AMZ Plus Income Fund

Annual Accounts
For the year ended
June 30, 2010

Managed by

Crosby Asset Management (Pakistan) Limited

10th Floor, PRC Towers, MT Khan Road, Karachi

UAN: 021-111-369-111

Management Company Directors' Report to Unit Holders

We, the Directors of Crosby Asset Management (Pakistan) Limited are pleased to present Annual Report of AMZ Plus Income Fund for the period ended June 30, 2010.

CHANGE OF MANAGEMENT COMPANY

During the year management rights of the Fund has been transferred from AMZ Asset Management Limited to Crosby Asset Management (Pakistan) Limited (CAMPL) through a tripartite agreement between AMZ Asset Management Limited, Crosby Asset Management (Pakistan) Limited and Central Depository Company of Pakistan Limited with the resolution passed by majority of the unit holders and approval of the Securities & Exchange Commission of Pakistan.

ECONOMIC REVIEW

Pakistan is currently facing a confluence of challenges on several fronts. The domestic supply chain has been severely disrupted by record floods which swept through the country during July-August 2010, leading to massive losses of infrastructure and production capacity, particularly in the livestock and agriculture sectors. This factor, coupled with deficit monetization and fiscal slippages, has turned domestic inflation into an untamed beast, stubbornly fixed in the 12.50% - 13.00% range. YoY headline inflation for the year ended 30 June 2010 clocked in at 12.69%.

Chronic power shortages, persistently poor law and order have also served to dampen industrial activity, which has had a less than wholesome impact on exports. Imports have also shrunk in terms of USD, but that can attributed in large part to falling prices of oil. Nevertheless, even with a shrinking current account deficit, the PKR/USD parity has slid from Rs. 81.42 to Rs. 85.40 over the last 12 months.

Interest rates reflected the stubbornness of inflation and overall stagflation afflicting the economy, and, and ended the year at 12.37%, down slightly from 12.67% as of 30 June 2009.

OPERATIONAL REVIEW

The Fund earned a net loss of PKR 11.01 million during the year; net asset of the fund has been decreased to PKR 189.95 million as compared to last year's PKR 360.95 million.

DIVIDEND

Since fund earned a loss for the year therefore no dividend for the year has been announced by the Directors of Management Company.

ISSUANCE AND REDEMPTION OF UNITS

During the period a total of 730,241 units amounting to PKR 69.22 million were re-issued by the management company, while 2,297,967 units amounting to PKR 224.75 were redeemed to investors.

STATEMENT OF COMPLIANCE

- The financial statements prepared by the management company present fairly its affairs and the results of its operation, cash flows and movement in unit holders' funds.
- The Fund has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The financial statements have been prepared in accordance with approved standards as applicable in Pakistan, the requirements of the Trust Deed, the Non-Banking Finance Companies Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the Fund's ability to continue as going concern.
- There has been no material departure from the best practice of corporate governance, as detailed in the Listing Regulation.
- Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- During the year Company Secretary, CFO, CEO, directors and executive of the company and their spouse and minor children have not traded in the units of the Fund

MEETING OF DIRECTORS

During the year seven Board Meetings were held, which were attended by the Directors as follows:

Name	Designation	Meetings Attended	Leave Granted
Mr. Chan Kok Chung Johnny	Chairman	8	-
Mr. Amer Maqbool	Chief Executive	8	-
Mr. Shahzad Fakhar Ashfaq	Director	8	-
Mr. Aun Ali Rahman	Director	2	2

AUDITORS

M/S KPMG Taseer Hadi & Co. Chartered Accountants retire as fund's auditor and M/S Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants offered themselves for appointment. The Audit Committee has recommended the re-appointment to the Board, which the Board has approved.

ACKNOWLEDGEMENT

The Board would like to thank the Fund's investors, the Securities and Exchange Commission of Pakistan, the Trustee for their continued confidence, support and guidance.

On behalf of Board of Director

Karachi
September 03, 2010

Amer Maqbool
Chief Executive Officer

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
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Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

AMZ PLUS INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

AMZ Plus Income Fund (the Fund), an open-end fund was established under a trust deed dated December 01, 2005, executed between AMZ Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee. During the period, change of Management Company had occurred on January 29, 2010 based on a formally Restructured Proposal approved by SECP as well as majority unit holders in a duly convened meeting through a 2nd Supplemental Trust Deed whereby the management rights were transferred from AMZ Asset Management Limited to Crosby Asset Management (Pakistan) Limited. Keeping in view that the Fund is continued for specific purpose i.e. upto maturity of assets if not saleable and also since no other activity was allowed at the time of restructuring except for conversion of units into Crosby Phoenix Fund managed by the same Management Company, the going concern of the Fund will be upto the stage of maturity of the Fund assets only i.e. year 2014. The terms and condition of restructuring of the Fund and transfer of management rights is more fully explained in note 1.2 to the Audited Financial Statements.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 in accordance with the provision of the following and Restructured Proposal approved by the Securities and Exchange Commission of Pakistan (SECP) as well as majority unit holders in a duly convened meeting:

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

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

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

For the purpose of information the attention of the unit holders is drawn towards the following:

During the post transfer period the investment in Letter of Placement amounting Rs.30.444 million with First Dawood Investment Bank Limited (FDIBL) was converted into 4% Cumulative Preference Shares convertible after 5 years period and were valued on zero value as the break-up value as per last audited Financial Statement was negative. Similarly, an investment in Certificate of Investment amounting Rs.130 million with Trust Investment Bank Limited (TIBL) were converted into KIBOR plus 1% Cumulative Un-listed Preference Shares convertible in 3 to 5 years period and was valued on break up value calculated as per last audited Financial Statement. The matter is more explained in Note 6.2.2.1 and 6.2.2.2. to the Audited Financial Statement.

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

Karachi: October 29, 2010

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Karachi Stock Exchanges Listing Regulation 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.

Crosby Asset Management (Pakistan) Limited, the management company, is not listed and hence, the Code is not applicable to it. However, AMZ Plus Income Fund being listed at Karachi Stock Exchange comes under the ambit of the Code. The Fund being a unit trust scheme does not have its own Board. The Board of Directors of the Management Company manages the affair of the Fund and has appointed the Chief Executive Officer(CEO), Chief Financial Officer(CFO), Company Secretary of Crosby Asset Management (Pakistan) Limited and other necessary personnel to manage its affairs.

The Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the Board of Directors includes two non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.

4. During the year casual vacancies occurred in the Board of Directors which was accordingly filled within 30 days thereof.

5. No new appointments of CFO and Company Secretary were made during the year

6. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Management Company.

7. The Management Company has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. 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.

9. 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. 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.

10. The Management Company arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities, and briefed them regarding amendments in the Companies Ordinance/Corporate Laws.

11. The directors' report for the 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 the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any unit of the Fund other than that disclosed in the related party transaction note # 18 of financial statements.

14. The Management Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Fund.

15. The Board has formed an audit committee. Presently it comprises of three members, of them two 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 the Company and as required by the Code. 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 to M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they are involved in the internal audit function on full time basis.

18. The statutory auditors of the Fund have confirmed that they have been 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 Company 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.

21. The related party transactions have been placed before the Audit Committee and approved by the Board with necessary justification for non arm's length transactions (if any) and pricing methods for the transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated

Karachi
September 03, 2010

Amer Maqbool
Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Auditors' Report to the Unit Holders

We have audited the accompanying financial statements of **AMZ Plus Income Fund ("the Fund")**, which comprise the statement of assets and liabilities as at 30 June 2010, and the income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2010, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matter

Without qualifying our report we draw attention to:

- Note 1.2 of the financial statements which explains the salient features, terms and conditions of the restructuring of the Fund and transfer of its management rights to Crosby Asset Management (Pakistan) Limited. These conditions indicate the existence of material uncertainty that may cast significant doubts about the Fund's ability to continue as a going concern. However, the restructuring proposal, duly approved by SECP, mandates that any instruments that are not saleable and/or defaulted / doubtful at the end of the restructuring period of three months shall remain in the portfolio of the Fund till such time that a reasonable price is available or till the maturity of the asset and the Fund will also continue as an open-end fund, not open for issue and redemption of units till that time.

- Notes 6.2.2.1 and 6.2.2.2 to these financial statements mentioning the basis for valuation of preference shares held by the Fund as at 30 June 2010.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

KPMG Taseer Hadi & Co.

Date: 03 SEP 2010

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Karachi

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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 the Management Company of the **AMZ Plus Income Fund** ("the Fund") to comply with the listing regulation of the Karachi Stock Exchange, where the Fund is listed.

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

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

Further sub-regulation (xiii-a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

As of 29 January 2010, the management rights of the Fund were transferred from AMZ Asset Management Limited to Crosby Asset Management (Pakistan) Limited (CAML). Accordingly, we were only able to review compliance with the Code of Corporate Governance relating to the period subsequent to transfer of management rights of the Fund to CAML, i.e from 29 January 2010 to 30 June 2010. As per sub-regulation (xlv) of Regulation 35 of the Listing Regulations "All listed companies shall publish and circulate a statement along with their annual reports to set out the status of their compliance with the best practices of corporate governance".

Based on our review, except for the matter mentioned above, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the period from 29 January 2010 to 30 June 2010.

KPMG Taseer Hadi & Co.

Date: 22 October 2010

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

AMZ Plus Income Fund

Statement of Assets and Liabilities

As at 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
Assets			
Bank balances	4	**594**	9,657
Placements	5	**100,000**	100,000
Investments	6	**83,705**	304,815
Dividend and profit receivable	7	**6,439**	17,988
Deposits, prepayments and other receivables	8	**3,600**	3,600
Preliminary expenses and floatation costs	9	**-**	630
Total assets		**194,338**	436,690
Liabilities			
Payable to Management Company	10	**-**	603
Payable to Trustee	11	**-**	74
Payable to Securities and Exchange Commission of Pakistan	12	**255**	1,684
Accrued expenses and other liabilities	13	**4,138**	73,382
Total liabilities		**4,393**	75,743
Net assets		**189,945**	360,947
Unit holders' fund (as per statement attached)		**189,945**	360,947
		(Number of Units)	
Number of units in issue		**2,857,230**	4,424,955
		(Rupees)	
Net assets value per unit		**66.48**	81.57

The annexed notes 1 to 22 form an integral part of these financial statements.

For Crosby Asset Management (Pakistan) Limited
(Management Company)

Chief Executive **Director**

AMZ Plus Income Fund

Income Statement

For the year ended 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
Income			
Financial income	*15*	**46,936**	347,978
Capital loss on sale of investments - net		**(13)**	(139,673)
Unrealized loss on revaluation of investments classified as 'At fair value through profit or loss' - net		**-**	(8,089)
Total income		**46,923**	200,216
Expenses			
Remuneration of Management Company	*10.1*	**5,060**	24,535
Remuneration to Trustee	*11.1*	**679**	2,647
Annual fee - Securities and Exchange Commission of Pakistan	*12*	**255**	1,684
Auditor's remuneration	*16*	**336**	266
Settlement and bank charges		**21**	889
Legal and professional charges		**265**	189
Fees and subscription		**140**	1,636
Printing and publication charges		**-**	374
Financial charges on repurchase transactions		**-**	6,421
Amortization of preliminary expenses and floatation costs		**630**	380
Provision on dividend receivable on preference shares		**2,505**	-
Provision for impairment - net	*14*	**55,089**	160,449
Total expenses		**64,980**	199,470
Net income from operating activities		**(18,057)**	746
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		**5,047**	(58,319)
Net loss for the year		**(13,010)**	(57,573)
Earnings per unit	*17*		

The annexed notes 1 to 22 form an integral part of these financial statements.

For Crosby Asset Management (Pakistan) Limited
(Management Company)

Chief Executive

Director

AMZ Plus Income Fund

Statement of Comprehensive Income

For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
Net loss for the year	**(13,010)**	(57,573)
Other comprehensive income		
Deficit on revaluation of 'available-for-sale financial assets'	**(4,471)**	(2,586)
Impairment on 'available-for-sale financial assets' charged to income statement	**7,057**	-
Element of (loss) and capital (losses) included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses)	**-**	(64,266)
	2,586	(66,852)
Total comprehensive income / (loss) for the year	**(10,424)**	(124,425)

The annexed notes 1 to 22 form an integral part of these financial statements.

For Crosby Asset Management (Pakistan) Limited
(Management Company)

Chief Executive | **Director**

AMZ Plus Income Fund

Cash Flow Statement

For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the year	**(13,010)**	(57,573)
Adjustments:		
Element of loss and capital losses included in prices of units issued less those in units repurchased	**(5,047)**	58,319
Amortization of preliminary expenses and floatation costs	**630**	380
Capital loss o sale of investment	**13**	-
Provision on placements	**-**	30,444
Provision against debt securities and certificate of investments	**55,089**	130,005
Unrealized loss on revaluation of investments classified as 'at fair value through profit or loss' - net	**-**	8,089
	37,675	169,664
(Increase) / decrease in assets		
Receivable against sale of investments	**-**	233,350
Receivable against Continuous Funding System	**-**	10,543
Placements	**-**	253,556
Investments	**168,594**	2,060,281
Dividend and profit receivable	**11,549**	91,946
Deposits, prepayments and other receivables	**-**	1,091
	180,143	2,650,768
Increase / (decrease) in liabilities		
Payable against purchase of investments	**-**	(276)
Payable against redemption of units	**-**	69,219
Payable to Management Company	**(603)**	(4,085)
Payable to Trustee	**(74)**	(394)
Payable to Securities and Exchange Commission of Pakistan	**(1,429)**	(4,087)
Payable against repurchase transaction	**-**	(54,989)
Accrued expenses and other liabilities	**(69,244)**	1,192
	(71,350)	6,580
Cash inflow / (outflow) from operating activities	**146,468**	2,827,012
CASH FLOW FROM FINANCING ACTIVITIES		
Net (payments) from repurchase and sale of units - net	**(155,531)**	(4,337,755)
Dividend paid	**-**	(202,384)
Net increase in cash and cash equivalents during the year	**(9,063)**	(1,713,127)
Cash and cash equivalents at the beginning of the year	**9,657**	1,722,784
Cash and cash equivalents at the end of the year	**594**	9,657
Cash and cash equivalents at the end of the year comprise of :		
Cash at bank - deposit account	**594**	9,647
Cash at bank - current account	**-**	10
Cash at bank - term deposits having maturity of less than 3 months	**-**	-
	594	9,657

For Crosby Asset Management (Pakistan) Limited
(Management Company)

Chief Executive | **Director**

AMZ Plus Income Fund

Distribution Statement

For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
(Deficit) / Undistributed income brought forward		
- Realised	**(80,379)**	471,759
- Unrealised	**(67,629)**	4,726
	(148,008)	476,485
Element of loss and capital losses included in prices of units sold less those in units repurchased - amount representing unrealized capital losses	**-**	(64,266)
Net loss for the year	**(13,010)**	(57,573)
Final bonus units distribution @ Rs. 10.22 per unit for the year ended 30 June 2008	**-**	(271,941)
Final cash distribution @ Rs.10.22 per unit for the year ended 30 June 2008	**-**	(180,219)
Quarterly bonus units distribution @ Rs.1.75 per unit for the first quarter ended 30 September 2008	**-**	(28,329)
Quarterly cash distribution @ Rs.1.75 per unit for the first quarter ended 30 September 2008	**-**	(22,165)
Net loss for the year less distribution	**(13,010)**	(624,493)
Deficit carried forward		
- Realised	**(93,389)**	(80,379)
- Unrealised	**(67,629)**	(67,629)
	(161,018)	(148,008)

The annexed notes 1 to 22 form an integral part of these financial statements.

For Crosby Asset Management (Pakistan) Limited
(Management Company)

Chief Executive **Director**

AMZ Plus Income Fund

Statement of Movement in Unit Holders' Funds

For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
Net assets at the beginning of the year	**360,947**	4,902,926
Cash received on issue of 15,448,088 units *	-	1,598,703
Re-issuance of units against redemption requests - refer note 1.2(c)(i)	**69,219**	-
Cash paid on redemption of 2,297,967 units (2009: 55,245,274 units)	**(224,750)**	(5,636,188)
	(155,531)	(4,037,485)
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net		
- amount representing accrued losses and realized capital losses - transferred to the Income Statement	**(5,047)**	58,319
- amount representing unrealized capital losses - transferred directly to the Distribution Statement	**-**	64,266
	(5,047)	122,585
Final cash distribution @ Rs.10.22 per unit for the year ended 30 June 2008	-	(180,219)
Final bonus units distribution @ Rs. 10.22 per unit for the year ended 30 June 2008	-	(271,941)
Total comprehensive income / (loss) for the year	**(10,424)**	(124,425)
Quarterly cash distribution @ Rs.1.75 per unit for the first quarter ended 30 September 2008	-	(22,165)
Quarterly bonus units distribution @ Rs.1.75 per unit for the first quarter ended 30 September 2008	**-**	(28,329)
Net assets at the end of the year	**189,945**	360,947
	(Rupees)	
Net assets value per unit at the beginning of the year	**81.57**	110.87
Net assets value per unit at the end of the year	**66.48**	81.57

* This includes Nil units (2009: 33,822 units) issued as bonus units.

The annexed notes 1 to 22 form an integral part of these financial statements.

For Crosby Asset Management (Pakistan) Limited
(Management Company)

Chief Executive **Director**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 AMZ Plus Income Fund (the Fund) was established under a Trust Deed executed between AMZ Asset Management Limited (AAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 1 December 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Constitutive documents of the Fund (Trust Deed and Offering Document) were amended by the Management Company with the approval of the Trustee and SECP through Supplemental Trust Deed and Offering Document dated 27 May 2008. The Offering Document was further amended vide second supplemental Offering Document and addendum to the Offering Document dated 8 August 2008 and 15 September 2008 respectively.

During the year there was transfer of management rights from AMZ Asset Management Limited to Crosby Asset Management (Pakistan) Limited (CAMPL) through a tripartite agreement between AAML, CAMPL and CDC with the resolution of majority of the unit holders and approval of the SECP.

An amendment in Trust Deed was accordingly made which was registered with the SECP.

The Management Company of the Fund has been licensed to act as an Asset Management Company under NBFC Rules . The registered office of the Management Company is situated at PRC Towers, M.T. Khan Road, Karachi, Pakistan.

The Fund is an open-ended scheme and is listed on the Karachi Stock Exchange (Guarantee) Limited. Presently the Fund is not open for issue and redemption of units as more fully explained in note 1.2 below. The Fund started investing activities from 26 February 2006.

The policy of the Fund is to invest in a mix of investment-grade, debt securities, government securities, money market instruments, deposits, certificate of deposits (COD), certificate of musharakas (COM), Term deposit receipts (TDR), commercial paper, spread transactions, Continuous Funding System (CFS), and short-term reverse repurchase transactions. The Fund's strategy is aimed at preserving investors' capital while maximizing value and maintaining a stable stream of income.

1.2 During the year ended 30 June 2009, the Fund witnessed erosion in size due to redemptions, decline in asset prices and provisioning against non-performing assets. To secure the interests of the unit holders of the Fund, the Board of Directors of the Management Company suspended the issuance and redemption of units on 17 June 2009 for an unspecified period and informed SECP and the Trustee accordingly. The Board of Directors in their meeting held on 30 June 2009 decided to transfer the management rights of the Fund to another management company subject to all regulatory and other approvals.

Consequent to this decision, the Management Company of the Fund (AMZ Asset Management Limited - AAML) signed a Memorandum of Understanding (MOU) with Crosby Asset Management (Pakistan) Limited (CAML) on 3 November 2009 and agreed in principle that subject to the approval of the Boards of Directors of AAML and CAML and the regulatory approval of SECP and the Trustees of the Fund, CAML would take over the management of the Fund, as per the understandings contained in the MOU.

A meeting of the unit holders of the Fund was held on 8 January 2010, where the following resolutions were passed:

a) Change in management of the Fund from AAML to CAML.

b) Any regulatory approvals required for the restructuring proposal shall be obtained by AAML and CAML.

c) Approval of restructuring proposal of the Fund with the salient features, terms and conditions mentioned below:

i) In the best interest of the Fund and all the unit holders, outstanding redemptions of Rs. 69.219 million were voluntarily withdrawn by the investors. Units of the Fund will be reissued to these investors based on the NAV on 31 December 2009, bringing the total number of units outstanding to 5,155,197.

NAV as at 31 December 2009	**Number of units to be reissued**	**Outstanding redemptions**
Rs. 94.789	730,241.63	Rs. 69,218,873.89

ii) Sell underlying instruments at best possible market price without forced selling. Complete process within three months and transfer cash generated in the Fund to Crosby Phoenix Fund (CPF), an income fund under the management of CAML on pro-rata basis.

iii) To enable the Fund's unit holders to start earning immediately, cash generated in the Fund will be transferred into CPF in two parts. The first part will be within the first month of transfer of management rights to CAML (approximately Rs.100 million will be transferred to CPF). The second part will be within/after the completion of the three months restructuring period (roughly Rs.70-80 million may be transferred).

iv) The cash transferred will be carried out as redemption in the Fund and subsequent investment in CPF at the respective Transfer Date's NAV of the two Funds. The transfer ratio for each investor will be: Number of units held by each investor / Total number of units of the Fund. This ratio will be applied to the transferred amount in each phase ("Transfer ratio per investor" X "total amount transferred") in order to determine the amount to be transferred for each unit holder.

v) Unit holders of the Fund shall be allocated Class B units of CPF with the back-end load (payable to CPF) if redeemed within three months as per the following slabs:

	Back end load applicable
Within first month of transfer into CPF	0.3% of NAV
Within second month of transfer into CPF	0.2% of NAV
Within third month of transfer into CPF	0.1% of NAV
After third month of transfer into CPF	Nil

vi) Remaining instruments within the Fund's portfolio that are not sellable and / or defaulted / doubtful by the end of the three months restructuring period, shall be valued as per the applicable law and the values may be verified by the Fund's external auditors if required. These instruments shall remain in the Fund till such time that a reasonable market price is available or the maturity of the underlying assets, where the last instrument within the Fund's portfolio matures on 7 July 2014 or the legal / litigation cases, if any, are resolved.

vii) The Fund will retain its name within this period and will remain closed for all the unit transactions, however, NAV will be provided on monthly basis and quarterly basis cash payments will be made directly to unit holders whenever recoveries are made. This pay out will be on a pro-rata basis and will be treated as proportionate redemption of units for the equivalent amount.

The SECP vide its letter no. SEC/NBFC-II/DD/CAML/2009/37 dated 19 January 2010 confirmed that based on the application filed by AAML and CAML, it has no objection to the transfer of management rights of the Fund to CAML, under regulation 37 (7) (a) of the NBFC and Notified Entities Regulations, 2008, subject to the following conditions:

a) CAML, CDC and AAML shall execute a supplemental Trust Deed (STD) to incorporate amendments due to change in Management Company.

b) CAML shall restructure the Fund in accordance with the proposal approved by the majority unit holders (among other conditions as mentioned above, the said proposal mentions that all investments included in the portfolio of the Fund have been valued and / or provisioned in accordance with circular no.1 of 2009 issued by the SECP on 6 January 2009. The fair values at the date of transfer were determined in accordance with the restructuring proposal duly approved by the SECP).

c) CAML shall actively pursue the matter of the recovery of assets (performing/non-performing) held in the portfolio of the Fund and shall submit progress report to the Commission, Trustee and the unit holders on monthly basis.

d) CAML shall submit daily statement of assets and liabilities of the Fund and the provisioning made against non-performing assets to the Commission. Moreover, the provisioning shall be made only in accordance with the circulars / directions issued by the Commission.

e) CAML shall not charge any fees (except legal & audit fees) to the Fund after completion of the three months restructuring period in accordance with the proposal approved the majority unit holders. However, during the restructuring period, the management fee charged by CAML shall not be higher than the fee charged by AAML; and

f) The redemption requests from the individual unit holders of the Fund shall be honoured by CAML as and when received.

SECP accorded its approval to the supplemental Trust Deed vide its letter no. SEC/NBFC-II/DD/ CAML/ 2009/66 dated 26 January 2010.

A tripartite agreement between CAML, CDC and AAML for the change of management of the Fund was signed on 29 January 2010 and the management rights of the Fund were transferred to CAML effective from the said date.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Fund as at and for the period as at 30 June 2010 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, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC rules and regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are stated at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

2.4 Use of estimates and judgments

The preparation of statement in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Held to maturity investment

The Fund has classified certain investments as held to maturity. In this regard, management's judgment is involved in evaluating the intention and ability to hold these investment till their respective maturities.

Investment stated at fair value

Management has determined fair value of certain investments by using quotation from active market / rates quoted by MUFAP. Fair value estimates are made at a specific point in time, based on market conditions and statements about the financial instrument. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Impairment of investment

Investments are considered to be impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Fund evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational financial cash flows.

Other assets

Judgment is involved in assessing the realisability of other assets balances.

2.5 Changes in accounting policies and disclosures as a result of adoption of new and amended accounting standards

Presentation of financial statements

The Fund has adopted IAS - 1 "Presentation of Financial Statements (Revised)" which became effective during the year. The revised standard separates owner and non-owner changes in unit holders' fund. The statement of changes in unit holders' fund includes only details of transactions with owners, with non-owners changes in equity presented as a single line item in the statement of changes in unit holders' fund. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Fund has elected to present two statements.

Comparative information has been re-presented in conformity with the above revised IAS. The change in accounting policy only impacts presentation and disclosure aspects.

2.6 Other accounting developments

2.6.1 Disclosures pertaining to fair values for financial instruments

The Fund has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Revised disclosures in respect of fair values of financial instruments are included in note 20.

2.6.2 Standards, interpretations and amendments effective for annual reporting periods beginning after 1 July 2009

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010. However, these are not relevant to the Fund except in few cases these may require additional disclosures:

Improvements to IFRSs 2009

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. The amendment is not relevant to the Fund's operations.

- Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Fund’s operations.

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Fund’s financial statements.

- Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Fund's financial statements.

- Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is not relevant to the Fund's operations.

- Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Fund's operations. These amendments are unlikely to have a significant impact on the Fund's financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Fund's financial statements.

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters of IFRSs that will permit entities to not reassess the determination of whether an arrangement contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Fund's operations.

- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2. The amendment is not relevant to the Fund's operations.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights (effective for annual periods beginning on or after 1 January 2010). Issues The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Fund's financial statements.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Fund's operations. Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Fund's operations.

Improvements to IFRSs 2010

- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. The amendment is not relevant to the Fund's operations.

- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. The amendment is not relevant to the Fund's operations.

- IAS 24 Related Party Disclosures (revised 2009) These amendments will result in increase in disclosures in the Fund's financial statements. The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the Fund's financial statements other than increase in disclosures.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum Funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. These amendments are unlikely to have an impact on the Fund's financial statements.

- Amendments to IFRS 1 First-time Adoption of IFRSs (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not applicable to changes in accounting policies occurring during the period covered by an entity's first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Fund's operations.

- Amendments to IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Fund.

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. These amendments are unlikely to have an impact on the Fund's financial statements other than increase in disclosures.

- Amendments to IAS 34 Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures. These amendments are unlikely to have an impact on the Fund's financial statements other than increase in disclosures.

- Amendments to IFRIC 13 Customer Loyalty Programmes These amendments are unlikely. The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is not relevant to the Fund's operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no changes in accounting policies except for the change mentioned in note 2.5.

3.1 Financial instruments

The Fund classifies its financial instruments in the following categories:

a) *Financial instruments at fair value through profit or loss*

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy.

Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) *Available-for-sale*

Available for sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any other category.

c) *Held-to-maturity*

Investments with fixed maturity where the management has both the intent and ability to hold till maturity are classified as held-to-maturity. These investments are stated at amortised cost less impairment losses, if any. Amortisation of premium / discount on acquisition of the investments is carried out using the effective interest rate method.

d) *Loans and receivables originated by the enterprise*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available for sale. These are carried at amortized cost using effective yield method, less impairment losses, if any.

e) Financial liabilities

Financial liabilities are measured at amortized cost using the effective yield method.

Recognition

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not at 'fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs on financial instrument at fair value through profit or loss are expensed out immediately. However financial instruments categorized as held to maturity are stated at amortized cost less impairment (if any).

Subsequent to initial recognition, financial instruments classified as at 'fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognized in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognized in Unit Holders' Fund until derecognized or impaired, when the accumulated adjustments recognized in Unit Holders' Fund are included in the Income Statement. Unquoted securities are carried at investment price or break-up value which ever is lower, except for government and debt securities which are stated at fair value.

Fair value measurement principles

The fair value of a security listed on a stock exchange, local or foreign as the case may be, and derivatives is valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

Basis of valuation of Debt securities

The Fund's investment in sukuk certificates are revalued at the year end rates quoted by Mutual Fund Association of Pakistan (MUFAP) in accordance with the circular no.1 dated 6 January 2009.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment is determined in accordance with the provisioning criteria for non performing debt securities specified by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular no. 1 of 2009 dated 06 January 2009 and the provisioning criteria / policy for non performing exposures approved by the Board of Directors of the management company in accordance with the requirements of SECP vide its Circular no. 13 of 2009 dated 4 May 2009. Amount of impairment is the higher of the amount determined under the above provisioning criteria.

The Fund's policy for provision against non-performing debt securities and other exposure is essentially the same as prescribed by the Securities and Exchange Commission of Pakistan (SECP) in its circular no. 1 of 2009. However, provision in excess of the minimum requirements as prescribed by the SECP can be made by the Investment Committee after considering the objective evidence of impairment.

In respect of other financial assets, at each balance sheet date an assessment is carried out to determine whether there is any objective evidence of impairment. The Financial assets are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the income statement currently.

Derecognition

The Fund derecognizes a financial asset when the contractual right to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

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

3.2 Derivative financial instruments

Derivative instruments that are held by the Fund primarily comprise of futures contracts in the capital market and are classified in held for trading investments, subcategory under investment 'at fair value through profit or loss'. These are measured at initially and of each subsequent measurement at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures contract. All derivatives in a net receivables positions (positive fair values) and reported as financial asset held for trading. All derivatives in a net payable position (negative fair values) are reported as financial liabilities held for trading. The resultant gains and losses are included in the income currently. Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard 39: Financial Instruments; Recognition and Measurement, consequently hedge accounting in not used by the Fund.

3.3 Securities under resale agreements

Transactions of purchase under resale (reverse-repo) of the securities purchased under continuous funding system, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are recognised as receivable against continuous funding system. The difference between purchase and resale price is treated as income from continuous funding system and accrued over the life of the agreement.

All Continuous Funding System transactions are accounted for on the settlement date.

3.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.5 Issue and redemption of units

Units issued are recorded at the net assets value, determined by the Management Company for the applications received during business hours on that day. Allotment of units is recorded on acceptance of application and units are issued upon realization of the proceeds in the Fund's bank account.

Units redeemed are recorded at the net assets value, applicable on units for which the management company receives redemption applications during business hours on that day. Redemption of units is recorded on acceptance of application for redemption.

3.6 Element of income and capital gains included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income and capital gains included in prices of units sold less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records the net element of accrued income / (loss) and realized capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealized gains / (losses) held by the Fund in unit holders' fund is recorded 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.

3.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.8 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortized over a period of five years commencing from 25 February 2006. However, the Fund has amortised the outstanding balance during the year.

3.9 Net asset value per unit

The net asset 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 end.

3.10 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 of that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the Fund's unit holders.

The Fund provides for deferred taxation using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

However, 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 realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place (i.e. Trade date).

- Unrealized gains / (losses) arising on revaluation of investments classified as financial assets at fair value through profit or loss are included in the Income Statement in the period in which they arise.

- Unrealized gains / losses arising on the revaluation of derivatives to fair value are taken to the Income Statement in the period in which they arise.

- Income on debt securities, reverse repurchase transactions, continuous funding system transactions, bank deposits and placements is recognized on a time proportionate basis using effective interest rate method.

- Dividend income is recognized when the right to receive the dividend is established.

- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.

3.12 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.14 Other assets

Other assets are stated at cost less impairment losses, if any

3.15 Dividend distributions and appropriations

Dividends declared (including distribution in the form of bonus units) subsequent to the balance sheet date are considered as a non-adjusting event and are recognised in the period in which they are authorised or approved.

4. BANK BALANCES

	Note	**2010**	2009
		(Rupees in '000)	
Cash at bank - local currency:			
- In profit and loss sharing account	*4.1*	**594**	9,647
- In current accounts		**-**	10
		594	9,657

4.1 This carries profit at 10.25% (2009: 1.75% to 12%) per annum.

5. PLACEMENTS

Orix Leasing Pakistan Limited	*5.1*	**100,000**	100,000
First Dawood Investment Bank Limited	*5.2*	**-**	30,444
Provision for impairment	*5.3*	**-**	(30,444)
		100,000	100,000

5.1 The fund placed Rs. 100 million with Orix Investment Bank Pakistan Limited (OIBPL) on 13 March 2008. The placement carried interest at 6 months KIBOR plus 125 basis points and was due to mature on 11 September 2010. Due to the financial difficulties, OIBPL was merged with Orix Leasing Pakistan Limited (OLPL) in June 2009. OLPL renegotiated the terms of placement with the Fund as follows:

- The placement will carry mark-up at 6 month KIBOR minus 250 basis points with minimum floor of 9% per annum.

- Principal of Rs. 10 million will be paid in March 2011, while the remaining principal of Rs. 90 million will be paid in September 2011.

During the year profit ranged from 9.93% to 13.70% (2009: 15.15% to 11.52%).

5.2 On 23 September 2008, the Fund made an unsecured placement of Rs. 30 million with First Dawood Investment Bank Limited (FDIBL) maturing on 22 October 2008. Owing to financial difficulties faced by the borrower, the mark-up and the principal balance was rescheduled and was due to be paid on 21 November 2008. However, FDIBL failed to pay its outstanding dues, therefore a provision of Rs. 30.444 million (inclusive of a mark-up of Rs. 0.444 million) had been recognised against it.

During the year FDIBL agreed to convert the above outstanding balance in preference shares on the terms mentioned in note 6.2.2.1. The provision against the said instrument has been reversed accordingly.

	Note	**2010**	2009
5.3 Provision for impairment		**(Rupees in '000)**	
Opening balance		**30,444**	-
(Reversal) / provision for the year	*5.2*	**(30,444)**	30,444
Closing balance		**-**	30,444

6. INVESTMENTS

	Note	**2010**	2009
At fair value through profit or loss - held for trading	*6.1*	**-**	24,483
Available-for-sale	*6.2*	**80,830**	59,332
Held to maturity	*6.3*	**2,875**	221,000
		83,705	304,815

6.1 At fair value through profit or loss - held for trading

	Note	**2010**	2009
Term finance certificates	*6.1.1*	**-**	42,607
Provision for impairment	*6.1.2*	**-**	(18,124)
		-	24,483

6.1.1 Term Finance certificates - (Certificates of Rs. 5,000 each)

Sector / Name of investee company	Note	As at 1 July 2009	Purchases during the period	Sold during the period	As at 30 June 2010	Market value as at 30 June 2010	Market value as at 30 June 2009	Percentage in relation to net assets of the Fund (%)	Percentage in relation to total investments (%)
		-------------- (Number of certificates) --------------				------ (Rupees in '000) ------			
Quoted									
Banks and Financial institutions									
Trust Investment Bank Limited	*6.1.3*	5,000	-	5,000	-	-	23,857	-	-
Unquoted									
Investment Banks									
First Dawood Investment Bank	*6.1.4*	5,000	-	5,000	-	-	18,750	-	-
						-	42,607		

6.1.2 Provision for impairment

	2010	2009
	(Rupees in '000)	
Opening balance	**18,124**	-
(Reversal) / Provision for the year		
Trust Investment Bank Limited	**(8,749)**	8,749
First Dawood Investment Bank	**(9,375)**	9,375
	(18,124)	18,124
Closing balance	**-**	18,124

6.1.3 These Term Finance Certificates (TFCs) were sold on 29 June 2010 to Trust Capital (Private) Limited (wholly owned subsidiary of Trust Investment Bank Limited) at the face value of the TFC i.e. Rs. 4,373.25 per TFC. The profit on these TFCs was received upto 4 January 2010. The provision against these TFCs was reversed during the year in accordance with the restructuring plan of the Fund as more fully explained in note 6.4.

6.1.4 First Dawood Investment Bank Limited made a full and final settlement of these TFCs on 3rd May 2010 at MUFAP price of Rs. 96.9689 prevailing on the said date. Profit on these TFCs was received upto 10 March 2010. The provision against these TFCs was reversed in accordance with the restructuring plan of the Fund as more fully explained in note 6.4.

6.2 Available-for-sale

	Note	2010	2009
Sukuk certificates	*6.2.1*	**106,742**	111,213
Preference shares	*6.2.2*	**160,444**	-
Provision	*6.2.3*	**(186,356)**	(51,881)
		80,830	59,332

6.2.1 Sukuk Certificates - (Certificates of Rs. 5,000)

Name of the investee company	Note	As at 01 July 2009	Purchased during the year	Sold during the year	As at 30 June 2010	Cost / Market Value as at 30 June 2010	Cost / Market Value as at 30 June 2009	Percentage in relation to Net assets of the fund	Percentage in relation to Total investments
		--------- Number of certificates ---------				--- (Rupees in '000) ---			
Cable and electronics									
New Allied Electronics Industries (Private) Limited	*6.2.1.2*	192,000	-	-	192,000	60,402	60,402	31.800%	72.161%
Modaraba									
B.R.R. Guardian Modaraba	*6.2.1.3*	10,600	-	-	10,600	46,340	50,811	24.397%	55.361%
						106,742	111,213		

6.2.1.1 As at 30 June 2010, the cost of these certificates amounted to Rs. 113.799 million (2009: Rs. 113.799 million)

6.2.1.2 These certificates are secured against first pari passu charge over all present and future fixed assets with 25% margin and personal guarantee of the sponsoring director.

Owing to financial difficulties, the borrower has defaulted on payment of mark-up and principal. The investment has been classified as non-performing debt security by MUFAP and credit rating of investment has been down graded. A further provision of Rs. 8.521 million has been made during the year, (thereby fully providing the asset) in accordance with the Circular no.1 of 2009 dated 6 January 2009 issued by the SECP.

6.2.1.3 These Sukuk certificates carry floating mark-up at six months KIBOR (ask side) plus 130 basis points per annum, receivable semi-annually in arrears with no floor or cap and will mature in July 2014. These are secured against investment properties of the Modaraba. These certificates are rated as non- investment grade by JCR-VIS on 9 July 2010. The diminution in the market value as at 30 June 2010 from the cost, amounting to Rs. 7.057 million is treated as permanent and recorded in the income statement as impairment during the current year. The Management has accrued mark-up on the outstanding principal of Rs. 3.446 million in these financial statements. However, subsequent to the year end a default is made by the borrower in its payment as per the buy out schedule, as a result MUFAP has classified the certificates as non-performing. No provision has been made against these certificates in line with Circular no. Cirular 3 of 2010 dated 20 January 2010 issued by SECP.

6.2.2 Unquoted Preference Shares - (Face value of Rs. 10 per share)

Sector / Name of investee company	Note	As at 01 July 2009	Acquired during the year	Sold during the year	As at 30 June 2010	Cost / Market Value as at 30 June 2010	Cost / Market Value as at 30 June 2009	Percentage in relation to Net assets of the fund	Percentage in relation to Paid-up capital of Investee company (with face value of investments)	Percentage in relation to Total investments
		--------- Number of shares ---------				--- (Rupees in ' 000) ---				
First Dawood Investment Bank Limited (FDIBL)	*6.2.2.1*	-	3,044,380	-	3,044,380	30,444	-	16.028%	4.371%	36.371%
Trust Investment Bank Limited (TIBL)	*6.2.2.2*	-	13,000,000	-	13,000,000	130,000	-	68.441%	22.202%	155.307%
						160,444	-			

6.2.2.1 These are 5 years convertible, cumulative, non-voting, non participatory, callable preference shares carrying fixed dividend of 4% per annum on a cumulative basis payable annually. Call option for redemption of preference shares can be exercised by the borrower after two years from the date of issuance of preference shares at par value. A conversion option is also available to the Fund for conversion of preference shares into ordinary shares of FDIBL at par value exercisable at any time after the date of issuance of preference shares until the exercise of call option. Furthermore; the issuer, upon receiving the conversion notice from the investor, have an option to call the preference shares along with cumulative dividend. As at 30 June 2010 the entity is rated D by PACRA.

These preference shares were issued by FDIBL, in lieu of an outstanding amount of Rs. 30.444 million as mentioned in note 5.2.

These preference shares have been valued at break-up value per share of FDIBL as per the last audited accounts for the year ended 30 June 2009 in line with Regulation 66(j) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and as per the discussion of the management of the Fund with SECP. As FDIBL has negative equity as at 30 June 2009, therefore a full provision has been made of the outstanding balance.

6.2.2.2 These are non-listed cumulative, redeemable, convertible and non-voting preference shares carrying dividend equal to one year KIBOR plus 100 basis points per annum on a cumulative basis payable annually. Call option for redemption of preference shares can be exercised by the borrower during a period of three to five years after issuance of the preference shares at issue price. A conversion option is also available to the Fund for conversion of preference shares into ordinary shares of TIBL at the discretion of the Fund between three to five years from the issuance date of preference shares at a conversion ratio defined in term sheet. As at 30 June 2010 the entity is rated BBB- by PACRA.

These preference shares were issued against an outstanding amount of Rs. 130 million pertaining to a Certificate of Investment as mentioned in note 6.3.2.

These preference shares have been valued on the basis of the break-up value of Rs. 2.73 per share of TIBL as per audited financial statements for the year ended 30 June 2009 in line with Regulation 66(j) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and as per the discussion of the management of the Fund with SECP. Accordingly a provision of Rs. 95.510 million has been made against these preference shares.

The management is of the view that if an alternate valuation model had been used for the valuation of these preference shares the investments and net assets of the Fund had been lower and the net loss for the year had been higher. However, the impact of such decline cannot be quantified.

6.2.3 Provision for impairment

	Note	**2010**	2009
		(Rupees in '000)	
Opening balance		**51,881**	-
(Reversal) / Charge for the year in respect of			
New Allied Electronics Industries Private Limited - Sukuk	*6.2.1.2*	**8,521**	51,881
First Dawood Investment Bank Limited (FDIBL) - Preference shares	*6.2.2.1*	**30,444**	-
Trust Investment Bank Limited (TIBL) - Preference shares	*6.2.2.2*	**95,510**	-
Closing balance		**186,356**	51,881

6.3	**Held to maturity**	*Note*	**2010**	2009
			(Rupees in '000)	
	Certificates of Investment (COI)			
	Security Leasing Corporation Limited	*6.3.1*	**25,000**	100,000
	Trust Investment Bank Limited	*6.3.2*	**-**	181,000
	Provision for impairment	*6.3.3*	**(22,125)**	(60,000)
			2,875	221,000

6.3.1 This represents unsecured certificate of investment of Security Leasing Corporation Limited (SLCL) amounting to Rs. 100 million invested by the Fund on 15 August 2007 for a period of two years. However, on 13 August 2009, the payment plan was rescheduled whereby, Rs. 10 million was payable up-front together with outstanding mark-up amounting to Rs. 5.836 million as of June 2009 and the remaining principal of Rs. 90 million on a weekly basis upto April 2010. However, after March 2010 no payments have been received by the fund and a memorandum of understanding has been signed between the fund and investee company to issue preference shares in lieu of the outstanding amount of Rs. 25 million subject to the approval of SECP. As at 30 June 2010 the entity is rated CCC by JCR-VIS.

The Fund has made a provision of Rs. 22.125 million against these COIs keeping in view the financial difficulties of the SLCL.

6.3.2 The Fund invested in unsecured certificate of investment with Trust Investment Bank Limited (TIBL) amounting to Rs. 200 million on 5 June 2007 for a period of one and half year. However, on maturity date of 6 December 2008, TIBL made partial payment of mark-up amounting to Rs. 10 million out of the total of Rs. 16.812 million. Subsequent to December 2008, TIBL managed to pay the remaining outstanding mark-up amounting to Rs. 6.812 million. Finally, TIBL came up with a repayment plan to repay principal of Rs. 1 million on weekly basis, with the mark-up on outstanding balance and any amount of principal outstanding at the end of one year will be paid in lump sum. The Fund received Rs. 30 million up till November 2009. Further on 30 April 2010 TIBL paid Rs. 40 million and converted the remaining outstanding balance of Rs. 130 million in preference shares as mentioned in note 6.2.2.2.

6.3.3	**Provision for impairment**	*Note*	**2010**	2009
			(Rupees in '000)	
	Opening balance		**60,000**	-
	(Reversal) / Charge for the year in respect of			
	Trust Investment Bank Limited	*6.4 & 6.3.3.1*	**(55,000)**	55,000
	Security Leasing Corporation Limited - net	*6.3.3.2*	**17,125**	5,000
	Closing balance		**22,125**	60,000

6.3.3.1 The management has reversed the total provision of Rs. 55 million out of which Rs. 21 million has been reversed in accordance with the restructuring plan of the Fund as explained in 6.4, whereas Rs. 34 million has been reversed due to the conversion of the outstanding amount into preference shares on the terms mentioned in note 6.2.2.2.

6.3.3.2 During the year, management reversed provision amounting to Rs. 5 million in accordance with the restructuring plan of the Fund as mentioned in note 6.4 to these financial statements. However, due to the financial difficulties faced by the borrower the management has made a provision of Rs. 22.125 million against the outstanding amount of Rs. 25 million.

6.4 The proposal for restructuring of the Fund, as approved by the Unit holders of the Fund, was submitted by Crosby Asset Management (Pakistan) Limited (CAML) to SECP, vide its letter dated 11 January 2010. The said proposal mentioned that all instruments in the portfolio of the Fund were valued and/or provisioned in accordance with Circular 1 of 2009 issued by the SECP on 6 January 2009. SECP vide its letter No. SEC/NBFC-II/DD/CAML/2009/37 dated 19 January 2010 accorded approval to the restructuring plan on certain conditions, as mentioned in note 1.2 to these financial statements, including the condition that CAML shall restructure the Fund in accordance with the proposal approved by the majority unit holders of the Fund. The management accordingly decided to reverse the below mentioned provisions as these were not considered in the restructuring plan in determining the carrying values of these certificates.

Name of investee / borrower	**Amount of provision reversed (Rupees in '000)**
Trust Investment Bank Limited - COI	21,000
Security Leasing Corporation Limited - COI	5,000
Trust Investment Bank Limited - TFC	8,749
First Dawood Investment Bank - TFC	9,375
	44,124

7. PROFIT AND DIVIDEND RECEIVABLE

	Note	**2010**	2009
		(Rupees in '000)	
Profit receivable on:			
Bank deposit accounts		**-**	103
Placements		**2,993**	4,128
Term finance certificates		**-**	3,209
Certificate of investment		**-**	6,233
Sukuk certificates		**3,446**	4,315
		6,439	17,988
Dividend receivable	*7.1*	**2,505**	-
Less: Provision		**(2,505)**	-
		6,439	17,988

7.1 This represents dividend receivable on preference shares as mentioned in note 6.2.2.1 and 6.2.2.2.

	Note	2010	2009
8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		**(Rupees in '000)**	
Security deposit with Central Depository Company of Pakistan Limited		**100**	100
Security deposit with National Clearing Company of Pakistan Limited		**3,500**	3,500
		3,600	3,600

9. PRELIMINARY EXPENSES AND FLOATATION COSTS

	Note	2010	2009
Preliminary expenses and floatation costs	*9.1*	**630**	1,010
Less: Amortization during the year		**(630)**	(380)
Balance as at 30 June		**-**	630

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund as incurred by the asset management company and have been amortized over a period of five years commencing from 25 February 2006. However, during the year the management decided to amortise the remaining balance.

10. PAYABLE TO MANAGEMENT COMPANY

	Note	2010	2009
Management fee	*10.1*	**-**	552
Sales load		**-**	51
		-	603

10.1 Under the provision of regulation 61 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 three percent of the average daily net assets of the Fund and thereafter, of an amount equal to two percent of such assets of the Fund. The Management Companies have charged their remuneration at the rate of 1.5% per annum during the year. However, in accordance with the restructuring agreement and the resolution passed by the unit holders, duly registered with the SECP, no management fee has been charged after the three months restructuring period ended on 30 April 2010.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2010	2009
Trustee fees	*11.1*	**-**	73
CDS charges		**-**	1
		-	74

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the old Trust Deed as per the tariff specified therein, based on the average daily NAV of the Fund. The remuneration of the trustee is calculated on the basis mentioned in the clause 7.2.1 of trust deed of the fund.

Average Net Asset Value	Tariff per annum
upto Rs. 1,000 million	Rs. 0.7 million or 0.2 % p.a of NAV, which ever is higher
On amount exceeding Rs. 1,000 million	Rs. 2 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million

The trustee has been paid its remuneration as per the above slabs upto 30 April 2010. However, no further fee has been charged by the trustee in accordance with restructuring scheme of the Fund as mentioned in note 1.2.

12. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, where the Fund is required to pay SECP an amount at the rate of 0.75% of the average daily net assets of the Fund in accordance with requirement of NBFC regulations. The fee has been accrued upto 30 April 2010 in accordance with restructuring scheme of the Fund as mentioned in note 1.2

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	**2010**	2009
		(Rupees in '000)	
Auditors' remuneration payable		**225**	200
Payable against redemption of units		**-**	69,219
Brokerage and CVT Payable		**-**	70
Amount retained out of repayment of CFS dividend		**2,283**	2,283
Others		**1,630**	1,610
		4,138	73,382

14. PROVISION FOR IMPAIRMENT - net

	Note	**2010**	2009
Provision / (reversal) for the year			
Sukuk			
New Allied Electronics Industries Private Limited	*6.2.3*	**8,521**	51,881
B.R.R. Guardian Modaraba	*6.2.1.3*	**7,057**	-
Term Finance Certificates			
Trust Investment Bank Limited	*6.1.2*	**(8,749)**	8,749
First Dawood Investment Bank	*6.1.2*	**(9,375)**	9,375
Certificate of Investment			
Trust Investment Bank Limited	*6.3.3.1*	**(55,000)**	55,000
Security Leasing Corporation Limited	*6.3.3.2*	**17,125**	5,000
Placement			
First Dawood Investment Bank Limited - Placement	*5.3*	**(30,444)**	30,444
Preference shares			
First Dawood Investment Bank Limited	*6.2.3*	**30,444**	-
Trust Investment Bank Limited	*6.2.3*	**95,510**	-
		55,089	160,449

15. FINANCIAL INCOME

	2010	2009
	(Rupees in '000)	
Mark-up income		
Bank deposit accounts	**4,799**	115,924
Continuous funding system	**-**	4,524
Placements	**10,856**	23,677
Certificate of investment	**17,247**	74,978
Term finance certificates	**4,304**	47,321
Sukuk certificates	**7,225**	74,437
Commercial paper	**-**	6,988
Other income	**-**	129
Dividend income on preference shares	**2,505**	-
	46,936	347,978

16. AUDITORS' REMUNERATION

Audit fee	**175**	150
Half yearly review	**66**	57
Other certifications and services	**25**	25
Out of pocket	**70**	34
	336	266

17. EARNINGS PER UNIT

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

18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include Crosby Asset Management (Pakistan) Limited being the Management, Crosby Dragon Fund and Crosby Phoenix Fund being other funds manage by Management Company, Central Depository Company of Pakistan Limited being Trustee of the Fund, Fauji Fertilizer Company Limited, Pakistan Petroleum Limited, and Allied Bank Limited being unit holders holding more than 10% of outstanding units as on June 30, 2010 and Key Management personnel of Management Company.

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFCs Regulations, 2008 and the Trust Deed respectively. Transactions with related parties are at arm’s length prices. Details of transactions with related parties during the year and balances with them at the year end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Details of transactions with related parties and balances with them at the year end are as follows:

	2010	2009	2010	2009
Units sold / transferred to:	**(Units)**		**(Rupees in '000)**	
Unit holders having 10% or more holding				
- Fauji Fertilizer Company Limited	**-**	3,437,101	**-**	350,000
- Pakistan Petroleum Limited	**-**	1,016,902	**-**	100,000
- Allied Bank Limited	**-**	1,016,028	**-**	100,000
Units redeemed / transferred by:				
Unit holders having 10% or more holding				
- Fauji Fertilizer Company Limited	**(453,292)**	(4,052,350)	**(44,334)**	(417,011)
- Pakistan Petroleum Limited	**(453,291)**	(2,051,053)	**(44,334)**	(211,066)
- Allied Bank Limited	**(452,902)**	(4,735,611)	**(44,296)**	(486,529)
Bonus units distributed to:				
Unit holders having 10% or more holding				
- Fauji Fertilizer Company Limited	**-**	212,500	**-**	21,481
- Pakistan Petroleum Limited	**-**	220,524	**-**	22,237
- Allied Bank Limited	**-**	-	**-**	-
Units held by:				
Unit holders having 10% or more holding				
- Fauji Fertilizer Company Limited	**563,610**	1,016,902	**38,991**	82,949
- Pakistan Petroleum Limited	**563,611**	1,016,902	**38,991**	82,949
- Allied Bank Limited	**563,126**	1,016,028	**38,957**	82,877

Other transactions and balances with related parties	**2010**	2009
	(Rupees in '000)	
Crosby Asset Management (Pakistan) Limited		
Balance at beginning of the year	**-**	-
Remuneration for the year	**1,427**	-
Sales load for the year	**-**	-
Amount paid during the year	**(1,427)**	-
Balance at end of the year	**-**	-
Central Depository Company of Pakistan Limited - Trustee		
Balance at beginning of the year	**74**	468
Remuneration for the year	**679**	2,647
CDS charges for the year	**-**	29
	753	3,144
Amount paid during the year	**(753)**	(3,070)
Balance at end of the year	**-**	74

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks arising from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

19.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from debt securities held, placements, bank balances and profit / mark-up recoverable, etc.

Exposure to credit risk

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 30 June 2010 is as follows:

	30 June 2010		30 June 2009	
	Statement of assets and liabilities	**Maximum exposure**	Statement of assets and liabilities	Maximum exposure
	-------------------------(Rupees in '000)-------------------------			
Bank balances	**594**	**594**	9,657	9,657
Placements	**100,000**	**100,000**	100,000	100,000
Investments	**83,705**	**83,705**	304,815	304,815
Dividend and profit receivables	**6,439**	**6,439**	17,988	17,988
Deposits, prepayments and other receivables	**3,600**	**3,600**	3,600	3,600
	194,338	**194,338**	436,060	436,060

Past due / impaired assets

None of the financial assets of the Fund were past due or impaired as at 30 June 2010 except for those mentioned in note 6.2.1.2, 6.2.2.1, 6.2.2 and 6.3 to these financial statements.

Credit ratings and Collaterals

Details of the credit ratings and collaterals (if any) of investments are given in note 6.2.1.2, 6.2.1.3, 6.2.2.1 6.3.1 and 6.2.2.2 of these financial statements.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2010		30 June 2009	
	(Rupees)	**Percentage**	(Rupees)	Percentage
Financial services	**290,942**	**84.35**	359,053	82.34
Commercial banks	**594**	**0.17**	9,760	2.24
Cable and electronics	**-**	**-**	8,521	1.95
Modaraba	**49,786**	**14.43**	55,126	12.64
Miscellaneous	**3,600**	**1.04**	3,600	0.83
	344.922	**100**	436.060	100

19.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is facing liquidity problems which are being managed as per the restructuring agreement as mentioned in note 1.2 to these financial statements.

Maturity analysis for financial liabilities

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

	30 June 2010				
	Carrying amount	**Up to three months**	**More than three months up to one year**	**More than one year**	**Total**
	--------------------------------------(Rupees in '000) ------------------------------------				
Payable to Securities and Exchange Commission of Pakistan	**255**	**255**	**-**	**-**	**255**
Accrued expenses and other liabilities	**4,138**	**4,138**	**-**	**-**	**4,138**
			-		

	30 June 2009				
	Carrying amount	Up to three months	More than three months up to one year	More than one year	Total
	--------------------------------------(Rupees in '000) ------------------------------------				
Payable to AMZ Asset Management Limited - Management Company	603	603	-	-	603
Payable to Central Depository Company of Pakistan Limited - Trustee	74	74	-		74
Payable to Securities and Exchange Commission of Pakistan	1,684	1,684	-	-	1,684
Accrued expenses and other liabilities	73,382	73,382	-	-	73,382

Above financial liabilities do not carry any mark-up.

19.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor’s/issuer’s credit standing) will effect the Fund’s income or the value of its holdings of financial instruments.

The Fund is exposed to interest rate risk only.

19.3.1 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in profit and loss sharing bank balances, placements, and certificates of investments with financial institutions. Currently all of the Fund's investment carry variable interest rates except for investments in Preference Shares of FDIBL.

At 30 June, details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

	2010	2009
	(Rupees in '000)	
Fixed rate instruments		
Investments in preference shares	**30,444**	**-**
Variable rate instruments		
Investments in Sukuk certificates	**46,340**	59,332
Investments in preference shares	**130,000**	-
Investments in certificate of investments	**25,000**	221,000
Investments in term finance certificates	**-**	24,483
Placements	**100,000**	100,000
Bank balances	**594**	9,657
Financial assets	**301,934**	414,472

None of the financial liabilities carry any interest rate.

Fair value sensitivity analysis for fixed rate instruments

The Fund does not account for any fixed rate financial instrument at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not effect the profit or loss.

A change of 100 basis points in interest rates of preference shares classified as available-for-sale would have increased / decreased the loss for the year end and unit holders fund by Rs. 0.044 million.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased / decreased the loss for the year and unit holders fund by Rs. 0.736 million (2009: Rs. 0.1165 million). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

The composition of the Fund's investment portfolio, KIBOR rates and yield matrix calculated by MUFAP is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2010 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	30 June 2010					
	Profit / mark-up rates (%)	**Upto three month**	**Three months to six months**	**Six months to one year**	**Above one year**	**Total**
		(Rupees in '000)				
Assets						
Bank balances	1.75 to 11.50	594	-	-	-	594
Placements	13.70	-	-	-	100,000	100,000
Investments	14.00 to 17.67	2,875	-		80,830	83,705
		3,469	-	-	180,830	184,299

	30 June 2009					
	Profit / mark-up rates (%)	Upto three month	Three months to six months	Six months to one year	Above one year	Total
		(Rupees in '000)				
Assets						
Bank balances	1.75 to 11.50	9,647	-	-	-	9,647
Placements	13.70	-	-	-	100,000	100,000
Investments	14.00 to 17.67	30,711	38,369	153,521	82,214	304,815
		40,358	38,369	153,521	182,214	414,462

None of the Fund's liability is subject to interest rate risk.

19.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

19.5 Unit Holders' Fund risk management

As mentioned in note 1.2 to these financial statements, the management of the Fund is making its best possible efforts to recover funds from it's investments and transfer it's unit holders to it's other fund i.e. CPF.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements of its investments is discussed in note 3.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial investments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
	----------(Rupees)----------			
Investments	-	-	83,705	83,705

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	30 June 2010 (Rupees in '000)
Balance at the beginning of the year	304,815
Impairment recognised during the period	(82,947)
Purchase / Acquisition during the period	30,444
Sold during the year	(42,607)
Redemption during the period	(126,000)
Balance as at 30 June 2010	83,705

21. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

21.1 Unit holding pattern of the Fund

Category	**Number of unit holders**		**Investment amount**		**% of total investment**	
	2010	2009	**2010**	2009	**2010**	2009
			(Rupees in '000)			
Individuals	**64**	58	**2,962**	10,864	**1.56**	3.01
Associated companies	**-**	1	**-**	521	**-**	0.14
Directors / Executives	**-**		**-**	-	**-**	-
Banks / financial institutions	**5**	2	**55,479**	109,597	**29.21**	30.36
Insurance companies	**1**		**4,358**	-	**2.29**	-
Non Banking Finance Companies	**1**		**5,291**	-	**2.79**	-
Retirement funds	**15**	14	**32,035**	46,362	**16.86**	12.84
Public Limited Companies	**4**	2	**77,307**	165,899	**40.70**	45.97
Others	**1**	2	**12,512**	27,704	**6.59**	7.68
	91	79	**189,944**	360,947	**100.00**	100.00

21.2 List of brokers by percentage of commission paid

Broker name	Percentage of commission paid 2010	2009
	(%)	
Global Securities Pakistan Limited	-	45.86
Atlas Capital Markets (Private) Limited	-	17.54
Live Securities (Private) Limited	-	14.44
Invest Capital and Securities (Private) Limited	-	8.86
Orix Investment Bank Limited	-	7.08
Invisor Securities	-	6.22
	-	100

21.3 Particulars of the Investment Committee and Fund manager

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

Name	Designation	Representing
Mr. Amer Maqbool	Chairman	Crosby Asset Management (Pakistan) Limited
Mr. Saad Haseeb Qureshi	Secretary	Crosby Asset Management (Pakistan) Limited
Mr. Mohammad Yaseen	Member	Allied Bank Limited
Mr. Zafar Iqbal	Member	Bank Alfalah Limited
Mr. Ali Kashif Rizvi	Member	Silk Bank Limited
Mr. Abdul Hamid	Member	Adamjee Insurance Corporation Limited
Mr. Mohammad Khalid	Member	Pakistan Petroleum Limited
Mr. Taqi Ahmed	Member	Fauji Fertilizer Company Limited
Mr. Amjad Masood	Member	House Building Finance Corporation
Mr. Atique Siddique	Member	Baluchistan Wheels Limited

21.4 Particulars of Fund Manager

Mr. Jamshed Khan, Fund Manager

Mr. Khan has 11 years experience of Pakistan's financial markets and their participants. He has started his career in actuarial consulting with the Pakistan practice of M/s Watson Wyatt where he worked on asset-liability models and advised pension funds and other retirement benefit funds on their asset allocation mix. Subsequently he moved into direct portfolio management and development liability-driven investment solutions for institutional clients. He has worked Arif Habib Investment Management, BMA Asset Management, and most recently was the Head of Treasury at IGI Investment Bank Limited. Mr. Khan has a Bachelors degree in Economics with Honours from the University of London, and has cleared 9 out of 16 papers of the Institute of Actuaries, U.K. He is also serving as Fund Manager of Crosby Phoenix Fund.

21.5 Directors meeting attendance

Information in respect of attendance by Directors in the meeting is given below:

Name of Director	7 July 2009	27 August 2009 22nd	23 October 2009 23rd	29 December 2009 24th	20 February 2010 25th	26 February 2010 26th	6 April 2010 27th	28 April 2010 28th
Mr. Chan Kok Chung Johnny	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Shahzad Fakhar Ashfaq	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Amer Maqbool	✓	✓	✓	✓	✓	✓	✓	✓
* Mr. Aun Ali Rahman	-	-	-	-	✓	**	**	✓

*Mr. Aun Ali Rahman appointed as director in place of Mr. Amer Maqbool who resigned as director of the Company.
Mr. Maqbool continued to serve as CEO of company

** Leave of absence

21.6 Rating of the Fund and the management company

The Pakistan Credit Rating Agency Limited (PACRA) has assigned rating of "3 - Star" to the Fund. The "3 - Star" rating being the highest, denotes superior performance. The rating is a composite measure of a fund's performance taking into account not only the returns but also the risk associated with the returns and the credit quality of the underlying assets.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has awarded management quality rating of AM3+ to the Management Company. The rating denotes the "good management quality" and the company's capacity to manage the risks inherent in asset management.

22. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _________________ by the Board of Directors of the Management Company.

For Crosby Asset Management (Pakistan) Limited
(Management Company)

________________	_______________
Chief Executive	**Director**