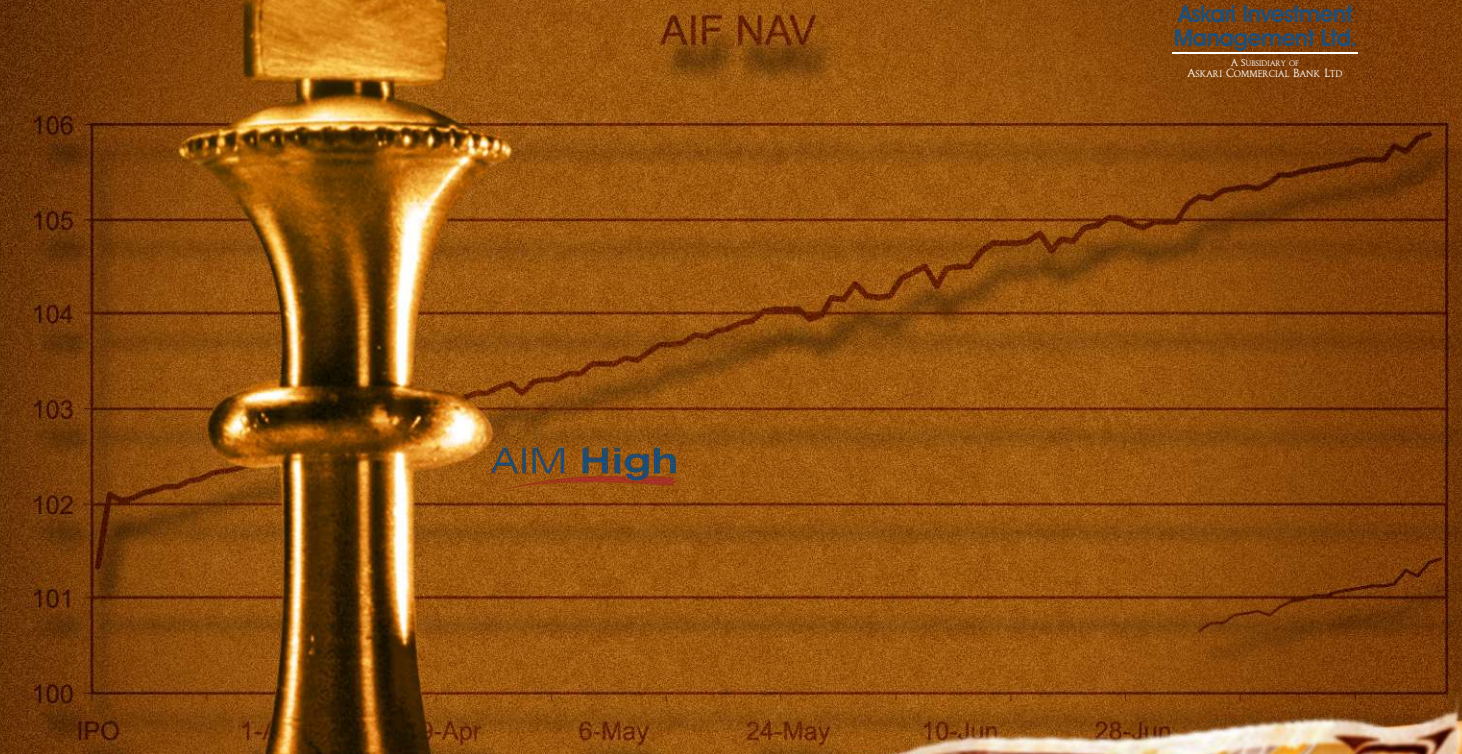


Annual Report 2005-06

Askari Income Fund
Managed by



Askari Income Fund
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A subsidiary of Askari Commercial Bank Ltd.



ASKARI COMMERCIAL BANK LTD.

www.askariinvestments.com

501, 5th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad 44000
Tel: +92 51 281 3012 | (051) 111-246-111 ext. 103 | Fax: +92 51 281 3017
email: info@askariinvestments.com | www.askariinvestments.com

IDEAS Workshop

www.askariinvestments.com

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Vision

The leading quality investment advisor providing excellent returns in a dynamic market place, based on the superior expertise of a committed team of professionals who value "service to the customer".

Askari Investment Management Limited:

Good People. Sound Advice. Great Returns.

Askari Investment Management Ltd

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Fund Information

Management Company

Head Office

Askari Investment Management Ltd.
Room 501 & 502, Green Trust Tower, Blue Area,
Jinnah Avenue, Islamabad
UAN: 111-246-111 Fax: 051- 2813017
Email: info@askariinvestments.com

Registered Address

4th Floor AWT Plaza, I.I. Chundrigar Road, Karachi.

Board of Directors of the Management Company

Lt. Gen. (R.) Zarrar Azim H.I.(M)-Chairman
Mr. Shaharyar Ahmad
Mr. Kashif Mateen Ansari
Mr. Adnan Afaq (Chief Executive)
Mr. Muhammad Naseem
Mr. Shahid Hafeez Azmi
Dr. Bashir Ahmad Khan

Executive Committee

Mr. Shaharyar Ahmad
Mr. Adnan Afaq
Mr. Shahid Hafeez Azmi
Dr. Bashir Ahmad Khan

Audit Committee

Mr. Muhammad Naseem- Chairman
Mr. Shaharyar Ahmad
Dr. Bashir Ahmad Khan

Chief Financial Officer

Mr. Rizwan Hasan Khan

Company Secretary

Mr. Irfan Saleem, ACA

Trustee

Central Depository Company of Pakistan Ltd. (CDC)
8th Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (92-021) 111-111-500

Bankers to the Fund

Askari Commercial Bank Ltd.
Bank Alfalah Ltd.

Askari Investment Management Ltd

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Auditor

Ernst and Young

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Mall View Building, 4-Bank Square
P.O Box # 104, Lahore 54000, Pakistan
Ph: (92-42) 7211531-38
Fax: (92-42) 7211530 & 39

Legal Advisor

Haidermota & Co.

Barristers-at-Law & Corporate Counselors
D-79, Block 5, Clifton
K.D.A. Scheme No.5
Ph.111520000 Fax. 5862329

Registrar

Technology Trade (Pvt.) Ltd.

Dagia House:241-C, P.E.C.H.S Block-2,
Shahrah-e-Quaideen, Karachi.

Distributors

Askari Commercial Bank Ltd.
Flow (Pvt) Ltd.
Star Funds
First International Investment Bank Ltd.

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DIRECTOR'S REPORT OF THE MANAGEMENT COMPANY

The Board of Directors of Askari Investment Management Ltd (AIM) is proud to present the first annual report of Askari Income Fund (AIF) together with audited financial statements and Auditor's Report thereon, for the financial period ended June 30, 2006.

The Global Economy

The global economy slowed markedly in 2005, but still continued to expand rapidly at an estimated 3.2 percent per annum pace, compared with 3.8 percent per annum in 2004. Growth among industrialised economies in 2005 is estimated at 2.5 percent per annum, substantially lower than the 3.1 percent per annum recorded the year before. Industrial production and trade flows among high-income countries were particularly weak. Growth rates of the former declined from over 5 percent per annum in mid-2004 to less than 1½ percent per annum in the middle of this year.

High oil prices, rising short-term interest rates and an unusually disruptive hurricane season contributed to slowing growth in the United States to an estimated 3.5 percent per annum, compared with 4.2 percent per annum the year before. The slowdown was not as marked as it could have been, because low long-term interest rates boosted domestic demand, and the cumulative effect of past dollar depreciations improved net exports.

Despite a slowdown of almost a full percentage point, growth in developing economies remained very robust at an estimated 5.9 percent per annum in 2005. In part this reflects the strong performance of China and India, where output continues to expand at rapid rates (in excess of 9 and about 7 percent per annum, respectively).

Pakistan Economy

Pakistan's GDP grew at a 6.6 % per annum during financial year 2005-2006, slightly below forecast of 7% per annum. Lower agricultural inputs were partly offset by strong growth in the large-scale manufacturing and services sectors. Per capita GDP was up by 4.7 percent per annum at \$847 in current dollar terms.

There was strong growth in consumer spending. Private sector lending continued to increase at a healthy rate indicating continued vibrant demand for money. Inflationary pressures appear to be abating somewhat, with core inflation currently running at around 7.5% per annum.

Interest Rate Scenario

Interest rates during the period continued to rise steadily. Six months' KIBOR increased from 8.39% to 9.36% per annum uptill June 30, 2006.

The Pakistan Rupee continued to gently ease versus the dollar. No erratic moves were witnessed during the current year, with the parity going up by just under Rs 1 vs. the dollar over the last year. Worries about the current account and trade deficits will continue to haunt us over the next year. It remains to be seen how successful we are at addressing these concerns via export growth, increased worker remittances and offshore bond issues. In the international market, the dollar was weaker against most major currencies due to expectations of tighter monetary policy in Japan and the Eurozone, along with indications that China was succumbing to a certain extent, to US pressures to revalue the Renminbi. Much of the negative impact was reversed with the Fed's continued monetary tightening, given the comparatively robust performance in the US economy and attendant inflationary concerns.

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Continuous Funding System (CFS) rates have remained on the weaker side for almost three months, given the stock markets inability to sustain the levels seen earlier this year. We believe the worst is over and retail demand will gradually build up over the next few months, leading to increased levels of CFS financing and higher rates.

There has been an increase in initial public offers (IPO) of decently rated, fairly priced fresh term finance certificates (TFCs) recently, and we should expect this trend to continue in the near term.

Subsequent to the year-end reserve requirement for shorter-term bank deposits has had the desired effect of raising inter bank rates by about a percentage point so far. In the medium term this move can be expected to curb banks' lending appetite somewhat, unless they shift to borrowing in longer tenors. It remains to be seen, however, how banks strategise their reactions to this move.

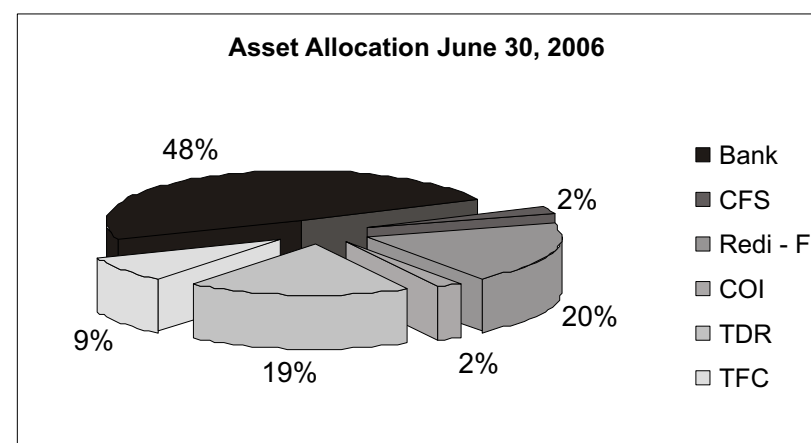
The main feature emanating from this is that the cost of funds for the Government borrowing remains unchanged, whereas that of banks has gone up. With a more or less benign inflation picture emerging over the last few months, and with banks finding it cheaper to fund their lending via longer-term debt, one might guardedly argue in favor of a long awaited bond rally. We base this view on the premise that this could be interpreted as an aggressive move by the SBP to stifle excess demand for money in the private sector.

Fund Performance

AIF yielded 9.66% per annum since its inception December 27, 2005 to year-end June 30, 2006, including a 45-day pre IPO dormant period in which all the funds assets were in cash at a relatively lower yield.

We consider this to be a good performance, especially since the primary yield driver of income funds, the CFS market more or less collapsed in yield terms due to the gyrations of the Pakistan stock market during the last quarter. AIF could probably have attained higher yields, but we are consciously trying to achieve a "steady yield" rather than a more volatile, if higher yielding fund.

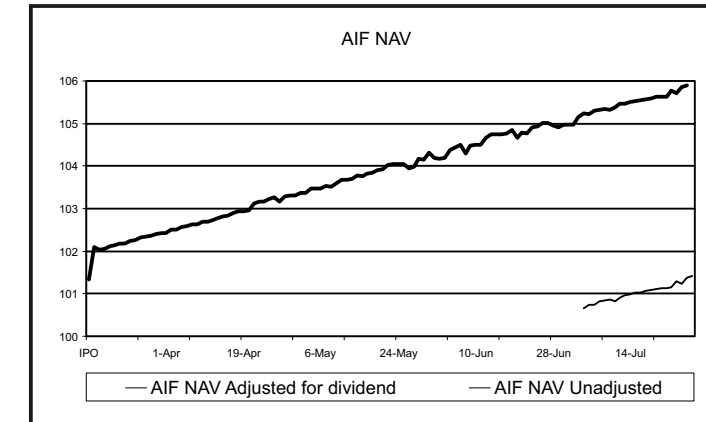
The graphs below illustrate the funds asset allocation and yield performance till present.



Askari Investment Management Ltd

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Dividend Distribution

The board of AIM declared and approved a dividend distribution of 95% of the distributable income of the fund. This represents a distribution of 10.60% per annum, which comes to Rs. 4.49 per unit with a total distribution of Rs. 49,783,007.81

Qualification in the Audit Report

Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 provide that the quoted securities should be valued at the closing rates at the stock exchange. TFCs quoted on the stock exchange are neither actively traded on the exchange nor the quotes available are indicative of fair value of the underlying security. In accordance with the guidelines of IAS-39, to reflect the reliable measure of fair value for Term Finance Certificates, the Management Company has adopted policy of valuation of TFCs based on the average quotes available from reputable brokerage houses dealing in money market transactions. The same point has been mentioned by external auditors of the fund in their audit report. This treatment adopted by AIF is common with many other mutual funds in Pakistan.

Code of Corporate Governance

AIF was listed on the Lahore Stock Exchange (Guarantee) Ltd. on April 13, 2006 and AIM, as an Asset Management Company, is committed to observe the Code of Corporate Governance that is prescribed for listed companies.

The Board of Directors in their meeting held on August 04, 2006 have taken following measures to further strengthen the system of compliance with the Code:

1. Adoption of Vision statement;
2. Approval of overall policy for code of corporate governance; and
3. Formulation and approval of Code of Ethics for Directors and employees.

The details as required by the Code of Corporate Governance regarding the pattern of unit holding as on June 30, 2006 are given below:

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Description	No of accounts	No of Units held	Percentage of units held
Individuals	24	281,401.27	2.54
Retirement funds	7	206,269.72	1.86
Banks and DFIs	10	5,843,328.72	52.72
Others	4	1,724,699.68	15.56
Holding Company			
Askari Commercial Bank Ltd	1	2,500,000.00	22.55
Associated Companies			
Askari General Insurance Company Ltd	1	47,614.51	0.43
Askari Cement Ltd	2	481,304.94	4.34
Total	49	11,084,618.84	100

The Board of Directors state that:

- The financial statements present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holders' fund.
- Proper books of accounts have been maintained by the fund.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- Relevant International Accounting Standards, as applicable in Pakistan, Provisions of the Non Banking Finance Companies (Establishment and Regulation) Rules 2003, 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 and any deviation there from has been disclosed.
- The system of internal controls are sound in design and have been effectively implemented and monitored.
- There are no significant doubts upon the fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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There have been no trades in the unit of the fund by the Directors, CEO, CFO and Company Secretary and their spouses.

Meetings of the Board of Directors were held once in every quarter since inception including one meeting held on April 20, 2006; during the period of applicability of the Code of Corporate Governance i.e. from April 13, 2006 to June 30, 2006. Attendance of this meeting was as follows:

Meetings attended

Lt.Gen.(R.) Zarrar Azim	Nil
Mr.Shaharyar Ahmad	1
Mr.Muhammad Naseem	1
Mr.Adnan Afaq	1
Mr.Shahid Hafeez Azmi	1
Dr.Bashir Ahmad Khan	1
Mr.Kashif Mateen Ansari (Appointed after the Board meeting)	-
Mr.Kalim ur Rahman (Resigned on May 11, 2006)	Nil

Key operating and financial data for the period is as follows

Description	For the period ended June 30, 2006
Net Assets (Rs.)	1,163,679,610.00
Net Assets Value per unit (Rs.)	104.98
Net Income (Rs.)	55,216,302.00
Dividend distribution (Rs.)	49,783,008.00
Basic Earnings per Unit (Rs.)	4.98
Highest offer price for Units, after IPO (Rs.):	
Class B	106.43
Class C	105.01
Lowest repurchase price for Units, after IPO (Rs.):	
Class B	102.03
Class C	100.65

Future Outlook

Subsequent to the year-end the State Bank of Pakistan increased the bank reserve requirements. This has led to a decrease in the money supply leading to an increase in money market rates by a percentage point and increase in equity finance rates. Pressure on equity finance rates is not expected to last indefinitely. The Government bond market remained subdued, with a gradual slippage in prices for most tenors (3 year: 9.35% - 9.4% per annum). We feel that bond prices are getting close to their lows and might soon reach levels from where purchases will lead to decent gains. In future, with our TFC portfolio providing a solid base to our yield structure, and with significant additional inputs from equity financing products, we expect our fund to have a better yield.

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Auditors

Ford Rhodes Sidat Hyder and Co., Chartered Accountants have completed their assignment for the year ended June 30, 2006. The Audit Committee in its meeting held on August 04, 2006 recommended the re-appointment of Ford Rhodes Sidat Hyder and Co., Chartered Accountants, as auditors of the fund for the next financial year ending June 30, 2007. The Board has approved this appointment.

Events after the Balance Sheet Date

There have not been any material events that occurred subsequent to the date of the Balance sheet that require adjustments to the enclosed financial statements.

Acknowledgments

We would like to join our colleagues on the Board, management team and employees of AIM, in thanking first and foremost the investors in AIF for their vote of confidence in the fund. Additionally, we would like to thank Askari Commercial Bank Ltd., the Securities & Exchange Commission of Pakistan, Lahore Stock Exchange (Guarantee) Ltd., The Central Depository Companies of Pakistan Ltd. (Trustee-AIF) and Technology Trade (Pvt.) Ltd. (Registrar-AIF) for their continued support and guidance.

For and on behalf of the Board

Adnan Afaq
Chief Executive Officer

Karachi: August 4, 2006

Lt. Gen. (R.) Zarrar Azim H.I. (M)
Chairman

REPORT OF THE TRUSTEE ASKARI INCOME FUND

Report of the Trustee pursuant to Rule 76(h) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Askari Income Fund, an open-end fund was established under a trust deed executed between Askari Investment Management Limited as the Asset Management Company and Central Depository Company of Pakistan Limited as Trustee on December 5, 2005. The Scheme was authorized by the Securities and Exchange Commission of Pakistan (SECP) on December 16, 2005.

In our opinion, Askari Investment Management Limited, the Asset Management Company of Askari Income Fund has in all material respects managed Askari Income Fund during the period from December 27, 2005 to June 30, 2006 in accordance with the provisions of the Trust Deed (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

For the purpose of information, the attention of the Unit Holders is drawn towards point 'a' of the Auditor's report where in it is specified that Term Finance Certificates have been valued on the basis of brokers' quotations instead of the closing rate quoted on stock exchange in accordance with Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

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

Karachi: August 4, 2006

**REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT
OF COMPLIANCE WITH BEST PRACTICES OF 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 Management Company of the Askari Income Fund (Fund) to comply with the Listing Regulations No.43 Chapter XIII of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the period ended June 30, 2006.



**Ernst & Young
Ford Rhodes Sidat Hyder & Co.
Chartered Accountants**

Lahore: August 4, 2006

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**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE PERIOD FROM APRIL 13, 2006 TO JUNE 30, 2006**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No XIII of listing regulations of Lahore Stock Exchange (Guarantee) Ltd. , for the purpose of establishing a framework of good governance, where by a listed company is managed in compliance with the best practices of corporate governance. Askari Investment Management Ltd. (**the Company**), the management company of Askari Income Fund "AIF or fund" whose units are listed on the Lahore Stock Exchange (Guarantee) Ltd. is managed in the following manner:

1. The Company encourages representation of independent non-executive directors. At present all the Board members are non-executive directors except for the Chief Executive Officer.
2. All directors have confirmed that they are not serving as directors in more than ten listed companies, including this Company.
3. All directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring in the Board of Directors of the Company on May 11, 2006 was filled up by the Board within 30 days thereof.
5. The Company has prepared a 'Statement of Ethics and Business Practices' which was approved by the Board in their meeting held on August 04, 2006. This statement has also been signed by all the directors and employees of the Company after its approval.
6. The Board has introduced a vision statement which was adopted in its meeting held on August 04, 2006. Significant policies and procedures are being documented in the form of manuals which would be approved by the Board of Directors of the Company in the near future.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board will arrange orientation course for its directors to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary, including remunerations, terms and conditions of their employment, upon CEO's recommendation.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of AIF were duly endorsed by the CEO and CFO before the approval of the Board of the Company.

Askari Investment Management Ltd

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13. The directors, CEO and executives do not hold any interest in the units of the fund other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of AIF as required by the Code. First annual result of the fund were approved by the audit committee after the year-end. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The management company has outsourced the internal audit function of the fund to Anjum Asim Shahid Rahman and Co, Chartered Accountants who are considered suitably qualified and experienced for the purpose. Internal auditors have carried out their preliminary review of the systems of accounting and internal controls close to the year end. After completion of company's accounting and internal control and policy manuals, they (or their representatives) would be involved in the internal audit function on a regular basis.
18. The statutory auditors of the fund have confirmed that they were given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

Shaharyar Ahmad
Director

Karachi: August 4, 2006

Adnan Afaq
CEO

Askari Investment Management Ltd

AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the annexed statement of assets and liabilities of **Askari Income Fund** as at June 30, 2006 and the related income statement, distribution statement, statement of movement in unit holders' funds and cash flow statement, together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Management Company to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

- a) As more fully explained in note 3.2 and 6.1.1 to the financial statements, the Fund has valued its TFCs on the basis of brokers' quotations. Had the Fund valued its investments in accordance with the NBFC Rules, 2003, the Net Income of the Fund for the period and the Net Assets Value of the Fund as at June 30, 2006 would have been lower by Rs. 1,109,700. Consequently the number of units sold/ redeemed during the period as well as the element of income and capital gains/ (losses) in the price of units sold less those in units redeemed as recorded by the Fund would also have been different. The effects of such difference on the aforementioned 'element' have not been quantified as the same is considered impracticable by the management.
- b) in our opinion, proper books of account have been kept by the Management Company in respect of **Askari Income Fund** as required by the Trust Deed and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003; and
- c) Except for the effects of the matter stated in (a) above, in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income statement, distribution statement, statement of movement in unit holders' funds and cash flow statement, together with the notes forming part thereof have been prepared in accordance with the relevant provisions of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and approved accounting standards as applicable in Pakistan and present a true and fair view of the state of Fund's affairs as at June 30, 2006 and of the income, changes in undistributed income, changes in units holders' funds and cash flows for the period then ended.

Ernst And Young
Ford Rhodes Sidat Hyder And Co.
Chartered Accountants

Lahore: August 04, 2006

Askari Income Fund

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**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2006**

	Note	June 30, 2006 Rupees
Assets		
Balances with banks and financial institutions	4	935,614,294
Receivable against Continuous Funding System	5	32,952,484
Investments	6	330,347,347
Deposits and other receivables	7	5,522,649
Deferred Formation Cost	8	2,245,204
Total Assets		1,306,681,978
Liabilities		
Remuneration payable to management company	9	305,747
Remuneration payable to trustee	10	64,009
Creditors, accrued and other liabilities	11	142,632,611
Total Liabilities		143,002,367
Net assets		<u>1,163,679,611</u>
Unit holders' fund (as per statement attached)		
Contingencies and commitments	12	
Number of units in issue	13	11,084,619
Net asset value per unit		Rs. <u>104.98</u>

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

For Askari Investment Management Ltd.
(Management Company)

Adnan Afaq
Chief Executive

Lt. Gen. (R.) Zarrar Azim H.I.(M)
Chairman

Shaharyar Ahmad
Director

Askari Investment Management Ltd

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**INCOME STATEMENT
FOR THE PERIOD FROM DECEMBER 05, 2005 TO JUNE 30, 2006**

	Note	For the period from December 05, 2005 to June 30, 2006 Rupees
INCOME		
Net gain/ income from transactions in marketable securities		2,243,411
Mark-up on term finance certificates		1,305,661
Return on bank deposit and placements		10,388,261
Finance income on Continuous Funding System		5,211,188
Element of income and capital gains in prices of units sold less those in units redeemed		38,692,333
		57,840,854
Unrealized gain/ (loss) on remeasurement of held for trading investments and derivatives at fair value		(61,264)
		<u>57,779,590</u>
EXPENSES		
Remuneration of management company	9	1,483,883
Remuneration of trustee	10	209,909
SECP Annual Fee	11.1	148,400
Amortisation of formation costs	8	254,796
Auditors' remuneration	14	200,000
Custody Charges		46,085
Brokerage commission		93,056
Bank & other charges		127,160
Total Expenses		<u>2,563,289</u>
Net Income		<u>55,216,301</u>
Earnings per Unit - Basic	15	<u>4.98</u>

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

For Askari Investment Management Ltd.
(Management Company)

Adnan Afaq
Chief Executive

Lt. Gen. (R.) Zarrar Azim H.I.(M)
Chairman

Shaharyar Ahmad
Director

Askari Investment Management Ltd

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**DISTRIBUTION STATEMENT
FOR THE PERIOD FROM DECEMBER 05, 2005 TO JUNE 30, 2006**

	For the Period from December 05, 2005 to June 30, 2006 Rupees
Undistributed income as at the beginning of the period	-
Net Income for the period	55,216,301
Undistributed income carried forward	<u>55,216,301</u>

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

For Askari Investment Management Ltd.
(Management Company)

Adnan Afaq
Chief Executive

Lt. Gen. (R.) Zarrar Azim H.I.(M)
Chairman

Shaharyar Ahmad
Director

Askari Investment Management Ltd

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**STATEMENT OF MOVEMENT IN UNIT HOLDERS FUNDS
FOR THE PERIOD FROM DECEMBER 05, 2005 TO JUNE 30, 2006**

	For the Period from December 05, 2005 to June 30, 2006 Rupees
Net assets at the beginning of the period	-
Issue of 11,426,654 units	1,182,998,608
Redemption of 342,035 units	(35,842,965)
	1,147,155,643
Element of income and capital gains in prices of units sold less those in units redeemed- transferred to income statement	(38,692,333)
Net Income for the period	55,216,301
Net assets at the end of the period	<u>1,163,679,611</u>

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

For Askari Investment Management Ltd.
(Management Company)

Adnan Afaq
Chief Executive

Lt. Gen. (R.) Zarrar Azim H.I.(M)
Chairman

Shaharyar Ahmad
Director

Askari Investment Management Ltd

Askari Income Fund

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**CASH FLOW STATEMENT
FOR THE PERIOD FROM DECEMBER 05, 2005 TO JUNE 30, 2006**

Note	For the Period from December 05, 2005 to June 30, 2006 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period	55,216,301
Adjustments	
Elements of income and capital gains included in prices of units issued less those in units repurchased	(38,692,333)
Markup on term finance certificates	(1,305,661)
Return on bank deposit and placements	(1,567,476)
Unrealised gain/ (loss) on remeasurement of held for trading investments and derivatives at fair value	61,264
Unrealised markup on reverse repurchase transactions	(1,170)
Amortization of preliminary expenses	254,796
(Increase)/ decrease in assets	(41,250,580)
Receivable against Continuous Funding System	(32,952,484)
Deposits and other receivables	(1,100,000)
Purchase of held for trading investments- net	(330,408,610)
Purchase of interest on term finance certificates	(1,548,343)
Preliminary expenses and flotation costs	(2,500,000)
	(368,509,437)
Increase/ (decrease) in liabilities	
Remuneration payable to management company	305,747
Remuneration payable to trustee	64,009
Creditors, accrued and other liabilities	142,632,611
	143,002,367
Cash generated from operating activities	(211,541,349)
CASH FLOW FROM INVESTING ACTIVITIES	
Cash used in investing activities	-
CASH FLOW FROM FINANCING ACTIVITIES	
Receipts in respect of sale of units	1,182,998,608
Paid on redemption of units	(35,842,965)
	1,147,155,643
Net increase in cash and cash equivalents during the period	935,614,294

Askari Investment Management Ltd

Askari Income Fund

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**CASH FLOW STATEMENT
FOR THE PERIOD FROM DECEMBER 05, 2005 TO JUNE 30, 2006**

Note	For the Period from December 05, 2005 to June 30, 2006 Rupees
Cash and cash equivalents at the start of the period	-
Cash and cash equivalents at the end of the period	935,614,294

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

For Askari Investment Management Ltd.
(Management Company)

Adnan Afaq
Chief Executive

Lt. Gen. (R.) Zarrar Azim H.I.(M)
Chairman

Shaharyar Ahmad
Director

Askari Investment Management Ltd

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DECEMBER 05 TO JUNE 30, 2006**

1. LEGAL STATUS AND NATURE OF BUSINESS

Askari Income Fund (the Fund) was constituted under a trust deed (the Trust Deed) executed between Askari Investment Management Limited, as its management company and Central Depository Company of Pakistan Limited (CDC), as its trustee. The Trust Deed was executed on December 05, 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 16, 2005 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.

The Fund is an open ended income fund and is listed on the Lahore Stock Exchange Guarantee Limited. Units of the Fund have been offered for public subscription on a continuous basis since March 15, 2006 and are transferable and Redeemable by surrendering them to Fund at the option of unit holders.

The principal activity of the Fund is to make investments primarily in fixed income corporate debt instruments, government securities and other money market instruments.

2. STATEMENT OF COMPLAINT

These financial statements have been prepared in accordance with the requirements of the Trust Deed, the NBFC Rules and the directives issued by the SECP and approved accounting standards as applicable in Pakistan. Wherever, the requirements of the NBFC Rules and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules and the directives take precedence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for those instruments that are measured at their fair value.

3.2 INVESTMENTS

The management of the company determines the appropriate classification of investments at the time of purchase and classifies these investments as held to maturity, available for sale and held for trading.

Held To Maturity

Investment securities with fixed maturities where management has both the intent and ability to hold to maturity are classified as held to maturity.

Available For Sale

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes to interest rates or exchange rates are classified as available for sale.

Held For Trading

Investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin are classified as held for trading.

All investments are initially recognized at fair value plus, in the case of investments not at fair value through income statement, transaction costs that are directly attributable to acquisition.

After initial recognition, investments which are classified as held-for-trading and available-for-sale are re-measured at fair value. Gains or losses on investments held-for-trading are recognised in income. Gains or losses on available-for-sale investments are recognised in the unit holders' funds until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' funds is included in income. Investments classified as held to maturity are stated at amortised cost.

For investments in quoted marketable securities, fair value is determined by reference to Stock Exchange quoted market prices at the close of business on balance sheet date. Unquoted securities are valued at investment price or the break-up value as per last audited accounts, whichever is later in accordance with the NBFC Rules.

Term Finance Certificates (TFC) quoted on the stock exchange are neither actively traded on the exchange nor the quotes available are indicative of fair value of the underlying security. According to the guidelines of IAS-39, to reflect the reliable measure of fair value to Term Finance Certificates, the Management Company has adopted policy of valuation of TFC based on the average quotes available from reputable brokerage houses dealing in money market transactions.

3.3 Derivatives

These are measured at their fair value. The fair values of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the Statement of Assets and Liabilities. The resultant gains and losses are included in the income statement.

3.4 Receivable under continuous funding system

Securities purchased under an agreement to resell are included as receivables against continuous funding system at the fair value of the consideration given and are accounted for on the settlement date.

3.5 Issue And Redemption Of Units

Units issued are recorded at the offer price, as determined by the Fund, for the applications received by it. The offer price represents the net assets value of units as of the close of the previous business day plus provision of duties and charges, front end load if any, and provision of transaction costs, if applicable. Sales load is payable to the management company as processing fee.

Units redeemed are recorded at the redemption price, applicable on units for which the Fund receives redemption applications. The redemption price represents the net assets value of units as of the previous day less back-end load, duties, taxes, charges on repurchase and provision of transaction costs, if applicable.

3.6 Element Of Income And Capital Gains In Prices Of Units Issued Less Those In Units Repurchased

To prevent the dilution of per unit income and distribution of income already paid as dividend, an equalisation account called 'element of income and capital gains in prices of units issued less those in units redeemed' is created.

The "element of income and capital gains in prices of units sold less those in units redeemed" account is credited with the amount representing net income and capital gains accounted for in the last announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income and capital gains in prices of units sold less those in units redeemed" account is debited with the amount representing net income and capital gains accounted for in the last announced net asset value and included in the redemption price.

The net "element of income and capital gains in prices of units sold less those in units redeemed" during an accounting period is transferred to income statement.

3.7 Net Assets Value Per Unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year/ period end.

3.8 Earnings Per Unit

Earnings per unit (EPU) have been calculated based on the number of units in issue at the year/ period as the management is of the opinion that determination of weighted average units for calculating EPU is not practicable.

3.9 Taxation

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 90 percent of its accounting income for the period excluding realized and unrealised capital gains for the period is distributed amongst the unit holders. The fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

3.10 Offsetting Of Financial Assets And Liabilities

A financial asset and financial liability is set off and the net amount is reported in the statement of assets and liabilities, if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Revenue Recognition

Gain/loss arising on disposal of investments is included in income currently and is accounted for on the date at which the transaction takes place.

Income on bank deposits, reverse repurchase agreement, Certificate of Investments, placements, government securities and term finance certificates is recognised on an accrual basis.

3.12 Cash And Cash Equivalents

Cash and cash equivalents comprise of cash, bank balances and short term placements.

3.13 Financial Instruments

All the financial assets and financial liabilities are recognised at the time when the fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the fund loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or losses on derecognition of the financial assets and financial liabilities are taken to income currently.

3.14 Preliminary Expenses And Flotation Costs

Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the fund. These costs are being amortized over a period of five years.

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	Note	June 30,2006 Rupees
4 BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS		
Demand deposits	4.1	49,236,131
Placement with banks	4.2	861,375,047
Placement with financial institutions	4.3	25,003,116
		935,614,294

4.1 The profit rates on these accounts range between 8.5% to 11%.

4.2 The rates of return on these placements are between 9.50% to 12% per annum as at June 30,2006 and are maturing between July 5 to July 12,2006.

4.3 This represents the certificates of investments issued by Trust leasing & Investment Bank Limited on April 06,2006. This carries interest @ 11% p.a. Maturity date of these certificates is July 06,2006.

5 RECEIVABLE AGAINST CONTINUOUS FUNDING SYSTEM

5.1 The fair value of securities receivable against CFS transactions aggregates to Rs.36,916,407 as at June 30,2006.

5.2 The rates of return on these transactions range between 11.5% to 18% per annum maturing between July 4 to July 29,2006.

6 INVESTMENTS

Held for trading

	Note	June 30,2006 Rupees
Quoted debt securities	6.1	101,109,700
Quoted equity securities	6.2	229,237,647
		330,347,347

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	Note	As at December 05, 2005	Purchased	Sold / Redeemed Number	As at June 30, 2006	Market Cost Rupees	Market Value Rupees	% of net assets %
6.1 Quoted debt securities								
Term finance certificates	6.1.1							
Certificates have a face value of Rs. 5,000/- each								
Commercial Banks								
Union Bank Limited III	6.1.2	-	10,000	-	10,000	50,000,000	50,349,900	4.33
Technology and Communication								
Pakistan Mobile Communication Ltd.	6.1.3	-	10,000	-	10,000	50,000,000	50,759,800 101,109,700	4.36

6.1.1 As stated in note 3.2, term finance certificates are valued with reference to quotation obtained from reputable brokerage houses. However, the Non Banking Finance Companies (establishment and regulations) Rules 2003 require these to be valued on the basis of the closing price of the stock exchange on which the same are listed. Had these been valued on the basis, the net assets and unit holder's funds as at year end would have been lower by Rs. 1,109,700.

Further the net assets value of the fund during the year may also have been lower or higher based on the prevailing stock exchange rates and as such there may be differences in the "element of income and capital gains in prices of units sold less those of units redeemed" accordingly. The impact of the method used by the fund on the "element of income and capital gains in prices of units sold less those of units redeemed" paid or received is not quantifiable.

6.1.2 These represent 10,000 certificates having face value of Rs. 5,000 each. The term finance certificates carry a rate of markup equal to six months KIBOR plus 2% per annum receivable in arrears and will mature in February 2013. These are unsecured.

6.1.3 These represent 10,000 certificates having face value of Rs. 5,000 each. These carry a rate of markup equal to six months KIBOR on the last working day prior to first disbursement date and subsequently on the immediately preceding day before the start of each six months period plus 2.85 percent per annum receivable in arrears and will mature in May 2013. These are secured by first parri passu charge (shared by all existing and future lenders) over a pool of present and future receivables and collections and over present and future movable fixed assets of Pakistan Mobile Communication Limited.

Askari Income Fund

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	As at December 05, 2005	Purchased	Sold Number	As at June 30, 2006	Market Value Rupees	% of net assets %
6.2 Quoted equity securities						
Oil & Gas Exploration Companies						
Oil & Gas Development Company Ltd.	-	56,000	56,000	-	-	-
Pakistan Oilfields Ltd.	-	50,000	-	50,000	16,740,000	1.44
Oil & Gas Marketing Companies						
Pakistan State Oil Company Ltd.	-	105,700	105,700	-	-	-
Commercial Banks						
Union Bank Ltd.	-	1,381,900	661,500	720,400	53,309,600	4.58
Askari Commercial Bank Ltd.	-	143,000	143,000	-	-	-
MCB Bank Ltd.	-	475,000	-	475,000	99,799,897	8.58
National Bank of Pakistan Ltd.	-	80,500	-	80,500	17,347,750	1.49
Technology & Communication						
Telecard Ltd.	-	9,063,500	5,359,500	3,704,000	42,040,400	3.61
					<u>229,237,647</u>	<u>19.70</u>
Cost of held-for-trading investments as at June 30, 2006					<u>226,556,935</u>	

The above securities have been sold under the future contracts at contracted prices.

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	Note	June 30, 2006 Rupees
7 DEPOSITS AND OTHER RECEIVABLES		
Security deposit	7.1	1,100,000
Receivable against Continuous Funding System		1,170
Return on placements with banks		919,530
Mark-up on placement with financial institutions		647,946
Mark-up on Term Finance Certificates		2,854,003
		<u>5,522,649</u>
7.1 This represents the amount paid to National Clearing Corporation Pakistan Limited and Central Depository Company of Pakistan Limited as security deposit.		
		June 30, 2006 Rupees
8 DEFERRED FORMATION COST		
Preliminary and flotation costs		2,500,000
Amortization of preliminary and formation costs- accumulated		(254,796)
		<u>2,245,204</u>
9 REMUNERATION PAYABLE TO MANAGEMENT COMPANY		
The management company is entitled to a remuneration for services rendered to the fund under the provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, upto a maximum of 3% per annum based on the daily average net assets of the Fund during the first five years and 2% per annum based on such assets thereafter. However, the management company has charged 1% per annum based on such assets as remuneration in respect of the current period.		
10 REMUNERATION PAYABLE TO TRUSTEE		
The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, based on the average net assets value of the fund.		
The trustee has charged its remuneration at the rate of 0.2 percent of the average net assets per annum during the period.		

Askari Income Fund

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	<u>Note</u>	<u>June 30,2006</u> Rupees
11 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Payable to brokers against transactions in marketable securities		135,577,869
Sales load payable to management company		349,843
SECP Annual Fee	11.1	148,400
Reimbursements to management company	11.2	2,502,500
Audit Fee		200,000
Derivatives		3,851,676
Tax deducted at source		2,323
		<u>142,632,611</u>
11.1 This represents annual fee payable to SECP in accordance with Rule 79 of the Non-Banking Finance Companies (Establishment & Regulations) Rules 2003, whereby the Fund is required to pay SECP an amount equal to one tenth of 1% of the average net assets of the Fund.		
11.2 Reimbursements to Askari Investment Management Limited		
Security deposit paid to National Clearing Company of Pakistan		1,000,000
Preliminary expenses payable		1,500,000
CDC Documentation charges		2,500
		<u>2,502,500</u>

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	<u>Note</u>	<u>June 30,2006</u> Rupees
12 CONTINGENCIES AND COMMITMENTS		
Commitment for the sale of quoted securities under future contracts		<u>228,771,147</u>
Commitments in respect of continuous funding system		<u>3,112,340</u>
13 NUMBER OF UNITS IN ISSUE		
The management of the Fund may issue following classes of units:		
Description	<u>Class</u>	
Units that shall be charged with no sales load.(Restrictive)	A	13.1 2,500,000
Units that shall be charged with no sales load.	A	142,911
Units that shall be charged with front-end load.	B	568,322
Units that shall be charged with back end load.	C	7,873,386
Units that shall be charged both front and back end loads	D	-
		<u>11,084,619</u>
13.1 These are the units which were subscribed on December 27, 2005 by Askari Commercial Bank Limited with the restriction that these units are not redeemable or transferable for a period of two years from the date of such subscription.		
13.2 The par value of each unit is Rs.100.The management of the Fund has set a minimum investment size of Rs.5,000.All units carry equal rights and are entitled to dividends and payment of net assets value on liquidation.		
		For the period from December 05, 2005 to June 30, 2006
		Rupees
14 AUDITORS' REMUNERATION		
Audit fee		125,000
Other charges		75,000
		<u>200,000</u>

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	Note	For the period from December 05, 2005 to June 30, 2006
15 EARNINGS PER UNIT - BASIC		Rupees
Net income for the period		55,216,301
		Number
Number of units in issue	13	11,084,619
		Rupees
Earnings per unit		4.98

16 TAXATION

No provision for taxation has been made in the financial statements in view of the exemption under clause 99 of the Part I of the 2nd schedule of the Income Tax Ordinance, 2001

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Askari Investment Management Limited being the management company, Askari Commercial Bank Limited being the holding company of the management company, Askari Cement Ltd. and Askari General Insurance Company Ltd. being the group companies.

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

	Units	For the Period from December 05, 2005 to June 30, 2006 Rupees
Units sold / distributed to:		
Askari Commercial Bank Limited	2,500,000	250,000,000
Askari Cement Limited	481,305	50,000,000
Askari General Insurance Company Limited	47,614	5,000,000
Transactions with the management company		
Remuneration for the year		1,483,883
Payable as at June 30, 2006		305,747
Transactions with Askari Commercial bank Limited		
Bank balances as at June 30, 2006		34,236,182
Mark-up on a deposit account		523,498
Income received on spread transaction on Askari Commercial Bank Limited's shares		152,116
Transactions with Askari Securities Limited		
Finance income on continuous funding system		67,949
Brokerage paid		10,195

Askari Investment Management Ltd

Askari Income Fund

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18 MARKET RATE OF RETURN (MROR) SENSITIVITY POSITION

18.1 The Fund's MROR sensitivity related to financial assets and financial liabilities as at June 30, 2006 can be determined from the following:

	Exposed to MROR Risk				Total
	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	
	Rupees				
On Balance sheet financial instruments					
Financial Assets					
Balances with banks and financial institutions	935,614,294	-	-	-	935,614,294
Receivable against Continuous Funding System	32,952,484	-	-	-	32,952,484
Investments	-	-	101,109,700	229,237,647	330,347,347
Deposits and other receivables	-	-	-	5,522,649	5,522,649
Total financial assets	968,566,778	-	101,109,700	234,760,296	1,304,436,774
Financial liabilities					
Remuneration payable to management company	-	-	-	305,747	305,747
Remuneration payable to trustee	-	-	-	64,009	64,009
Creditors accrued and other liabilities	-	-	-	142,632,611	142,632,611
	-	-	-	143,002,367	143,002,367
On balance sheet gap	968,566,778	-	101,109,700	91,757,929	1,161,434,407
Off balance sheet financial instruments					
Future sale commitments of held for trading investments				228,771,147	228,771,147
Commitments in respect of continuous funding system				3,112,340	3,112,340

19 RISK MANAGEMENT

The Fund primarily invests in a diversified portfolio of rated corporate debts, certificate of investments, and other money market instruments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include but are not limited to:

19.1 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market prices.

The Fund manages market risk by monitoring exposure on securities by following the internal risk management policies and investment guidelines approved by board of directors of management company and regulations laid down by the Securities and Exchange Commission of Pakistan.

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19.2 Credit Risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any.

Credit Risk Management

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the board of directors of the management company. In addition, the risk is managed through assignment of credit limits, obtaining adequate collaterals and by following strict credit evaluation criteria. The Fund does not expect to incur material credit losses on its financial assets.

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. Financial assets subject to credit risk amount to Rs. 1,304,436,774. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

19.3 Liquidity Risk

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

19.4 Market Rate of Return (MROR) Risk

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

20 FAIRVALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset can be exchanged, or liability can be 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 values the presumption that the fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

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21 MATURITIES OF ASSETS AND LIABILITIES

Maturities of assets and liabilities as at June 30, 2006:

	Total	Upto three months	More than three months and upto one year	More than one year
(Rupees)				
Assets				
Balances with banks and financial institutions	935,614,294	935,614,294	-	-
Receivable against Continuous Funding System	32,952,484	32,952,484	-	-
Investments	330,347,347	229,237,647	-	101,109,700
Deposits and other receivables	5,522,649	4,422,649	-	1,100,000
Deferred Formation Cost	2,245,204	126,027	373,973	1,745,204
	1,306,681,978	1,202,227,074	373,973	103,954,904
Liabilities				
Remuneration payable to management company	305,747	305,747	-	-
Remuneration payable to trustee	64,009	64,009	-	-
Creditors accrued and other liabilities	142,632,611	42,632,611	-	-
	143,002,367	143,002,367	-	-
Net assets	1,163,679,611	1,059,224,707	373,973	103,954,904

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22 SUBSEQUENT EVENTS

The Board of Directors of the management company of the fund in their meeting held on July 03, 2006 has approved Rs.4.492 per unit as the distribution for the period.

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 04, 2006 by the Board of Directors of the management company.

24 GENERAL

24.1 Figures have been rounded off to the nearest Rupee.

24.2 The Fund was constituted under the trust deed on December 05, 2005, hence there are no corresponding figures.

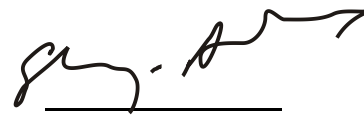
For Askari Investment Management Ltd.
(Management Company)



Adnan Afaq
Chief Executive



Lt. Gen. (R.) Zarrar Azim H.I.(M)
Chairman



Shaharyar Ahmad
Director