

ABL *Cash Fund*

ANNUAL
Report 2011

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VISION

“Creating investment solutions
within everyone’s reach”



MISSION & CORE VALUES

MISSION & CORE VALUES

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

FUND'S INFORMATION

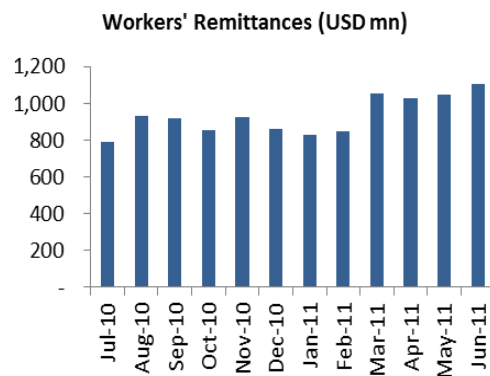
Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Director (As of June 30, 2011)	Sheikh Mukhtar Ahmed Mr. Khalid A. Sherwani Mr. Muhammad Waseem Mukhtar Mr. M. Jawaid Iqbal Mr. Muhammad Yaseen Mr. M. Shakeb Murad Mr. Kamran Nishat Mr. Farid Ahmed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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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

ECONOMIC PERFORMANCE REVIEW

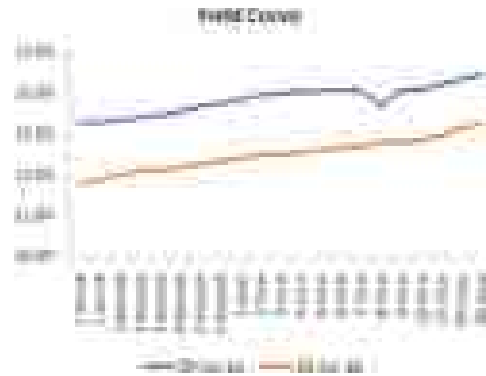
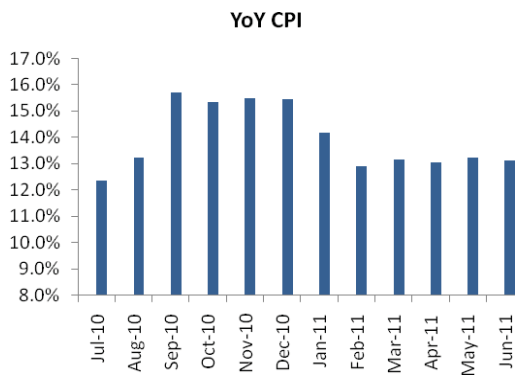
Pakistan's economy ended fiscal year 2011 in a fragile state as after effects of the devastating floods of last year severely affected agriculture output, stretched fiscal resources and contributed to restrictive monetary measures. FY11 economic growth was recorded at a paltry 2.4%, well below the initial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



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

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

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



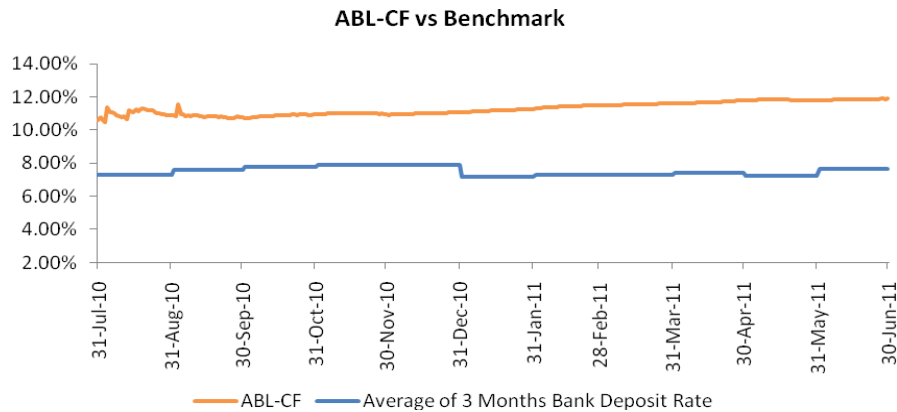
MUTUAL FUND INDUSTRY REVIEW

Industry performance staged a comeback on the back of improved macroeconomic figures and investor's new found attraction towards low risk, money market funds. With economic uncertainties still looming, the money market funds were hot favorites amongst investors as their investment mandate restricts these funds to only short term government securities and AA & above rated investments. Further impetus to money market funds was provided by rising T-bill yields as heavy government borrowing during the period led to a spike in money market rates. Despite imposition of capital gains tax and workers welfare fund levy on all mutual funds last year, the overall Assets under Management (AUM) of the mutual fund industry increased by 25.55% to Rs.250.49 billion in June 2011 from Rs.199.52 billion in June 2010. Money market funds, which grew by a whopping 153.37% to Rs.97.69 billion as at June 2011, were the main drivers of this growth and the trend seems to be continuing in 2012 as well.

FUND PERFORMANCE

During the period under review, ABL Cash Fund's AUMs increased by an impressive 497.59% since its launch in July 2010, to close at Rs.10.651 billion. Within a year of its operation, ABL Cash Fund became one of the largest and one of the best performing money market funds in the industry. The fund actively managed its portfolio during the period and maintained a short duration most of the time - a strategy which paid off in a rising interest rate environment. Besides investments in Treasury Bills, placement in the money market and Term Deposits with AA & above rated counters also helped in yielding better returns. In the year ending June 30, 2011, ABL-CF yielded an annualized return of 11.94%, placing it amongst the best performing money market funds in the Industry.

During the period under review, ABL-CF outperformed its benchmark rate (calculated as average of 3 months deposit rate of AA and above rated banks) by 4.45%. As on June 30, 2011, T-Bills accounted for 55.59% of total assets, TDR and cash allocation stood at 19.21% and 16.07% respectively, indicating the low risk profile of the fund.



ABL Cash Fund earned total income of Rs.788.31 million for the period ended June 30, 2011 mainly out of which Rs.546.48 million was earned from government securities, Rs.205.43 million was earned from deposited with banks and fixed term deposits receipts, Rs.33.70 million was earned from letter of placements and Rs.4.85 million from reverse repurchase transactions, whereas net gain on sale of investments was Rs.0.21 million. After accounting for expenses of Rs.87.42 million (comprising mainly of the management fee of Rs.74.06 million) net income from operating activities for the period ended June 30, 2011 stood at Rs.700.89 million. With the net element of income and capital gains of Rs.210.67 million included in the prices of units issued less those in units redeemed and Rs.18.23 million as provision for workers welfare fund, the net income for the period ended June 30, 2011 stood at Rs.893.33 million.

DIVIDEND

The Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on June 29, 2011 approved the final distribution of Rs.0.2832 per unit (2.83% of the par value of Rs.10/-) for the quarter ended June 30, 2011. This is in addition to interim distribution of Rs.0.1781/- per unit (1.78% of the par value of Rs.10/-) for the quarter ended September 30, 2010, Rs.0.2742/- per unit (2.74% of the par value of Rs.10/-) for the quarter ended December 31, 2010 and Rs.0.2943/- per unit (2.94% of the par value of Rs.10/-) made for the quarter ended March 31, 2011. Thus the total dividend distribution of ABL-CF during the year ended June 30, 2011 amounted to Rs.1.0298 per unit (10.30% of the par value of Rs.10/-).

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

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

CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holder's fund;
2. Proper books of accounts have been maintained by the Fund.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan have been followed in the preparation of the financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listed regulations;
8. Performance table of the Fund is given on page # 13 of the Annual Report;
9. There is no any statutory payment on account of taxes, duties, levies and charges outstanding;
10. The statement as to the value of investments of Staff Provident Fund is not applicable in the case of the Fund as such expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO and the Company Secretary and their spouse 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	Muhammad Waseem Mukhtar	Director	-	453,565	-	42,421	495,986
2	Mr. M. Jawaid Iqbal	Director	-	1,479,315	494,379	53,080	1,038,016
3	Mr. M. Shakeb Murad	Director	-	-	-	-	-
4	Mr. Farid Ahmed Khan	CEO	-	703,196	-	40,340	743,536
5	Mr. Faisal Mangroria	CFO & Company Secretary	-	-	-	-	-

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

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

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

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

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

AUDITORS

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

FUND STABILITY RATING

On November 25, 2010, JCR-VIS assigned Fund Stability Rating of AA+(f)' (Double A plus (f)) to ABL Cash Fund (ABL-CF), which denotes high degree of stability in Net Assets Value.

MANAGEMENT QUALITY RATING

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

OUTLOOK & STRATEGY

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

ABL-CF will maintain high exposure in T-bills and explore any other low risk investment opportunity to improve returns. Furthermore, placements with AA & above rated counters via TDRs and the other money market instruments will be explored to attain portfolio diversity and achieve high risk-adjusted returns.

ACKNOWLEDGEMENT

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

For and on behalf of the Board



FARID AHMED KHAN
Chief Executive Officer

Karachi, August 23, 2011

FUND MANAGER'S REPORT

OBJECTIVE

The objective of ABL Cash Fund is to provide investors, consistent returns with a high level of liquidity, through a blend of money market and sovereign debt instruments.

MARKET OVERVIEW

The Fixed Income mutual fund category exhibited a handsome growth of 45.3% during last year, thanks to strong investor interest in money market funds. The money market fund category grew by an astounding 153.37% during the period, erasing the negative impact of the contraction in Income Fund category. Heavy government borrowing via T-bills led to a spike in money market rates, especially T-bills. Thus short term Government paper became the most lucrative investment avenue on the risk-reward spectrum with the added advantage of liquidity. This was a God sent proposition for investors who were wary of risky and volatile corporate debt instruments and were craving for a low-risk yet high yield instrument. Irrespective of potentially higher returns offered by the income fund category, investor bias towards low risk money market funds remained very clear.

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

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

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

FUND PERFORMANCE

As at June 30, 2011, net assets under management (AUM) of ABL-CF were Rs.10,643 million, a massive increase of 497.59% since its launch on July 30, 2010. This massive growth in ABL CF's size can be attributed to high returns, investor's preference towards money market funds as well as strong marketing initiatives. During the period under review, ABL-CF yielded a return of 11.94%, while average benchmark return was 7.49%. Fund's investments were primarily geared towards low risk and liquid T-bills with short duration. Investments in money markets and Term Deposits with AA and above rated counters were pursued as well. As at June 30, 2011, Government securities accounted for 55.59 % of total assets of ABL-CF, where as TDRs and cash assets constituted 19.21% and 16.07% respectively.

FUTURE OUTLOOK AND STRATEGY

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

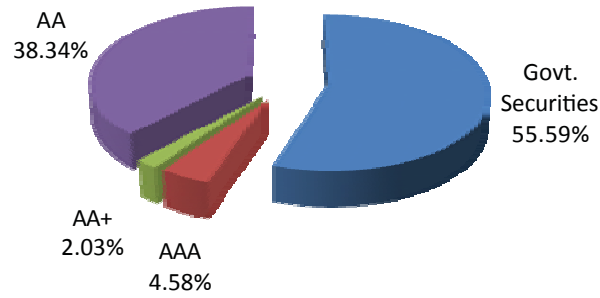
ABL-CF will maintain high exposure in T-bills and explore any other low risk investment opportunity to improve returns. Furthermore, placements with AA & above rated counters via TDRs and other money market instruments will be explored to attain portfolio diversity and achieve higher risk-adjusted returns.

ABL Cash Fund Performance	FY-2011
Yield	11.94%
Benchmark (Average 3 month deposit rate of AA & above rated banks)	7.49%
Weighted average time to maturity of net assets	69 days

ABL Cash Fund AUMs & Pricing	FY-2011
Assets under management as at June 30, 2011 (PKR mn)	10,643
Closing NAV per unit as June 30, 2011 (PKR) (Ex-Dividend)	10.0188
Closing NAV per unit as June 30, 2011 (PKR) (Cum-Dividend)	11.2178

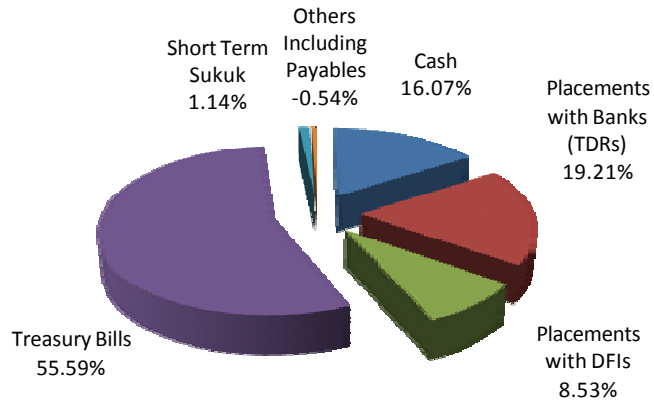
Distribution	Payout	FY-2011
1 st Quarterly Dividend	100%	0.1781
2 nd Quarterly Dividend	100%	0.2742
3 rd Quarterly Dividend	100%	0.2943
4 th Quarterly Dividend	100%	0.2832

Asset Quality as a %age of Total Assets



Payables account for -0.54% of Total

Asset Allocation as a %age of Total Assets



ABL CASH FUND PERFORMANCE TABLE

	June 2011 (Rupees in '000)
Net Assets	<u>10,650,817</u>
Net Income	<u>893,326</u>
	(Rupees per unit)
Net Assets value	<u>10.0188</u>
Interim distribution *	<u>0.7466</u>
Final distribution	<u>0.2832</u>
Distribution date final	<u>June 29, 2011</u>
Closing offer price	<u>10.0188</u>
Closing repurchase price	<u>10.0188</u>
Highest offer price	<u>10.2943</u>
Lowest offer price	<u>10.0020</u>
Highest repurchase price per unit	<u>10.2943</u>
Lowest repurchase price per unit	<u>10.0020</u>
	Percentage
Total return of the fund	
- capital growth	<u>1.64%</u>
- income distribution	<u>10.30%</u>
Average return of the fund	
First Year	<u>11.94%</u>
Weighted average Portfolio duration in days	<u>69</u>

* Distribution date

	2011
Date	Rate
September 29, 2010	<u>Re 0.1781 Per Unit</u>
December 30, 2010	<u>Re 0.2742 Per Unit</u>
March 30, 2011	<u>Re 0.2943 Per Unit</u>

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 INDIA LIMITED**

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www.cdci.co.in

DISCLAIMER TO THE INVESTORS

ABLUASHFUND

**Report of the Trustee pursuant to Regulation 14(b) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Non-Bank Credit Institutions, 2000**

The ABL Cash Fund (the Fund) is a special purpose vehicle established under a trust deed dated September 29, 2009, executed between ABL Asset Management Company Limited (as the Management Company) and Central Depository Company of India Limited as the Trustee.

In compliance, the Management Company has in all material respects managed the Fund for the period from July 29, 2009 to June 30, 2011 in accordance with the provisions of the following:

- (i) The terms and conditions of the investment portfolio of the Management Company under the provisions and objectives of the Fund;
- (ii) The pricing, purchase and redemption of units, as carried out in accordance with the requirements of the regulatory authorities of the Fund; and
- (iii) The Non-Banking Finance Companies (Regulation and Supervision) Bill, 2009, the Non-Banking Finance Companies and Non-Bank Credit Institutions, 2000 and the amendments thereto of the Fund.

[Signature]
Manojkumar Thattai
 Chief Executive Officer
 Central Depository Company of India Limited
 Chennai - 600 005





A. F. FERGUSON & CO.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ABL Asset Management Company Limited (the Management Company) for and on behalf of **ABL Cash Fund** in conformity with the requirements of Chapter XI of the Listing Regulations of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the actual compliance of the Fund with the provisions of the Code of Corporate Governance and report if it does not. It is not a review in limited primary or secondary of the Management Company's performance and review of various documents presented 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 identify 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 control.

Such Regulation 101 of Listing Regulation No. 30 requires the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguished between transactions carried out at arm's length and those that present or create a conflict of interest and transactions which are not conducted at arm's length must reporting proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be routinely placed before the audit committee. We are only required and have ensured compliance of the above requirements in the context of approval of related party transactions, by the Board of Directors and Management of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention, which caused us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the period from July 28, 2010 to June 30, 2011.



Karachi
Dated: August 28, 2011

A. F. FERGUSON & CO. Chartered Accountants, a member firm of the PwC network
 Suite 201, Building No. 4-C, J.F. Chaudhry Road, F-10, Bin Qasbi, Karachi-75000, Pakistan
 Tel: +92 21 35000000 & 35000000; Fax: +92 21 35000000; www.pwc.com/pk

Chartered Accountants (Firm) No. 1207 of the Institute of Chartered Accountants of Pakistan. The firm is a member firm of the PwC network, a global organization of member firms of the PwC network. The firm is not a member firm of the PwC network. The firm is not a member firm of the PwC network. The firm is not a member firm of the PwC network.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE PERIOD ENDED JUNE 30, 2011

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

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

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

18. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
19. There exists an effective internal audit function within the Management Company.
20. The statutory auditors of the Fund have confirmed that they have been give a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

Karachi, August 23, 2011

For and on behalf of the Board



FARID AHMED KHAN
Chief Executive Officer



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **ABL Cash Fund**, which comprise the statement of assets and liabilities as at June 30, 2011, and the related income statement, statement of expenses, statement of movements in unit holders' fund and cash flow statement for the period from July 28, 2010 to June 30, 2011 and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Florida. These 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 misstatement.

Our 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 these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2011, and of its financial performance, cash flows and transactions for the period from July 28, 2010 to June 30, 2011 in accordance with approved accounting standards as applicable in Florida.

Other matters

In our opinion, the financial statements have been prepared, in all material respects in accordance with the relevant requirements of the Non-Banking Financial Companies and Mutual Funds Regulations, 2008.


 Rashid A. Jaffer
 Partner
 (Signed: Rashid A. Jaffer)
 Date: July 28, 2011
 Miami

A. F. FERGUSON & CO. (Registered Accountants) - member firm of the AICPA network
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None of the auditors (including A. F. Ferguson & Co.) is liable for any loss or damage caused by negligence, or otherwise, in connection with the audit or the preparation of the financial statements, or for any loss or damage caused by any person in reliance on the financial statements, or for any loss or damage caused by any person in reliance on the financial statements.

ABL CASH FUND STATEMENT OF ASSETS AND LIABILITIES


AS AT JUNE 30, 2011

	Note	As at June 30, 2011 Rupees in '000
ASSETS		
Bank balances	4	1,782,259
Investments	5	9,233,831
Profit receivable	6	41,882
Prepayments		63
Preliminary expenses and floatation costs	7	3,802
Total assets		<u>11,061,837</u>
LIABILITIES		
Payable to ABL Asset Management Company Limited - Management Company	8	18,961
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	933
Payable to the Securities and Exchange Commission of Pakistan	10	4,451
Dividend payable		182,693
Payable against redemption of units		54,643
Accrued expenses and other liabilities	11	149,339
Total liabilities		<u>411,020</u>
NET ASSETS		<u>10,650,817</u>
Unit holders' Fund (as per statement attached)		<u>10,650,817</u>
Contingencies and Commitments	12	
		(Number of units in '000)
Number of units in issue	13	<u>1,063,083</u>
		---(Rupees)---
Net asset value per unit		<u>10.0188</u>
Face value per unit		<u>10.0000</u>

The annexed notes 1 to 27 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL CASH FUND INCOME STATEMENT

FOR THE PERIOD FROM JULY 29, 2010 TO JUNE 30, 2011

Note

For the period
from July 29,
2010 to June 30,
2011

Rupees in '000

INCOME

Gain on sale of investments		212
Income from Government Securities		546,484
Income from Term Deposit Receipts		107,068
Income from Letters of Placement		33,700
Income from Reverse Repurchase transactions		4,852
Income from Sukuk		204
Profit on bank accounts		98,357
		<u>790,877</u>

Unrealised diminution on re-measurement of investments classified as
financial assets 'at fair value through profit or loss' - 'held for trading'

5.3

(2,564)

Total income

788,313

EXPENSES

Remuneration of ABL Asset Management Company Limited - Management Company		74,056
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		5,793
Annual fee - Securities and Exchange Commission of Pakistan		4,451
Brokerage and other transaction costs		1,310
Bank charges		297
Auditors' remuneration	14	270
Amortization of preliminary expenses and floatation costs	7	855
Printing charges		200
Listing fee		30
Rating fee		160
Total operating expenses		<u>87,422</u>

Net income from operating activities

700,891

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

210,666

Provision for workers' welfare fund

11.1

(18,231)

Net income for the period before taxation

893,326

Taxation

15

-

Net income for the period after taxation

893,326

Other comprehensive income for the period

-

Total comprehensive income for the period

893,326


Earnings per unit

16

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL CASH FUND DISTRIBUTION STATEMENT

FOR THE PERIOD FROM JULY 29, 2010 TO JUNE 30, 2011

For the period
from July 29,
2010 to June 30,
2011


Rupees in '000

Undistributed income brought forward	
- realised	-
- unrealised	-
	<hr/>
	-
Interim distribution:	
- Re 0.1781 per unit on September 29, 2010	
Cash distribution	(25,065)
Issue of bonus units	(27,327)
Interim distribution:	
- Re 0.2742 per unit on December 30, 2010	
Cash distribution	(40,616)
Issue of bonus units	(122,472)
Interim distribution:	
- Re 0.2943 per unit on March 30, 2011	
Cash distribution	(61,143)
Issue of bonus units	(167,471)
Final distribution:	
- Re 0.2832 per unit on June 30, 2011	
Cash distribution	(182,693)
Issue of bonus units	(246,555)
Net income for the period after taxation	893,326
Undistributed income carried forward	<hr/> <hr/> 19,984
Undistributed income comprising:	
Realised income	22,548
Unrealised income / (loss)	(2,564)
	<hr/> <hr/> 19,984

The annexed notes 1 to 27 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

ABL CASH FUND MOVEMENT IN UNIT HOLDERS' FUND

FOR THE PERIOD FROM JULY 29, 2010 TO JUNE 30, 2011

For the period
from July 29,
2010 to June 30,
2011
Rupees in '000

Net assets at the beginning of the year	-
Seed capital 10,000,000 units	100,000
Issue of 2,768,044,155 units	28,050,897
Redemption of 1,771,343,115 units	(17,873,222)
	10,177,675
Issue of bonus units	
- Interim distribution 31,726,945 units	317,269
- Final distribution 24,655,464 units	246,555
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	(210,666)
- amount representing (income)/ loss and capital (gains)/ losses - transferred to distribution statement	-
	(210,666)
Other income for the period	895,678
Capital gain on sale of investments	212
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(2,564)
Total comprehensive income for the period	893,326
Interim distribution:	
- Re 0.1781 per unit on September 29, 2010	
Cash distribution	(25,065)
Issue of bonus units	(27,327)
Interim distribution:	
- Re 0.2742 per unit on December 30, 2010	
Cash distribution	(40,616)
Issue of bonus units	(122,472)
Interim distribution:	
- Re 0.2943 per unit on March 30, 2011	
Cash distribution	(61,143)
Issue of bonus units	(167,471)
Final distribution:	
- Re 0.2832 per unit on June 29, 2011	
Cash distribution	(182,693)
Issue of bonus units	(246,555)
	(873,342)
Net assets as at the end of the period	10,650,817

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD WASEEM MUKHTAR
DIRECTOR


ABL CASH FUND CASH FLOW STATEMENT

FOR THE PERIOD FROM JULY 29, 2010 TO JUNE 30, 2011	Note	For the period from July 29, 2010 to June 30, 2011
		Rupees in '000
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation		893,326
Adjustment for non-cash charges and other items		
Amortisation of preliminary expenses and floatation costs		855
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		2,564
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		<u>(210,666)</u>
		686,079
(Increase) / decrease in assets		
Profit receivable		(41,882)
Investments		(7,136,396)
Prepayments		(63)
Preliminary expenses and floatation cost		(4,657)
		(7,182,998)
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited-Management Company		18,961
Payable to the Central Depository Company of Pakistan Limited-Trustee		933
Payable to the Securities and Exchange Commission of Pakistan		4,451
Accrued expenses and other liabilities		149,339
		173,684
		<u>(6,323,235)</u>
Net cash (outflow on) operating activities		(6,323,235)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid		(126,824)
Net receipts against issuance of units		10,332,318
Net cash inflow from financing activities		<u>10,205,494</u>
Net increase in cash and cash equivalents		<u>3,882,259</u>
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	4.2	<u><u>3,882,259</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD WASEEM MUKHTAR
DIRECTOR

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

FOR THE PERIOD FROM JULY 29, 2010 TO JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Cash Fund was established under a trust deed executed on September 25, 2009 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Fund commenced its operations on July 31, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on December 07, 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 redeemable by surrendering them to the Fund. The units of the Fund were initially offered to the public for subscription at par from July 29, 2010 to July 30, 2010 and thereafter these units are offered to the public for subscription on a continuous basis.

The Fund has been categorized as an Open-End 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 objective of the Fund is to earn consistent returns with a high level of liquidity through a blend of money market and sovereign debt instruments. The Fund, in line with its investment objectives, invests primarily in treasury bills, government securities and cash and near cash instruments.

In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Trust Property was first paid or transferred to the Trustee i.e. July 29, 2010.

JCR-VIS Credit Rating Company Limited has assigned management quality rating of 'AM3+ (positive outlook)' to the Management Company and fund stability rating of AA+(f) to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

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

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

- a) 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 entity to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

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

2.4 Critical accounting estimates and judgments

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

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

- i) Classification and valuation of investments (notes 3.1 and 5)
- ii) Amortisation of preliminary expenses and floatation cost (notes 3.5 and 7)

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Financial assets

3.1.1 Classification

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

Investments are categorised as follows:

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

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

b) Loans and receivables

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

c) Available for sale

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

3.1.2 Initial recognition and measurement

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

3.1.3 Subsequent measurement

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

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

- Basis of valuation of debt securities

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

- **Basis of valuation of government securities**

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

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

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

b) **Loans and receivable**

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

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

3.1.4 Impairment

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

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

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

3.1.6 Derecognition

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

3.2 Derivatives

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

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Preliminary expenses and floatation costs

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

3.6 Provisions

Provisions are 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.

3.7 Taxation

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

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

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.

3.8 Proposed distributions

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

3.9 Issue and redemption of units

Units issued are recorded at the offer price as per constitutive documents, determined by the Management Company. The offer price represents the previous day net asset value per unit as of the close of the business day when the funds are realised plus the allowance for sales load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any sales load, transactions costs or any provision for duties and charges.

Units redeemed are recorded at the redemption price as per constitutive documents, applicable to units for which the distributors receive redemption request during business hours of that day. The redemption price represents the previous day net asset value per unit as of the close of the business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any back-end load, transactions costs or any provision for duties and charges.

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

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

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

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

However, there is no element of income/ (loss) and capital gain/ (loss) relating to units issued and redeemed during the current accounting period which pertains to unrealized gains/ (losses) held in the unit Holder's Fund as the Fund has not recognized any investment as 'available for sale' during the period ended July 29, 2010 to June 30, 2011.

3.11 Net asset value per unit

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

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

3.13 Cash and cash equivalents

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

	Note	June 30, 2011 Rupees in '000
4 BANK BALANCES		
Current account		5
Savings accounts	4.1	<u>1,782,254</u>
		<u>1,782,259</u>

4.1 These saving accounts carry mark-up at rates ranging from 5.00% to 13.90% per annum. Deposits in savings accounts include Rs. 36,995,501 /- maintained with Allied Bank Limited, a related party

	Note	June 30, 2011 Rupees in '000
4.2 Cash and cash equivalents		
Balances with banks		1,782,259
Term Deposit Receipts		<u>2,100,000</u>
		<u>3,882,259</u>

5 INVESTMENTS

Financial assets 'at fair value through profit or loss'

- Government Treasury Bills	5.1	<u>6,076,831</u>
- sukuk	5.2	<u>125,000</u>
		6,201,831
Loans and receivables	5.4	<u>3,032,000</u>
		<u>9,233,831</u>

5.1 Government Treasury Bills:

Issue date	Tenor	Face value		Balance as at June 30, 2011			Appreciation / (diminution)	Percentage of net assets	Percentage of total investment
		Purchased during the period	Disposed off / matured during the period	As at June 30, 2011	Carrying value	Market value			
-----Rupees in '000-----									
13-Aug-09	12 months	803,000	803,000	-	-	-	-	-	-
26-Sep-09	12 Months	5,000	5,000	-	-	-	-	-	-
5-Nov-09	12 Months	245,000	245,000	-	-	-	-	-	-
28-Jan-10	12 Months	40,000	40,000	-	-	-	-	-	-
8-Apr-10	6 months	50,000	50,000	-	-	-	-	-	-
22-Apr-10	6 months	949,000	949,000	-	-	-	-	-	-
6-May-10	6 months	150,000	150,000	-	-	-	-	-	-
20-May-10	6 months	134,000	134,000	-	-	-	-	-	-
20-May-10	12 Months	150,000	150,000	-	-	-	-	-	-
3-Jun-10	3 Months	50,000	50,000	-	-	-	-	-	-
3-Jun-10	6 Months	315,000	315,000	-	-	-	-	-	-
17-Jun-10	3 Months	100,000	100,000	-	-	-	-	-	-
17-Jun-10	12 months	315,000	315,000	-	-	-	-	-	-
15-Jul-10	3 Months	320,000	320,000	-	-	-	-	-	-
15-Jul-10	6 months	573,000	573,000	-	-	-	-	-	-
15-Jul-10	12 Months	10,000	-	10,000	9,953	9,953	-	0.1%	0.1%
29-Jul-10	3 Months	275,000	275,000	-	-	-	-	-	-
29-Jul-10	6 Months	378,000	378,000	-	-	-	-	-	-
29-Jul-10	12 Months	75,000	-	75,000	74,269	74,268	(1)	1%	1%
3-Aug-10	6 months	450,000	450,000	-	-	-	-	-	-
13-Aug-10	3 Months	3,950,000	3,950,000	-	-	-	-	-	-
13-Aug-10	6 months	100,000	100,000	-	-	-	-	-	-
26-Aug-10	3 Months	874,000	874,000	-	-	-	-	-	-
26-Aug-10	6 months	187,000	187,000	-	-	-	-	-	-
9-Sep-10	3 Months	2,437,000	2,437,000	-	-	-	-	-	-
23-Sep-10	3 Months	635,000	635,000	-	-	-	-	-	-
7-Oct-10	3 Months	1,709,000	1,709,000	-	-	-	-	-	-
21-Oct-10	3 Months	1,845,000	1,845,000	-	-	-	-	-	-
21-Oct-10	6 months	210,000	210,000	-	-	-	-	-	-
4-Nov-10	3 Months	2,509,325	2,509,325	-	-	-	-	-	-
4-Nov-10	6 months	375,000	375,000	-	-	-	-	-	-
4-Nov-10	12 months	15,000	-	15,000	14,332	14,334	2	0.1%	0.2%
16-Nov-10	3 Months	78,000	78,000	-	-	-	-	-	-
2-Dec-10	3 Months	1,350,000	1,350,000	-	-	-	-	-	-
2-Dec-10	6 Months	355,000	355,000	-	-	-	-	-	-
18-Dec-10	6 Months	250,000	250,000	-	-	-	-	-	-
30-Dec-10	3 Months	268,800	268,800	-	-	-	-	-	-

30-Dec-10	6 Months	400,000	400,000	-	-	-	-	-	-	-
13-Jan-11	3 Months	1,205,000	1,205,000	-	-	-	-	-	-	-
27-Jan-11	3 Months	4,486,900	4,486,900	-	-	-	-	-	-	-
27-Jan-11	6 Months	510,000	510,000	-	-	-	-	-	-	-
10-Feb-11	3 Months	4,841,600	4,841,600	-	-	-	-	-	-	-
10-Feb-11	6 Months	990,500	990,500	-	-	-	-	-	-	-
24-Feb-11	3 Months	2,359,125	2,359,125	-	-	-	-	-	-	-
24-Feb-11	6 Months	860,000	220,000	640,000	627,646	627,324	(322)	6%	7%	-
10-Mar-11	3 Months	986,000	986,000	-	-	-	-	-	-	-
10-Mar-11	6 Months	1,638,400	700,000	938,400	915,764	915,165	(599)	9%	10%	-
24-Mar-11	3 Months	459,500	459,500	-	-	-	-	-	-	-
24-Mar-11	6 Months	6,742,700	6,188,800	553,900	537,830	537,462	(368)	5%	6%	-
7-Apr-11	3 Months	240,000	240,000	-	-	-	-	-	-	-
7-Apr-11	6 Months	4,881,000	4,169,000	712,000	687,887	687,375	(512)	6%	7%	-
21-Apr-11	3 Months	1,057,000	916,900	140,100	139,442	139,441	(1)	1%	2%	-
21-Apr-11	6 Months	897,000	862,000	35,000	33,612	33,618	6	0%	0%	-
5-May-11	3 Months	1,650,000	1,625,000	25,000	24,764	24,756	(8)	0%	0%	-
5-May-11	6 Months	700,000	153,500	546,500	522,960	522,247	(713)	5%	6%	-
19-May-11	3 Months	1,325,000	1,325,000	-	-	-	-	-	-	-
19-May-11	6 Months	2,205,000	1,855,000	350,000	332,756	332,778	22	3%	4%	-
2-Jun-11	3 Months	550,000	-	550,000	539,134	539,106	(28)	5%	6%	-
2-Jun-11	6 Months	520,000	-	520,000	492,046	491,915	(131)	5%	5%	-
16-Jun-11	3 Months	800,000	800,000	-	-	-	-	-	-	-
16-Jun-11	6 Months	700,000	-	700,000	658,874	658,853	(21)	6%	7%	-
30-Jun-11	6 Months	500,000	-	500,000	468,126	468,236	110	4%	5%	-
Total		64,039,850	57,728,950	6,310,900	6,079,395	6,076,831	(2,564)	57%	66%	

5.2 Sukuk

Name of the investee company	Profit / Markup Rate %	Number of Certificates				Balance as at June 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchased during the period	Disposed off / matured during the period	As at June 30, 2011	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----										
Kot Addu Power Company Limited	14.89%	-	25,000	-	25,000	125,000	125,000	-	1%	1%
Total		-	25,000	-	25,000	125,000	125,000	-	1%	1%

5.3 Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - held for trading

Market value of securities	6,201,831
Less: carrying value of securities	(6,204,395)
	<u>(2,564)</u>

5.4 Loans and receivables

Term Deposit Receipts	5.4.1	2,100,000
Letters of Placement	5.4.2	932,000
		<u>3,032,000</u>

5.4.1 Term Deposit Receipts carry mark-up at rates ranging from 13.75% to 13.80% per annum and maturities ranging from July 25, 2011 to July 29, 2011.

5.4.2 Letters of Placement carry mark-up rates ranging from 13.50% to 14.00% per annum and maturities ranging from July 2, 2011 to August 12, 2011.

6 PROFIT RECEIVABLE

Interest accrued on Term Deposit Receipts	10,627
Interest accrued on Letters of Placement	10,542
Interest accrued on unlisted debt securities	204
Markup accrued on bank deposits	20,509
	<u>41,882</u>

	Note	June 30, 2011 Rupees in '000
7 PRELIMINARY EXPENSES AND FLOATATION COSTS		
Preliminary expenses and floatation costs incurred	7.1	4,657
Less: amortisation during the period		(855)
Balance as at June 30, 2011		<u>3,802</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.

	Note	June 30, 2011 Rupees in '000
8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY		
Management fee	8.1	14,304
Preliminary expenses and floatation costs		4,657
		<u>18,961</u>

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 1.25 percent of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

	Note	June 30, 2011 Rupees in '000
9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN PAKISTAN LIMITED - TRUSTEE		
Trustee fee	9.1	933
		<u>933</u>

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

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

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

	Note	June 30, 2011 Rupees in '000
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
Annual fee	10.1	4,451
		<u>4,451</u>

- 10.1** Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme classified as money market 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, 2011
11 ACCRUED EXPENSES AND OTHER LIABILITIES		Rupees in '000
Auditors' remuneration		211
Brokerage		227
Printing charges		137
Withholding tax		2
Provision for Workers' Welfare Fund	11.1	18,231
Advance against issue of units	11.2	130,531
		<u>149,339</u>

11.1 Provision for workers' welfare fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition was filed in the year ended June 30, 2010 by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

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

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to make provision for WWF amounting to Rs 18.231 million in these financial statements.

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

12 CONTINGENCIES AND COMMITMENTS

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

	June 30, 2011 (Number of units in '000)
13 NUMBER OF UNITS IN ISSUE	
Units issued	2,778,044
Add: Bonus units issued	56,382
Less: Units redeemed	<u>(1,771,343)</u>
Total units in issue at the end of the period	<u>1,063,083</u>

		For the period from July 29, 2010 to June 30, 2011
		Rupees in '000
14	AUDITORS' REMUNERATION	
	Annual audit fee	150
	Half yearly review fee	50
	Code of corporate governance	25
	Other certifications and services	25
	Out of pocket expenses	20
		<u>270</u>

15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the management company intends to distribute at least ninety percent of the Fund's accounting income for the current period as reduced by capital gains, whether realised or unrealised, to its unit holders.

16 EARNINGS PER UNIT

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

As at June 30, 2011					
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total	
Rupees in '000					
Assets					
Bank Balances	1,782,259	-	-	1,782,259	
Investments	3,032,000	6,201,831	-	9,233,831	
Profit receivable	41,882	-	-	41,882	
	<u>4,856,141</u>	<u>6,201,831</u>	<u>-</u>	<u>11,057,972</u>	

As at June 30, 2011				
	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total	
Rupees in '000				
Liabilities				
Payable to ABL Asset Management Company Limited				
- Management Company	-	18,961	18,961	
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	933	933	
Payable against redemption of units	-	54,643	54,643	
Dividend payable	-	182,693	182,693	
Accrued expenses and other liabilities	-	131,106	131,106	
	<u>-</u>	<u>388,336</u>	<u>388,336</u>	

18 TRANSACTIONS WITH CONNECTED PERSONS

- 18.1** Connected persons / related parties include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited - Employees Superannuation (Pension) Fund, Ibrahim Fibres Limited, Central Insurance Company Limited 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.
- 18.2** Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market norms.
- 18.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 18.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

	For the period from July 29, 2010 to June 30, 2011
18.5 Details of the transactions during the period	Rupees in '000
ABL Asset Management Company Limited - Management Company	
Issue of 20,558,957 units	208,239
Bonus of 1,217,161 units	12,172
Redemption of 3,975,973 units	40,500
Remuneration for the period	74,056
Allied Bank Limited	
Issue of 674,516,819 units	6,850,000
Redemption of 576,576,643 units	5,789,975
Cash dividend	212,663
Mark-up income	36,767
Term Deposit Receipts placed	2,217,000
Term Deposit Receipts matured	2,217,000
Bank charges	62
ABL - Employees Superannuation (Pension) Fund	
Issue of 10,000,000 units	100,000
Cash dividend	10,298
ABL AMCL Staff Provident Fund	
Issue of 179,503 units	1,825
Bonus of 10,350 units	103
Redemption of 189,851 units	1,904
Central Insurance Company Limited	
Issue of 63,990,290 units	649,665
Bonus of 2,660,688 units	26,607
Redemption of 23,643,829 units	240,500
Ibrahim Fibres Limited	
Issue of 112,643,170 units	1,145,000
Bonus of 1,529,666 units	15,297
Redemption of 114,172,836 units	1,149,911

For the period
from July 29,
2010 to June 30,
2011

Rupees in '000

DIRECTORS OF THE MANAGEMENT COMPANY

Muhammad Waseem Mukhtar

Issue of 453,565 units	4,600
Bonus of 42,421 units	424

Muhammad Jawaid Iqbal

Issue of 1,479,315 units	15,000
Bonus of 53,080 units	531
Redemption of 494,379 units	5,000

KEY MANAGEMENT PERSONNEL

Chief Executive Officer

Issue of 703,196 units	7,150
Bonus of 40,340 units	403

Executives

Issue of 77,061 units	785
Bonus of 565 units	6
Redemption of 61,401 units	629

Central Depository Company of Pakistan Limited

Remuneration for the period	5,793
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June 30,
2011

18.6 Amounts outstanding as at period end

Rupees in '000

ABL Asset Management Company Limited - Management Company

Outstanding 17,800,145 units	178,336
Preliminary expenses and floatation costs payable	4,657
Remuneration payable to Management Company	14,304

Allied Bank Limited

Outstanding 97,940,176 units	981,243
Cash dividend payable	111,530
Bank balances	36,996
Mark-up accrued	750

ABL- Employees Superannuation (Pension) Fund

Outstanding 10,000,000 units	100,188
Cash dividend payable	10,298

ABL AMCL Staff Provident Fund

Outstanding Nil units	-
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	June 30, 2011 Rupees in '000
Central Insurance Company Limited	
Outstanding 43,007,149 units	430,880
DIRECTORS OF THE MANAGEMENT COMPANY	
Muhammad Waseem Mukhtar	
Outstanding 495,986 units	4,969
Muhammad Jawaid Iqbal	
Outstanding 1,038,016 units	10,400
KEY MANAGEMENT PERSONNEL	
Chief Executive Officer	
Outstanding 743,536 units	7,449
Executives	
Outstanding 16,225 units	163
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable	933

19 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

19.1 Mr. Hammad Abbas is also managing ABL Income Fund and ABL Islamic Cash Fund along with ABL Cash Fund.

20 TRANSACTIONS WITH BROKERS / DEALERS

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

S. No.	Particulars	Percentage
1	Invest Capital Investment Bank Ltd	35.03%
2	JS Global Capital Ltd	15.78%
3	Invest & Finance Securities Ltd	9.73%
4	IGI Finex Securities Ltd	7.64%
5	Invisor Securities (Pvt) Ltd	6.18%
6	BMA Capital Management Ltd	5.52%

7	KASB Securities Ltd	4.72%
8	Elixir Securities Pakistan (Pvt) Ltd	4.31%
9	Icon Securities (Pvt) Ltd	3.92%
10	Global Securities Pakistan Ltd	2.62%

21 PATTERN OF UNIT HOLDING

-----As at June 30, 2011-----

Category	Number of Unit holders	Number of units held	Net asset value of the amount invested (Rupees in '000)	Percentage of total investment
Individuals	1,572	259,060,065	2,595,468	24.37%
Associated companies / directors	6	128,017,860	1,282,585	12.04%
Insurance companies	7	101,748,977	1,019,403	9.57%
Bank / DFIs	5	143,333,123	1,436,026	13.48%
NBFCs	1	703,118	7,044	0.07%
Retirement funds	5	1,940,475	19,441	0.18%
Public limited companies	24	353,512,996	3,541,776	33.25%
Others	25	74,766,835	749,074	7.03%
	<u>1,645</u>	<u>1,063,083,449</u>	<u>10,650,817</u>	<u>100%</u>

13

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

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

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

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

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

23 FINANCIAL RISK MANAGEMENT

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

23.1 Market risk

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

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

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

23.1.1 Currency risk

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

23.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

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

a) Sensitivity analysis for fixed rate instruments

Fixed rates instruments comprises of T-Bills, KAPCO sukuk, TDRs and letter of placements. The Fund's income from these investments is substantially independent of changes in market interest rates, except for changes if any as a result of fluctuation in respective fair values.

Treasury bills which are classified as financial assets 'at fair value through profit or loss' expose the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Market Association on June 30, 2011, with all other variables held constant, the net income for the period and net assets would be lower by Rs 16.463 million. In case of 100 basis points decrease in rates announced by Financial Market Association on June 30, 2011, with all other variables held constant, the net income for the period and net assets would be higher by Rs 16.551 million.

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

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

As at June 30, 2011					
Effective Yield / Interest Rate	Exposed to yield / Interest risk			Not exposed to Yield / Interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		

%

(Rupees in '000)

On-balance sheet financial instruments**Financial assets**

Bank balances	5-13.90	1,782,254	-	-	5	1,782,259
Investments	13.08-14.89	5,899,474	3,334,357	-	-	9,233,831
Profit receivable		-	-	-	41,882	41,882
Sub Total		7,681,728	3,334,357	-	41,887	11,057,972

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	18,961	18,961
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	933	933
Payable against redemption of units		-	-	-	54,643	54,643
Dividend payable		-	-	-	182,693	182,693
Accrued expenses and other liabilities		-	-	-	131,106	131,106
Sub Total		-	-	-	388,336	388,336
On-balance sheet gap		7,681,728	3,334,357	-	(346,449)	10,669,636

Off-balance sheet financial instruments

	-	-	-	-	-	-
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Off-balance sheet gap

	-	-	-	-	-	-
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Total interest rate sensitivity gap

	7,681,728	3,334,357	-	(346,449)		10,669,636
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Cumulative interest rate sensitivity gap

	7,681,728	11,016,085	11,016,085	10,669,636		
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23.1.3 Price risk

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

23.2 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 sukuk, loans and receivables and balances with banks. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

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

Bank Balances by rating category

Name of the bank	Rating agency	Published rating
United Bank Limited	JCR-VIS	AA+
Habib Metropolitan Bank Limited	PACRA	AA+
Allied Bank Limited	PACRA	AA
Askari Bank Limited	PACRA	AA
Faysal Bank Limited	PACRA	AA
Bank Alfalah Limited	PACRA	AA
Standard Chartered Bank Limited	PACRA	AAA
National Bank of Pakistan Limited	JCR-VIS	AAA

Term Deposit Receipt by rating category

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

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

Concentration of credit risk

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

23.3 Liquidity risk

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

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

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current period.

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 period.

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

	As at June 30, 2011			Total
	Upto three months	More than three months and up to one year	More than one year	
	Rupees in '000			
Liabilities				
Payable to ABL Asset Management Company Limited	15,235	-	3,726	18,961
Payable to the Central Depository Company of Pakistan Limited - Trustee	933	-	-	933
Payable against redemption of units	54,643	-	-	54,643
Dividend payable	182,693	-	-	182,693
Accrued expenses and other liabilities	131,106	-	-	131,106
	<u>384,610</u>	<u>-</u>	<u>3,726</u>	<u>388,336</u>

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Fund is a going concern with out any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

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

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

	As at June 30, 2011			Total
	Level 1	Level 2	Level 3	
	Rupees in '000			
ASSETS				
Investment in securities - financial assets 'at fair value through profit or loss'				
- Government Treasury Bills:	-	6,076,831	-	6,076,831
- KAPCO Sukuks	-	125,000	-	125,000

25 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 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 base to meet unexpected losses or opportunities.

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.

26 DATE OF AUTHORISATION FOR ISSUE


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

27 GENERAL

Figures have been rounded off to the nearest thousand rupees.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


MUHAMMAD WASEEM MUKHTAR
 DIRECTOR

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ABL Asset Management

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