	-	-
 Interim distribution:				
- Re 0.2655 per unit on December 26, 2011 (2010 - Re 0.2326 per unit on December 30, 2010)				
Issue of 1,451,309 bonus units (2010: 721,001)	(14,513,089)	(7,210,019)	(14,513,089)	(7,210,019)
Cash distribution	(14,222)	(2,326,348)	(14,222)	(2,326,348)
 Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	 (236,744)	 -	 (236,744)	 -
 Undistributed income carried forward	 <u>2,701,177</u>	 <u>345,487</u>	 <u>2,701,177</u>	 <u>345,487</u>
 Undistributed income comprising:				
- realised income	2,183,177	345,487	2,183,177	345,487
- unrealised income	518,000	-	518,000	-
	<u>2,701,177</u>	<u>345,487</u>	<u>2,701,177</u>	<u>345,487</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

**ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	For the half year ended December 31, 2011	For the period from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2011	For the quarter ended December 31, 2010
	-----Rupees-----			
Net assets at the beginning of the period	816,605,567	-	674,558,545	403,309,451
Issue of 52,620,044 units (2010: 50,737,299)	531,571,293	508,547,833	309,536,830	28,251,000
Redemption of 67,312,882 units (2010: 10,113,511)	(682,516,888)	(101,691,061)	(300,762,883)	(20,787,570)
	(150,945,595)	406,856,772	8,773,947	7,463,430
Issue of 3,007,799 bonus units (2010: 1,140,070)	30,077,989	11,400,706	14,513,089	7,210,019
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	3,780,548	(618,904)	1,320,201	(170,631)
- amount representing (income) / loss and capital (gains) / losses - transferred to Distribution Statement	236,744	-	236,744	-
	4,017,292	(618,904)	1,556,945	(170,631)
Other net income for the period	33,866,157	15,538,895	15,906,940	9,708,159
Capital gain on sale of investments	60,000	-	60,000	-
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	518,000	-	518,000	-
Total comprehensive income for the period	34,444,157	15,538,895	16,484,940	9,708,159
Interim distribution:				
- Re 0.2733 per unit on September 27, 2011 (2010 - Re 0.1418 per unit on September 29, 2010)	(15,564,900)	(4,190,687)	-	-
Issue of 1,556,490 bonus units (2010: 419,069)	(2,747,044)	(1,466,354)	-	-
Cash distribution				
Interim distribution:				
- Re 0.2655 per unit on December 26, 2011 (2010 - Re 0.2326 per unit on December 30, 2010)	(14,513,089)	(7,210,019)	(14,513,089)	(7,210,019)
Issue of 1,451,309 bonus units (2010: 721,001)	(14,222)	(2,326,348)	(14,222)	(2,326,348)
Cash distribution				
	(32,839,255)	(15,193,408)	(14,527,311)	(9,536,367)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) and capital gains / (losses) transferred to Distribution Statement	(236,744)	-	(236,744)	-
Net assets as at the end of the period	701,123,411	417,984,061	701,123,411	417,984,061

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND)
CONDENSED INTERIM CASH FLOW
STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	For the half year ended December 31, 2011	For the period from July 29, 2010 to December 31, 2010	For the quarter Ended December 31, 2011	For the quarter Ended December 31, 2010
----- Rupees -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	34,444,157	15,538,895	16,484,940	9,708,159
Adjustments:				
Unrealised diminution / (appreciation) on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - held for trading	(518,000)	-	(518,000)	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	3,780,548	(618,904)	1,320,201	(170,631)
Amortisation of preliminary expenses and floatation costs	354,200	296,428	177,100	177,100
	<u>38,060,905</u>	<u>15,216,419</u>	<u>17,464,241</u>	<u>9,714,628</u>
(Increase) / decrease in assets				
Investments - net	(185,000,000)	-	(135,000,000)	-
Prepayment and other receivables	(117,895)	(103,605)	49,357	51,228
Profit receivable	(3,665,724)	(6,767,903)	(319,911)	(3,446,381)
	<u>(188,783,619)</u>	<u>(6,871,508)</u>	<u>(135,270,554)</u>	<u>(3,395,153)</u>
Increase / (decrease) in liabilities				
Payable to Securities and Exchange Commission of Pakistan	(36,036)	124,126	117,114	77,000
Payable to ABL Asset Management Company Limited - Management Company	121,356	348,801	(77,732)	48,947
Payable to Central Depository Company of Pakistan Limited - Trustee	6,011	69,760	(11,659)	9,756
Accrued expenses and other liabilities	(22,115,833)	556,970	(195,102)	(666,492)
	<u>(22,024,502)</u>	<u>1,099,657</u>	<u>(167,379)</u>	<u>(530,789)</u>
Net cash (used in) / generated from operating activities	<u>(172,747,216)</u>	<u>9,444,568</u>	<u>(117,973,692)</u>	<u>5,788,686</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(5,294,559)	(1,466,354)	(2,747,044)	(1,466,354)
Receipts from issue of units	531,571,293	508,547,833	309,536,830	28,251,213
Payments on redemption of units	(686,008,207)	(101,685,868)	(301,238,648)	(20,782,590)
Net cash (used in) / generated from financing activities	<u>(159,731,473)</u>	<u>405,395,611</u>	<u>5,551,138</u>	<u>6,002,269</u>
Net (decrease) / increase in cash and cash equivalents	<u>(332,478,689)</u>	<u>414,840,179</u>	<u>(112,422,554)</u>	<u>11,790,955</u>
Cash and cash equivalents at the beginning of the period	789,803,154	-	569,747,019	403,049,224
Cash and cash equivalents at the end of the period	<u>457,324,465</u>	<u>414,840,179</u>	<u>457,324,465</u>	<u>414,840,179</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL ISLAMIC INCOME FUND (FORMERLY : ABL ISLAMIC CASH FUND) NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Islamic Income Fund (the Fund) formerly ABL Islamic Cash Fund was established under a trust deed executed between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 11, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on June 23, 2010.

The Fund is an open ended fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund has been categorized as an Open-End Shariah Compliant (Islamic) Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The Fund was categorised as a Cash Fund on its floatation on July 29, 2010. However, on July 29, 2011, a Supplemental Trust Deed was executed to change the category of the Fund to income fund scheme and the name of the Fund was changed from ABL Islamic Cash Fund to ABL Islamic Income Fund. The Fund's revised offering document was cleared by SECP on September 27, 2011. Accordingly, the Management Company has decided to implement the same with effect from October 1, 2011.

The objective of the Fund is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments providing Halal income like Shariah compliant short term Government Securities, cash and near cash instruments.

JCR-VIS Credit Rating Company has assigned Management Quality Rating of 'AM2-' to the Management Company and a stability rating of 'A+(f)' to the ABL Islamic Income Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', 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 IAS 34, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail.

This condensed interim financial information does not include all the information and disclosures required in the financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2011.

This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

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

The following new standards and amendments to existing standards are mandatory for accounting periods beginning on or after July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard does not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment does not have any impact on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

	Note	(Unaudited)	(Audited)
		December 31, 2011	June 30, 2011
3		-----Rupees-----	
BALANCES WITH BANKS			
Savings accounts	3.1	444,032,343	114,689,138
Current account	3.2	13,292,122	15,114,016
		457,324,465	129,803,154

3.1 These savings accounts carry profit at rates ranging from 5.00% to 13.00% (June 30, 2011: 5.00% to 11.50%) per annum.

3.2 Deposits in current accounts include Rs. 13,292,122 (June 30, 2011: Rs 15,114,016) maintained with Allied Bank Limited, a related party.

	Note	(Unaudited)	(Audited)
		December 31, 2011	June 30, 2011
4		-----Rupees-----	
INVESTMENTS			
Financial assets 'at fair value through profit or loss' - held for trading			
Government Ijara Sukuk:	4.1	185,518,000	-
Sukuk	4.1	50,000,000	50,000,000
		235,518,000	50,000,000
Loans and receivables			
Term Deposit Receipts		-	660,000,000
		235,518,000	710,000,000

4.1 Financial assets at fair value through profit or loss - held for trading

a) Government Ijara Sukuk:

Issue date	Tenor / mark-up rate	Face Value				Balance as at December 31, 2011		
		As at July 01, 2011	Purchased during the Period	Disposed / matured during the Period	As at December 31, 2011	Cost	Market value	Appreciation / (diminution)
-----Rupees-----								
December 26, 2011	3 Years / 11.94%	-	200,000,000	15,000,000	185,000,000	185,000,000	185,518,000	518,000

b) Sukuk:

Issue	Profit/Mark up Rate %	Face Value				Balance as at December 31, 2011		
		As at July 01, 2011	Purchased during the Period	Disposed / matured during the Period	As at December 31, 2011	Cost	Market value	Appreciation / (diminution)
-----Rupees-----								
KAPCO	14.89	50,000,000		50,000,000	-	-	-	-
HUBCO	14.47	-	50,000,000		50,000,000	50,000,000	50,000,000	-
Total - December 31, 2011		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	-

	Note	(Unaudited)	(Audited)
		December 31, 2011	June 30, 2011
-----Rupees-----			
5	PREPAYMENTS AND OTHER RECEIVABLES		
	Prepaid listing fee	14,912	-
	Prepaid rating fee	79,592	-
	Legal and professional charges	29,091	-
	Prepaid Brokerage	-	5,700
		<u>123,595</u>	<u>5,700</u>
6	PROFIT RECEIVABLE		
	Profit accrued on Savings accounts	4,953,181	1,764,481
	Profit accrued on Term Deposit Receipts	-	6,510,480
	Profit accrued on sukkuks	7,069,093	81,589
		<u>12,022,274</u>	<u>8,356,550</u>
7	PRELIMINARY EXPENSES AND FLOATATION COSTS		
	Opening balance	7.1	2,578,909
	Less: Amortisation during the period / year		(354,200)
	Closing balance		<u>2,224,709</u>
7.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years.		
		(Unaudited)	(Audited)
		December 31, 2011	June 30, 2011
8	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY		
	Remuneration	8.1	505,338
	Preliminary expenses and floatation costs		3,223,762
	Sindh sales tax on Management Company's Remuneration	8.2	80,855
		<u>3,809,955</u>	<u>3,688,599</u>

- 8.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent per annum of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current period, the Management Company has charged its remuneration at the rate of one percent of the average annual net assets of the Fund.
- 8.2 During the current period the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

	Note	(Unaudited)	(Audited)
		December 31, 2011	June 30, 2011
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		-----Rupees-----	
Trustee fee	9.1	85,033	79,022

- 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 billion	Rs 0.6 million or 0.17 percent per annum of NAV whichever is higher
Rs 1 billion to 5 billion	Rs 1.7 million plus 0.085 percent per annum of NAV whichever is higher
Over Rs 5 billion	Rs 5.1 plus 0.07 percent per annum of NAV whichever is higher

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme classified as a money market scheme is required to pay as an annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the scheme. Effective from October 01, 2011 the category of the scheme has been changed from Cash Fund to Income Fund. However, the calculation of SECP fee remained unchanged.

	Note	(Unaudited)	(Audited)
		December 31, 2011	June 30, 2011
11 ACCRUED EXPENSES AND OTHER LIABILITIES		-----Rupees-----	
Auditors' remuneration		173,306	220,000
Payable against printing and stationery		169,180	139,036
Workers' Welfare Fund	11.1	1,548,452	974,183
Brokerage payable		3,708	-
Withholding tax		1,778	4,038
Advance against issue of units		-	22,675,000
		<u>1,896,424</u>	<u>24,012,257</u>

- 11.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2011.

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

Subsequent to June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the constitutional petition which is pending in the Sindh High Court (SHC). Accordingly, the Management Company has stopped making accrual of this liability with effect from December 1, 2011. However, provision made till this date has not been reversed. An amount of Rs. 1.548 million has been recognised by the Fund including an amount of Rs 0.574 million recognised during the current period till November 30, 2011. The aggregate amount of the Fund's liability in respect of WWF amounts to Rs. 1.675 million till December 31, 2011.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2011.

13 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculation of EPU is not practicable.

14 CASH AND CASH EQUIVALENTS

	(Unaudited) December 31, 2011	(Audited) June 30, 2011
	-----Rupees-----	
Balances with banks	457,324,465	129,803,154
Term Deposits Receipts	-	660,000,000
	<u>457,324,465</u>	<u>789,803,154</u>

15 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited being the holding company of the Management Company, ABL-Employees Superannuation (Pension) Fund being an entity under common management, Central Depository Company of Pakistan Limited being the trustee of the Fund and directors and officers of the Management Company.

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

15.1 Details of transactions with connected persons during the period are as follows;

	-----Unaudited-----			
	For the half year ended December 31, 2011	For the period from July 29, 2010 to December 31, 2010	For the quarter Ended December 31, 2011	For the quarter Ended December 31, 2010
	-----Rupees-----			
ABL Asset Management Company Limited				
- Management Company				
Issue of 4,986,188 units (2010: 20,000,000 units)	50,000,000	200,000,000	50,000,000	-
Bonus of 291,701 units (2010: 715,073 units)	2,917,010	7,150,734	216,540	4,371,132
Redemption of 18,553,681 units (2010: 1,485,476 units)	189,500,000	15,000,000	95,500,000	11,000,000
Remuneration for the period	3,453,271	1,633,054	1,561,520	1,026,658
Preliminary expenses and flotation costs	-	3,223,762	-	-
Sindh Sale tax on Management Company's Remuneration	552,524	-	249,884	-
Allied Bank Limited				
Bank charges	8,228	5,614	6,604	3,635
ABL - Employees Superannuation (Pension) Fund				
Issue of 10,000,000 units (Investment in seed capital of the fund)	-	100,000,000	-	-
Redemption of 10,000,000 units (2010: Nil units)	101,115,000	-	101,115,000	-
Cash dividend	2,733,000	3,744,000	-	2,326,000
KEY MANAGEMENT PERSONNEL				
Chief Executive Officer				
Bonus of 2,986 units (2010: Nil units)	29,860	-	14,940	-
Executives				
Issue of 39,523 units (2010: 319,748 units)	400,000	3,204,469	400,000	400,000
Bonus of 25,517 units (2010: 136,295 units)	255,170	1,377,326	212,100	991,785
Redemption of 104,119 units (2010: 6,840 units)	1,051,214	68,404	751,214	34,170
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	587,063	331,169	265,459	205,328
			(Unaudited)	(Audited)
			As at	As at
			December 31,	June 30,
			2011	2011

15.2 Amounts outstanding as at period/year end

	-----Rupees-----	
ABL Asset Management Company Limited - Management Company		
Outstanding 5,820,385 Units (June 30, 2011: 19,096,177 units)	58,429,103	191,273,038
Preliminary expenses and floatation costs payable	3,223,762	3,223,762
Remuneration payable	505,338	464,837
Sindh Sale tax on Management Company's Remuneration	80,855	-
Allied Bank Limited		
Bank Balance	13,292,122	15,114,016

	(Unaudited) As at December 31, 2011	(Audited) As at June 30, 2011
	-----Rupees-----	
ABL- Employees Superannuation (Pension) Fund		
Outstanding Nil Units (June 30, 2011: 10,000,000 units)	-	100,163,000
Cash dividend payable	2,733,000	2,546,000
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Outstanding 57,561 Units (June 30, 2011: 54,575 units)	577,840	546,640
Executives		
Outstanding 471,934 Units (June 30, 2011: 544,361 units)	4,737,602	5,452,483
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	85,033	79,022

16 GENERAL

Figures have been rounded off to the nearest rupee. Corresponding figures have been rearranged and reclassified where necessary for the purpose of comparison. No significant rearrangements or reclassifications have been made in this condensed interim financial information.

17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 22, 2012.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

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ABL Asset Management

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