

ABL *Cash Fund*

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM JULY 29, 2010
TO DECEMBER 31, 2010.

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FUND'S INFORMATION

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Cash Fund (ABL-CF), is pleased to present the un-audited Condensed Interim Financial Statements of ABL-CF for the period ended December 31, 2010.

ECONOMIC PERFORMANCE REVIEW

The first half of FY10-11 was a mixed bag for the economy with external accounts showing healthy trend but domestic finances going further into doldrums. Although some macroeconomic indicators showed positive trend in 1HFY11 like record high Forex reserves, surplus current account and positive balance of payment position, key fiscal issues remained unaddressed. Improvement in service trade balance due to reimbursement of US\$ 743 million under coalition support fund (CSF), growth in exports coupled with record-high workers' remittances and flows from donor agencies improved FX reserves to the record level of US\$ 17.357 billion by Dec'10 as compared to US\$ 14.36 billion in the same period last year. On the grim side, YoY CPI inflation increased by 14.61% in 1HFY11 as against 10.31% in 1HFY10 mainly due to rising commodity and energy prices along with unabated government borrowing for budgetary support. Taxation reforms remained on the back-burner and fiscal deficit for 1HFY11 crossed 3% (provisional) of the GDP against Ministry of Finance and IMF's full year target of 4.7%. This deficit is attributed to lower tax revenues, higher government expenditures owing to massive floods and different subsidies provided by the GoP. Consequently, SBP raised discount rate three times in a row by 50 bps each in first half of the fiscal year to curb inflation and discourage government borrowing from the central bank. LSM growth also declined by 2.3% YoY in 5MFY11 on the back of energy shortages, high interest rates and crowding out of liquidity by the government.

On a positive note, IMF approved a nine months' extension in its SBA till September 2011 to give breathing space for implementing the much awaited fiscal reforms and meet fiscal governance targets agreed with the donor agencies. Although FDI for 1HFY11 dipped by 14.5% to US\$828.5 million, the silver lining came from strong FPI of US\$221.5 million during the period. The stability in the external account helped remove concern over macro vulnerability in near term and kept Pak Rupee largely stable between PKR 85-86/USD.

MUTUAL FUND INDUSTRY REVIEW

The mutual fund industry grew handsomely during the period as investor confidence on money market funds rose and a galloping equity market attracted new funds. Total assets under management (AUMs) of Pakistan's mutual funds industry grew by 13% in 1HFY11, taking the overall industry size to Rs.224 billion as at December 31, 2010. The 150bps rise in interest rates helped fixed income funds, particularly money market funds, to offer highly competitive returns which helped in attracting fresh funds in this segment. Prevailing economic conditions are likely to intensify investor bias towards money market funds due to their inherent attributes of low risk and short duration investments. Furthermore, switching of investors from income to money market funds continued due to persistent investor apathy towards corporate debt instruments. Despite WWF charges and imposition of capital gains tax, the money market fund category fared well over the period and total industry AUMs increased by 49.83% from PKR32.052 billion in June 2010 to PKR48.022 billion in December 2010. The period end number could have been higher and AUM growth even better if it weren't for traditional quarter end redemptions which is an industry wide norm.

FUND PERFORMANCE

During the period under review ABL Cash Fund's AUM increased by 188% to PKR5.130 billion from PKR1.781 billion since its inception on July 30, 2010. Interest rate uncertainties, an outcome of high inflation and fiscal slippages, turned investor interest towards low risk investment avenues like money market funds. Furthermore proactive trading in treasury bills and placement of funds in high yielding

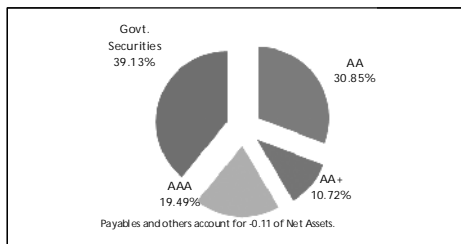
TDRs helped ABL-CF earn competitive returns. During the period from July 30, 2010 to December 31, 2010, the unit price of ABL-CF increased by 4.61% to close at 10.4614 (cum dividend) translating into an annualized return of 11.42%.

During the period under review, ABL-CF outperformed its benchmark by 374 bps due to prudent allocation strategies and active re-balancing. The fund kept a low duration which helped mitigate interest rate volatility during the three consecutive discount rate hikes during the period.

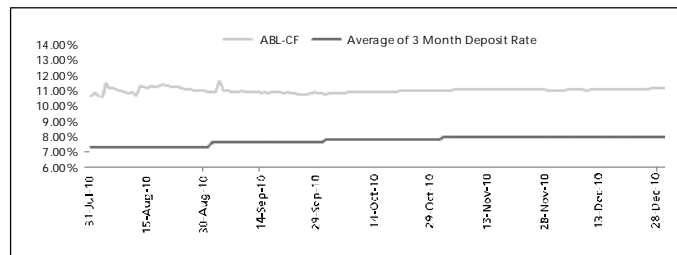
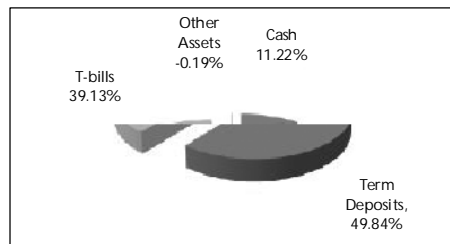
ABL-CF's Treasury bill allocation was 39.13% as on December 31, 2010 whereas TDR allocation was a little higher at 49.84% since banks were offering very attractive rates to pump up their deposit base at year end. This allocation has led to an enhancement in yields whilst maintaining sufficient liquidity in the fund.

ABL Cash Fund earned total income of Rs.180.87 million for the period ended December 31, 2010 mainly out of which Rs.123 million was earned from government securities, Rs.35.50 million was earned from term deposited receipt, Rs.5.23 million was earned from letter of placements and Rs.4.39 million from reverse repurchase transactions. After accounting for expenses of Rs.21.58 million (comprising mainly of the management fee of Rs.17.59 million) net income from operating activities for the period ended December 31, 2010 stood at Rs.159.29 million. With the net element of income and capital gains of Rs.65.30 million included in the prices of units issued less those in units redeemed and Rs.4.46 million was provision for workers welfare fund, the net income for the period ended December 31, 2010 stood at Rs.220.13 million.

Credit Quality of Portfolio (% of Assets)



Asset Allocation (% of Assets)



FUTURE OUTLOOK

Despite some positive signs, the economic situation is still frail and challenges continue to hamper a steady rebound. In our view, unabated government borrowing for budgetary support and sticky inflation could instigate further monetary tightening going ahead. Besides these, rising circular debt, delays in tax reforms and a ballooning fiscal deficit continue to remain a cause of concern. Although foreign inflows in the form of remittances and external account balances seem promising, these are not sufficient enough to underpin an economic recovery.

Based on the above scenario, ABL Cash Fund will continue its strategy of investments in short duration T-bills and will continue to selectively seek opportunities in high quality bank deposits.

DIVIDEND

The Chief Executive Officer (CEO) on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on December 30, 2010 has approved and declared Interim distribution of Rs.0.2742 per unit (2.742% of the par value of Rs.10) for ABL-CF for the quarter December 31, 2010. This is in addition to interim distribution of Rs.0.1781 per unit (1.78% of the par value of Rs.10) for ABL-CF for the period ended September 30, 2010.

FUND STABILITY RATING

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

MANAGEMENT QUALITY RATING

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

ACKNOWLEDGEMENT

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

Karachi, February 18, 2011

For and on behalf of the Board


FARID AHMED KHAN
CEO

OF PAKISTAN LIMITED**Head Office**

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TRUSTEE REPORT TO THE UNIT HOLDERS**ABL CASH FUND****Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

The ABL Cash Fund (the Fund), an open-end fund was established under a trust deed dated September 25, 2009, executed between ABL Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund for the period from July 29, 2010 to December 31, 2010 in accordance with the provisions of the following:

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


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

Karachi: February 22, 2011



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Cash Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (herein-after referred to as the 'condensed interim financial information'), for the period from July 29, 2010 to December 31, 2010. The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarter ended December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the period from July 29, 2010 to December 31, 2010.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the period from July 29, 2010 to December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Date: February 18, 2011

Karachi

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Kabul Office: House No. 1916, Street No. 1, Behind Cinema Bazaar, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan. Tel: (93-779-315320, 93-799-315120

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**ABL CASH FUND
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UNAUDITED)**

AS AT DECEMBER 31, 2010

	December 31, 2010
	Rupees in '000
ASSETS	
Bank balances	4 581,360
Investments	5 4,580,147
Profit receivable	6 24,697
Prepayments	155
Preliminary expenses and floatation costs	7 4,264
Total assets	5,190,623
LIABILITIES	
Payable to ABL Asset Management Company Limited - Management Company	8 9,768
Payable to the Central Depository Company of Pakistan Limited - Trustee	9 494
Payable to Securities and Exchange Commission of Pakistan	10 1,063
Dividend payable	40,616
Payable against redemption of units	200
Accrued expenses and other liabilities	11 7,998
Total liabilities	60,139
NET ASSETS	5,130,484
Unit holders' fund (as per statement attached)	5,130,484
Contingencies and Commitments	12
	Number of units
Number of units in issue	512,582,970
	Rupees
Net asset value per unit	10.0091
Face value per unit	10.0000

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUJIAMMAD YASEEN
DIRECTOR

ABL CASH FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO DECEMBER 31, 2010
AND QUARTER ENDED DECEMBER 31, 2010

	Note	For the period	
		from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2010
Ruppes in '000			
INCOME			
Loss on sale of investments		(154)	(34)
Income from government securities		122,997	82,304
Income from term deposit receipts		35,504	35,184
Income from letters of placement		5,227	3,209
Income from reverse repurchase transactions		4,386	-
Profit on bank accounts		12,978	8,927
		180,938	129,590
Unrealised (diminution) on remeasurement of investments classified as financial assets at fair value through profit or loss		(68)	(166)
Total income		180,870	129,424
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company		17,586	12,536
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,839	1,255
Annual fee to Securities and Exchange Commission of Pakistan		1,063	753
Brokerage and other transaction costs		309	182
Bank charges		86	49
Auditors' remuneration		124	74
Amortisation of preliminary expenses and floatation costs		393	235
Printing charges		92	55
Listing fee		14	8
Annual rating fee		74	44
Total operating expenses		21,580	15,191
Net income from operating activities		159,290	114,233
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		65,299	55,960
		224,589	170,193
Provision for Workers' Welfare Fund	11.1	(4,455)	(3,374)
Net income for the period before taxation		220,134	166,819
Taxation	13	-	-
Net income for the period after taxation		220,134	166,819
Other comprehensive income for the period		-	-
Total comprehensive income for the period		220,134	166,819
Earnings per unit	14		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited
(Management Company)



FARID AHMED KHAN
CEO



MUHAMMAD YASEEN
DIRECTOR

ABL CASH FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO DECEMBER 31, 2010
AND QUARTER ENDED DECEMBER 31, 2010

	For the period from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2010
	Rupees in '000	
Opening undistributed income - realised	-	825
- unrealised	-	98
	<u>-</u>	<u>923</u>
Interim distribution:		
Re. 0.2742 per unit on December 30, 2010		
Cash distribution	(40,616)	(40,616)
Issue of bonus units	(122,472)	(122,472)
Interim distribution:		
Re. 0.1781 per unit on September 30, 2010		
Cash distribution	(25,065)	-
Issue of bonus units	(27,327)	-
Net income for the period after taxation	<u>220,134</u>	<u>166,819</u>
Undistributed income carried forward	<u>4,654</u>	<u>4,654</u>
Undistributed income comprising:		
Realised income	4,722	4,722
Unrealised income	<u>(68)</u>	<u>(68)</u>
	<u>4,654</u>	<u>4,654</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

ABL CASH FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO DECEMBER 31, 2010
AND QUARTER ENDED DECEMBER 31, 2010

	For the period from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2010
	Rupees in '000	
Net assets at beginning of the period	-	2,061,701
Issue of 1,009,451,273 units for the period from July 29, 2010 to December 31, 2010 and 618,177,450 units for the quarter ended December 31, 2010 respectively	10,201,039	6,266,774
Redemption of 511,848,162 units for the period from July 29, 2010 to December 31, 2010 and 323,919,561 units for the quarter ended December 31, 2010 respectively	(5,159,709)	(3,268,234)
	5,041,330	2,998,540
Issue of 12,247,199 bonus units on December 30, 2010: 2.742%	122,472	122,472
Issue of 2,732,660 bonus units on September 30, 2010: 1.781%	27,327	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - amount representing (income) / loss and capital (gains) / losses transferred to income statement	(65,299)	(55,960)
Other net income for the period	220,356	167,019
Loss on sale of investments	(154)	(34)
Unrealised diminution on remeasurement of investments at fair value through profit or loss - net	(68)	(166)
Total income for the period	220,134	166,819
Interim distribution: Re. 0.2742 per unit on December 30, 2010		
Cash distribution	(40,616)	(40,616)
Issue of bonus units	(122,472)	(122,472)
Interim distribution: Re. 0.1781 per unit on September 30, 2010		
Cash distribution	(25,065)	-
Issue of bonus units	(27,327)	-
	(215,480)	(163,088)
Net assets at the end of the period	5,130,484	5,130,484

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

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ABL CASH FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO DECEMBER 31, 2010
AND QUARTER ENDED DECEMBER 31, 2010

	For the period from July 29, 2010 to December 31, 2010		For the quarter ended December 31, 2010	
	Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES	Note			
Net income for the period before taxation		220,134		166,819
Adjustment for non-cash charges and other items				
Amortisation of preliminary expenses and floatation costs		393		235
Unrealised diminution on re-measurement of investments classified as "financial assets at fair value through profit or loss"		68		166
Net element of income and capital gains included in prices of units issued less those in units redeemed		(65,299)		(55,960)
		155,296		111,260
(Increase) / decrease in assets				
Profit receivable		(24,697)		(22,064)
Investments		(2,023,215)		(961,644)
Prepayments		(155)		-
Preliminary expenses and floatation costs		(4,657)		-
		(2,052,724)		(983,708)
Increase / (decrease) in liabilities				
Payable to ABL Asset Management Company Limited - Management Company		9,768		2,057
Payable to the Central Depository Company of Pakistan Limited - Trustee		494		167
Payable to Securities and Exchange Commission of Pakistan		1,063		753
Accrued expenses and other liabilities		7,998		6,203
Payable against redemption of units		200		(9,202)
		19,523		(22)
Net cash used in operating activities		(1,877,905)		(872,470)
CASH FLOW FROM FINANCING ACTIVITIES				
Distributions paid		(25,065)		(25,065)
Net receipts against issuance of units		5,041,330		2,998,540
Net cash generated from financing activities		5,016,265		2,973,475
Net increase in cash and cash equivalents		3,138,360		2,101,005
Cash and cash equivalents at beginning of the period		-		1,037,355
Cash and cash equivalents at end of the period	4.1	3,138,360		3,138,360

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

ABL CASH FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO DECEMBER 31, 2010
AND QUARTER ENDED DECEMBER 31, 2010

1 LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on December 07, 2007. The registered office of the Management Company is situated at 11-B, Lalazar, M.T. Khan Road, Karachi.

The Fund is an open ended mutual fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered to the public for subscription on a continuous basis. The units are transferable and redeemable by surrendering them to the Fund. The units of the Fund were initially offered to the public for subscription at par from July 29, 2010 to July 30, 2010 and thereafter these units are offered to the public for subscription on a continuous basis.

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34, 'Interim Financial Reporting'.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

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

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

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

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

2.3 Critical accounting estimates and judgments

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

- i) Classification and valuation of investments (notes 3.1 and 5)
- ii) Amortisation of preliminary expenses and floatation cost (notes 3.7 and 7)

2.4 Accounting Convention

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value.

2.5 Functional and Presentation Currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

Classification

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

Investments are categorised as follows:

a) Financial assets at fair value through profit or loss

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

and Liabilities at fair value. Net gains and losses arising on the changes in fair value of these investments are taken to the income statement.

b) Loans and receivables

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

3.2 Basis of valuation of Government Securities

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

3.3 Issue and redemption of units

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

Units are redeemed based on the redemption price that is fixed on the basis of the NAV determined on the business day prior to the receipt of redemption form. The redemption price represents the net asset value per unit as of the close of the previous business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any back-end load, transactions costs or any provision for duties and charges.

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

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

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

3.5 Provisions

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

3.6 Taxation

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in

these condensed interim financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.7 Preliminary expenses and floatation costs

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

3.8 Offsetting of financial instruments

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

3.9 Financial assets and financial liabilities

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

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

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

3.10 Impairment

The carrying value of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

3.11 Revenue recognition

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

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances in current / savings accounts and other deposits with banks having original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

		(Unaudited) December 31, 2010
		Rupees in '000
4	BANK BALANCES	Note
	Current accounts	5
	Savings accounts	581,355
		<u>581,360</u>
4.1	Cash and cash equivalents	
	Balances with banks	581,360
	Term deposit receipts	2,557,000
		<u>3,138,360</u>
5	INVESTMENTS	
	Financial assets at fair value through profit or loss	5.1 2,023,147
	Loans and receivables	5.2 2,557,000
		<u>4,580,147</u>
5.1	Financial assets at fair value through profit or loss	

Issue date	Tenor	Face value			Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		Purchased during the period	Disposed / matured during the period	As at December 31, 2010	Cost	Market value	Appreciation / (diminution)		

-----Rupees in '000-----

Treasury Bills									
13-Aug-09	12 months	803,000	803,000	-	-	-	-	-	-
26-Sep-09	12 Months	5,000	5,000	-	-	-	-	-	-
5-Nov-09	12 Months	245,000	245,000	-	-	-	-	-	-
8-Apr-10	6 months	50,000	50,000	-	-	-	-	-	-
22-Apr-10	6 months	949,000	949,000	-	-	-	-	-	-
6-May-10	6 months	150,000	150,000	-	-	-	-	-	-
20-May-10	6 months	134,000	134,000	-	-	-	-	-	-
3-Jun-10	3 Months	50,000	50,000	-	-	-	-	-	-
3-Jun-10	6 Months	315,000	315,000	-	-	-	-	-	-
17-Jun-10	3 Months	100,000	100,000	-	-	-	-	-	-
15-Jul-10	3 Months	320,000	320,000	-	-	-	-	-	-
15-Jul-10	6 months	523,000	523,000	-	-	-	-	-	-
29-Jul-10	3 Months	275,000	275,000	-	-	-	-	-	-
29-Jul-10	6 months	50,000	50,000	-	-	-	-	-	-
13-Aug-10	3 Months	3,950,000	3,950,000	-	-	-	-	-	-
13-Aug-10	6 months	100,000	100,000	-	-	-	-	-	-
26-Aug-10	3 Months	874,000	874,000	-	-	-	-	-	-
26-Aug-10	6 months	187,000	187,000	-	-	-	-	-	-
9-Sep-10	3 Months	2,437,000	2,437,000	-	-	-	-	-	-
23-Sep-10	3 Months	635,000	635,000	-	-	-	-	-	-
7-Oct-10	3 Months	1,709,000	1,709,000	-	-	-	-	-	-
21-Oct-10	3 Months	1,145,000	1,145,000	-	-	-	-	-	-
21-Oct-10	6 months	200,000	200,000	-	-	-	-	-	-
4-Nov-10	3 Months	1,530,000	595,000	935,000	926,636	926,481	(155)	18.06	20.23
4-Nov-10	6 months	375,000	375,000	-	-	-	-	-	-
16-Nov-10	3 Months	70,000	40,000	30,000	29,577	29,580	3	0.58	0.65
2-Dec-10	3 Months	1,140,000	550,000	590,000	578,786	578,841	55	11.28	12.64
2-Dec-10	6 Months	275,000	275,000	-	-	-	-	-	-
18-Dec-10	6 Months	250,000	-	250,000	235,729	235,700	(29)	4.59	5.15
30-Dec-10	3 Months	260,000	-	260,000	252,487	252,545	58	4.59	5.51
30-Dec-10	6 Months	200,000	200,000	-	-	-	-	-	-
		<u>19,306,000</u>	<u>17,241,000</u>	<u>2,065,000</u>	<u>2,023,215</u>	<u>2,023,147</u>	<u>(68)</u>		

		(Unaudited) December 31, 2010
	Note	Rupees in '000
5.2 Loans and receivables		
Term Deposit Receipts	5.2.1	2,557,000
		<u>2,557,000</u>

5.2.1 Term Deposit Receipts carry mark-up at rates ranging from 13.00% to 14.00% per annum.

6 PROFIT RECEIVABLE

Interest accrued on term deposit receipts	18,979
Markup accrued on bank deposits	5,718
	<u>24,697</u>

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	7.1	4,657
Less: amortisation during the period		(393)
Balance as at December 31, 2010		<u>4,264</u>

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirements of the trust deed, these costs are being amortised over a period not exceeding five years.

8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

		(Unaudited) December 31, 2010
	Note	Rupees in '000
Management fee	8.1	5,111
Preliminary expenses and floatation costs		4,657
		<u>9,768</u>

8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. In the current period, the Management Company has charged remuneration at the rate of 1.25 percent of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

		(Unaudited) December 31, 2010
	Note	Rupees in '000
9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Trustee fee	9.1	494
		<u>494</u>

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

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

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the scheme.

		(Unaudited) December 31, 2010
11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note <u>Rupees in '000</u>
	Auditors' remuneration	124
	Brokerage	115
	Printing charges	73
	Withholding tax	3,231
	Provision for Workers' Welfare Fund	11.1 4,455
		<u>7,998</u>

11.1 Provision for workers' welfare fund

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

On December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to make provision for WWF amounting to Rs 4.455 million in these condensed interim financial statements.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2010.

13 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund intends to distribute such income at the year end to avail this tax exemption. Accordingly, no tax liability has been recorded for the current period.

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

14 EARNINGS PER UNIT

Earnings per unit (EPU) for the period from July 29, 2010 to December 31, 2010 and quarter ended December 31, 2010 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

15 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited- Employees Superannuation (Pension) Fund, ABL Staff Provident Fund, Ibrahim Fibres Limited being entities under common management and/ or directorship, Central Depository Company being the trustee of the Fund and the directors and officers of the management company.

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

15.1 Details of the transactions with connected persons are as follows:

	(Un-audited) For the period from July 29, 2010 to December 31, 2010	(Un-audited) Quarter ended December 31, 2010
	Rupees in '000	
ABL Asset Management Company Limited - Management Company		
Issue of 11,096,882 units	112,500	79,000
Bonus of 315,389 units	3,154	2,653
Redemption of 1,471,187 units	15,000	10,000
Remuneration for the period	17,586	12,536
Allied Bank Limited		
Issue of 197,601,196 units	2,000,000	1,000,000
Redemption of 100,000,000 units	1,000,200	-
Cash dividend	44,572	26,762
Markup income	13,319	13,036
Term Deposits Receipts placed	1,217,000	807,000
Term Deposits Receipts matured	1,010,000	1,010,000
Bank charges	31	24
ABL- Employees Superannuation (Pension) Fund		
Issue of 10,000,000 units	100,000	-
Cash dividend	4,523	2,742

	(Un-audited) For the period from July 29, 2010 to December 31, 2010	(Un-audited) Quarter ended December 31, 2010
	Rupees in '000	
ABL AMCL Staff Provident Fund		
Issue of 179,503 units	1,825	1,825
Bonus of 4,922 units	49	49
Ibrahim Fibres Limited		
Issue of 112,643,170 units	1,145,000	1,145,000
Bonus of 1,529,666 units	15,297	15,297
Redemption of 31,371,708 units	320,419	320,419

DIRECTORS OF THE MANAGEMENT COMPANY

Muhammad Waseem Mukhtar

Issue of 453,565 units	4,600	4,600
Bonus of 14,973 units	150	150

KEY MANAGEMENT PERSONNEL

Chief Executive Officer

Issue of 152,789 units	1,550	1,550
Bonus of 4,189 units	42	42

Executives

Issue of 7,849 units	80	80
Bonus of 55 units	1	1
Redemption of 5,844 units	60	60

Central Depository Company of Pakistan Limited

Remuneration for the period	1,839	1,255
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15.2 Amounts outstanding as at period end

ABL Asset Management Company Limited - Management Company

	(Unaudited) December 31, 2010
	Rupees in '000
Outstanding 9,941,084 units	99,501
Preliminary expenses and floatation costs payable	4,657
Remuneration payable to management company	5,111

Allied Bank Limited

Outstanding 97,601,196 units	976,900
Cash dividend payable	26,762
Bank balances	266,572
Mark up accrued	1,858
Term Deposit Receipts	207,000

	(Unaudited) December 31, 2010
	<u>Rupees in '000</u>
ABL- Employees Superannuation (Pension) Fund	
Outstanding 10,000,000 units	100,091
Cash dividend payable	2,742
ABL AMCL Staff Provident Fund	
Outstanding 184,425 units	1,846
Ibrahim Fibres Limited	
Outstanding 82,801,128 units	828,765
DIRECTORS OF THE MANAGEMENT COMPANY	
Muhammad Waseem Mukhtar	
Outstanding 468,538 units	4,690
KEY MANAGEMENT PERSONNEL	
Chief Executive Officer	
Outstanding 156,978 units	1,571
Executives	
Outstanding 2,060 units	21
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable	494

16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

17 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 18, 2011.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

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ABL Asset Management

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