

# ABL *Cash Fund*

## CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM JULY 31, 2010  
TO SEPTEMBER 30, 2010

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## FUND'S INFORMATION

<b>Management Company:</b>	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
<b>Board of Directors:</b>	Sheikh Mukhtar Ahmed	Chairman
	Mr. Mohammad Waseem Mukhtar	Director
	Mr. Khalid A. Sherwani	Director
	Mr. M. Jawaid Iqbal	Director
	Mr. Muhammad Yaseen	Director
	Mr. M. Shakeb Murad	Director
	Mr. Kamran Nishat	Director
<b>Audit Committee:</b>	Mr. Kamran Nishat	Chairman
	Mr. Muhammad Yaseen	Member
	Mr. M. Jawaid Iqbal	Member
<b>Chief Executive Officer of The Management Company:</b>	Mr. Farid Ahmed Khan, CFA	
<b>Chief Operating Officer &amp; Company Secretary of the Management Company:</b>	Mr. Sulaiman S. Mehdi	
<b>Chief Financial Officer:</b>	Mr. Saqib Matin	
<b>Head of Internal Audit &amp; Compliance:</b>	Mr. Faisal Nadeem Mangroria	
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block B, S.M.C.H.S., Shahra-e-Faisal, Karachi-74400.	
<b>Bankers to the Fund:</b>	Allied Bank Limited Bank Al-Falah Limited United Bank Limited	
<b>Distributor:</b>	Allied Bank Limited	
<b>Auditor:</b>	A.F. Ferguson & Co. Chartered Accountants State Life Building, No. 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor:</b>	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
<b>Registrar:</b>	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	
<b>Rating:</b>	Fund Stability: AA(f) by JCR-VIS Management Company: AM3 by JCR-VIS	

## 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 September 30, 2010.

### ECONOMIC PERFORMANCE REVIEW

Economic conditions suffered another blow during the period under review due to massive floods countrywide and its impact on macro indicators. CPI Inflation swelled to 13.77% YoY during the quarter; consequently, the Discount Rate was increased by a cumulative 100 bps by the Central Bank during the period under review. Higher oil prices and stagnant exports resulted in current account deficit widening to USD944 million in the first two months of the quarter from USD635 million a year earlier. However remittances during the period increased to USD2.65 billion which helped keep some check on the widening deficit. Fiscal picture remained challenging with Government borrowing from central bank swelling to PKR149 billion during the quarter. The money creation helped system liquidity but rising interest rates and high Government borrowing continued to crowd out private sector credit which shrank by 1.7% during the period. Discussions with IMF regarding remaining installments were also in jeopardy as Pakistan did not meet IMF conditions entailing implementation of Reformed GST, removal of power subsidies and resolution of circular debt. On the positive side, foreign exchange reserves increased to USD17 billion, supported by flows from UN, IMF and remittances received during the period.

### MUTUAL FUND INDUSTRY REVIEW

Economic uncertainties coupled with unabated budgetary borrowing via Treasury Bills led investors to safer havens which proved to be a boon for money market funds. As income funds succumbed to price volatilities on account of TFCs, investments in money market funds predominantly gained momentum. Assets under management (AUM) of money market funds sky-rocketed by 38.41% to PKR44.36 billion in August 2010 from PKR32.05 billion in June 2010. As government expenditure mounts on account of flood rehabilitation and lower tax revenues, Treasury bill yields are expected to remain firm. Furthermore, with interest rate uncertainty prevailing in the economy, such short term investments make an ideal portfolio strategy.

### FUND PERFORMANCE

Since the launch of ABL-CF on July 30, 2010, its AUM increased by 15.78% to Rs.2.062 billion as on September 30, 2010. During the period, the unit price of ABL-CF increased by 1.781% to close at 10.1826 (cum dividend) translating into an annualized return of 11.25% since inception to September 30, 2010.

ABL-CF outperformed its benchmark of 7.43% by 382 bps during the period and was ranked as one of the best performing fund in its category. Investments were primarily pursued in Treasury Bills offering high yields, which constituted 51.25% of the fund size as on September 30, 2010. TDRs placements were increased to 44.14% of the fund size due to competitive rates offered by banks at quarter end. As a result of this allocation strategy, ABL-CF yielded consistent, high risk adjusted returns during the period. Going ahead, T-bill allocation may be enhanced, while keeping duration low, in order to take advantage of high yields while managing any interest rate volatility.

ABL Cash Fund earned total income of Rs.51.45 million for the period ended September 30, 2010 mainly out of which Rs.40.70 million was earned from government securities, Rs.4.37 million was earned from term deposits receipts and profit on bank accounts and Rs.4.10 million from Reverse Repurchase transactions. After accounting for expenses of Rs.6.39 million (comprising mainly of the management fee of Rs.5.05 million) net income from operating activities for the period ended September 30, 2010 stood at Rs.45.06 million. With the net element

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

of income/capital gains of Rs.9.34 million included in the prices of units issued less those in units redeemed, Rs.1.08 million was provision for Workers' Welfare Fund, the net income for the period ended September 30, 2010 stood at Rs.53.32 million.

### OUTLOOK

Pakistan needs continued support from donors and international agencies to reconstruct infrastructure and rehabilitate flood-affecteds. At the same time, the Government needs to pursue aggressive fiscal reforms to improve tax collection, reduce subsidies and control fiscal deficit. The short term impact of such moves could be a spike in inflation and interest rates. ABL-CF will maintain a cautious stance during this adjustment period by keeping its duration low and maximizing exposure to sovereign instruments to deliver stable risk-adjusted returns.

### DIVIDEND

The Chief Executive Officer on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on September 30, 2010 has approved and declared Interim distribution of Rs.0.1781 per unit (1.78% of the par value of Rs.10) for ABL-CF for the period ending September 30, 2010.

### FUND STABILITY RATING

On July 29, 2010, JCR-VIS has assigned preliminary Fund Stability Rating of AA+(f) (Double A plus (f)) to ABL Cash Fund (ABL-CF).

### MANAGEMENT QUALITY RATING

On December 31, 2009, JCR-VIS has reaffirmed the Management Quality Rating of ABL Asset Management Company Limited (ABL AMCL) at '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 unswerving commitment and hard work.

Karachi, October 25, 2010

For and on behalf of the Board.

  
FARID AHMED KHAN  
CEO

**ABL CASH FUND  
CONDENSED INTERIM STATEMENT  
OF ASSETS AND LIABILITIES (UN-AUDITED)**

AS AT SEPTEMBER 30, 2010

	Note	September 30, 2010 <u>Rupees in '000</u>
<b>ASSETS</b>		
Bank balances	5	127,356
Investments	6	1,971,669
Profit receivable	7	2,633
Prepayments		155
Preliminary expenses and floatation costs	8	4,498
<b>Total assets</b>		<b>2,106,311</b>
<b>LIABILITIES</b>		
Payable to ABL Asset Management Company Limited - Management Company	9	7,711
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	327
Payable to the Securities and Exchange Commission of Pakistan	11	310
Dividend payable		25,065
Payable against redemption of units		9,402
Accrued expenses and other liabilities	12	1,795
<b>Total liabilities</b>		<b>44,610</b>
<b>NET ASSETS</b>		<b>2,061,701</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,061,701</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	
		(Number of units)
<b>NUMBER OF UNITS IN ISSUE</b>		<b>206,077,848</b>
		(Rupees)
<b>NET ASSET VALUE PER UNIT</b>	15	<b>10.0045</b>
<b>FACE VALUE PER UNIT</b>		<b>10.0000</b>

The annexed notes 1 to 19 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  
INCOME STATEMENT (UN-AUDITED)**

FOR THE PERIOD FROM JULY 31, 2010 TO SEPTEMBER 30, 2010

	Note	For the period from July 31, 2010 to September 30, 2010
		Rupees in '000
<b>INCOME</b>		
Loss on sale of investments		(120)
Income from Government Securities		40,693
Income from Term Deposit Receipts		320
Income from Letters of Placement		2,018
Income from Reverse Repurchase transactions		4,386
Profit on bank accounts		4,051
		51,348
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading'		98
		51,446
<b>EXPENSES</b>		
Remuneration of ABL Asset Management Company Limited - Management Company		5,050
Remuneration of Central Depository Company of Pakistan Limited - Trustee		584
Annual fee - Securities and Exchange Commission of Pakistan		310
Brokerage and other transaction costs		127
Bank charges		37
Auditors' remuneration		50
Amortization of preliminary expenses and floatation costs		158
Printing charges		37
Listing fee		6
Annual rating fee		30
<b>Total operating expenses</b>		6,389
<b>Net income from operating activities</b>		45,057
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		9,339
Provision for Workers' Welfare Fund	12.1	(1,081)
<b>Net income for the period before taxation</b>		53,315
<b>Taxation</b>		-
<b>Net income for the period after taxation</b>		53,315
Other Comprehensive income for the period		-
<b>Total comprehensive income for the period</b>		53,315
<b>Earnings per unit</b>	16	

The annexed notes 1 to 19 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 (UN-AUDITED)**

FOR THE PERIOD FROM JULY 31, 2010 TO SEPTEMBER 30, 2010

	For the period from July 31, 2010 to September 30, 2010
	<u>Rupees in '000</u>
Net income for the period	53,315
Interim distribution: - Re 0.1781 per unit on September 29, 2010	
Cash distribution	(25,065)
Issue of bonus units	(27,327)
Undistributed income carried forward	<u>923</u>
<b>Undistributed income comprising:</b>	
Realised income	825
Unrealised income	<u>98</u>
	<u>923</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
FARID AHMED KHAN  
CEO

For ABL Asset Management Company Limited  
(Management Company)

  
MUHAMMAD YASEEN  
DIRECTOR



**ABL CASH FUND  
CONDENSED INTERIM STATEMENT OF  
MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)**

FOR THE PERIOD FROM JULY 31, 2010 TO SEPTEMBER 30, 2010

	For the period from July 31, 2010 to September 30, 2010
	<u>Rupees in '000</u>
Issue of 391,273,823 units	3,934,265
Redemption of 187,928,601 units	(1,891,475)
	2,042,790
Issue of bonus units	
- Interim distribution 2,732,660 units	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 and capital gains transferred to Income Statement	(9,339)
Other net income for the period	53,337
Capital loss on sale of investments	(120)
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net	98
<b>Total comprehensive income for the period</b>	<b>53,315</b>
Interim distribution:	
- Re 0.1781 per unit on September 29, 2010	
Cash distribution	(25,065)
Issue of bonus units	(27,327)
	(52,392)
<b>Net assets as at the end of the period</b>	<b>2,061,701</b>

The annexed notes 1 to 19 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

**ABL** Asset Management  
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**ABL CASH FUND  
CONDENSED INTERIM CASH  
FLOW STATEMENT (UN-AUDITED)**

FOR THE PERIOD FROM JULY 31, 2010 TO SEPTEMBER 30, 2010

	Note	For the period from July 31, 2010 to September 30, 2010
		<u>Rupees in '000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation		53,315
<b>Adjustment for non-cash charges and other items;</b>		
Amortisation of preliminary expenses and floatation costs		158
Remuneration of ABL Asset Management Company Limited - Management Company		5,050
Remuneration of Central Depository Company of Pakistan Limited - Trustee		584
Unrealised appreciation on re-measurement of investments classified as "financial assets at fair value through profit or loss"		(98)
Net element of income and capital gains included in prices of units issued less those in units redeemed		(9,339)
		<u>49,670</u>
<b>Increase in assets</b>		
Profit receivable		(2,633)
Investments		(1,061,571)
Prepayments		(155)
		<u>(1,064,359)</u>
<b>Increase in liabilities</b>		
Payable to Securities and Exchange Commission of Pakistan		310
Accrued expenses and other liabilities		1,795
Payable against redemption of units		9,402
		<u>11,507</u>
Remuneration paid to ABL Asset Management Company Limited - Management Company		(1,995)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		(257)
		<u>(2,252)</u>
<b>Net cash used in operating activities</b>		<u>(1,005,434)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts/(payments) against issuance/(redemptions) of units		2,042,790
<b>Net cash generated from financing activities</b>		<u>2,042,790</u>
<b>Net increase in cash and cash equivalents</b>		1,037,356
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	5.1	<u><u>1,037,356</u></u>

The annexed notes 1 to 19 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 (UN-AUDITED)

FOR THE PERIOD FROM JULY 31, 2010 TO SEPTEMBER 30, 2010

### 1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Cash Fund (the 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 (Establishment and Regulations) Rules, 2003 (NBFC Rules). 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 SECP on December 7, 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 are 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 objective of the Fund is to earn consistent return 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.

The JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM3' to the Management Company and Fund Stability Rating of AA+(f) to the Fund.

### 2 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 (IASB) 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 disclosure made in these condensed interim financial statements have, however, been limited based on requirement of the International Accounting standard 34; Interim Financial Reporting.

These condensed interim financial statements are un-audited.

### 3 BASIS OF MEASUREMENT

#### 3.1 Critical accounting estimates and judgments

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 judgment was exercised in the application of accounting policies are as follows:

- i) Classification and valuation of investments (notes 4.1 and 6)

#### 3.2 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair values.

#### 3.3 Functional and Presentation Currency

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

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these condensed interim financial statements are stated below:

#### 4.1 Financial assets

##### Classification

The Fund classifies its financial assets in the following categories: Financial assets 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 appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

##### 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 recognized at fair value. Subsequently, these investments are carried at amortised cost, using the effective interest method.

#### 4.2 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 Market Association in accordance with the requirements of Regulation 66(k) of the NBFC Regulations 2008.

#### 4.3 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 shall be 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.

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

#### 4.5 Provisions

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

#### 4.6 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 realized or unrealized, is distributed amongst the unit holders. Accordingly, no provision has been made for current and deferred taxation in these condensed interim financial statements.

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

#### 4.7 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.

#### 4.8 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### 4.9 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 on 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.

#### 4.10 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

#### 4.11 Revenue recognition

- Realized capital gains/ (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealized 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 recognized on an accrual basis.
- Profit on investments is recognized on an accrual basis.

#### 4.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances in saving 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.

	Note	(Un-audited) September 30, 2010 <u>Rupees in '000</u>
<b>5 BANK BALANCES</b>		
Saving accounts	5.2	<u>127,356</u>
		<u>127,356</u>
<b>5.1 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	5.2	127,356
Term deposit receipts		<u>910,000</u>
		<u>1,037,356</u>
<b>5.2</b> These saving accounts carrying mark-up at rates ranging from 5.00% to 11.50% per annum. Deposits in savings accounts include Rs. 8,333,341 maintained with Allied Bank Limited, a related party.		
<b>6 INVESTMENTS</b>		
Financial assets at fair value through profit or loss - held for trading	6.1	1,061,669
Loans & Receivables	6.2	<u>910,000</u>
		<u>1,971,669</u>

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

### a) Government Treasury Bills:

Issue date	Tenor	Face Value				Balance as at September 30, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 31, 2010	Purchased during the period	Disposed / matured during the period	As at September 30, 2010	Cost	Market value	Appreciation / (diminution)		
Rupees in '000										
August 13, 2009	12 months	-	500,000	500,000	-	-	-	-	-	-
August 13, 2009	12 months	-	303,000	303,000	-	-	-	-	-	-
September 26, 2009	12 Months	-	5,000	5,000	-	-	-	-	-	-
April 8, 2010	6 months	-	50,000	50,000	-	-	-	-	-	-
April 22, 2010	6 months	-	500,000	404,000	96,000	95,364	95,373	9	0.05	0.05
April 22, 2010	6 Months	-	299,000	-	299,000	297,017	297,048	31	0.14	0.15
May 20, 2010	6 months	-	134,000	134,000	-	-	-	-	-	-
June 3, 2010	6 months	-	200,000	200,000	-	-	-	-	-	-
June 3, 2010	6 months	-	100,000	100,000	-	-	-	-	-	-
June 17, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	50,000	50,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	150,000	150,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	15,000	15,000	-	-	-	-	-	-
July 15, 2010	3 Months	-	5,000	5,000	-	-	-	-	-	-
July 15, 2010	6 months	-	125,000	125,000	-	-	-	-	-	-
July 29, 2010	3 Months	-	25,000	-	25,000	24,833	24,837	4	0.01	0.01
July 29, 2010	3 Months	-	150,000	-	150,000	149,004	149,021	17	0.07	0.08
July 29, 2010	6 months	-	50,000	50,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	200,000	200,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	312,000	225,000	87,000	86,009	86,018	9	0.04	0.04
August 13, 2010	3 Months	-	500,000	432,000	68,000	67,226	67,232	6	0.03	0.03
August 13, 2010	3 Months	-	400,000	400,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	205,000	205,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	45,000	45,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	185,000	185,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	83,000	83,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	77,000	77,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	223,000	223,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	45,000	45,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	10,000	10,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	300,000	50,000	250,000	247,141	247,178	37	0.12	0.13
August 13, 2010	3 Months	-	50,000	50,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	100,000	100,000	-	-	-	-	-	-
August 13, 2010	3 Months	-	300,000	300,000	-	-	-	-	-	-
August 13, 2010	6 months	-	100,000	100,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	187,000	187,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	200,000	200,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	181,000	181,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	30,000	30,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	180,000	180,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	47,000	47,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	49,000	49,000	-	-	-	-	-	-
August 26, 2010	6 months	-	187,000	187,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	500,000	500,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	175,000	175,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	238,000	206,000	32,000	31,335	31,328	(7)	0.02	0.02
September 9, 2010	3 Months	-	300,000	300,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	65,000	-	65,000	63,642	63,634	(8)	0.03	0.03
September 9, 2010	3 Months	-	144,000	144,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	400,000	400,000	-	-	-	-	-	-
September 9, 2010	3 Months	-	300,000	300,000	-	-	-	-	-	-
<b>Total - September 30, 2010</b>		-	<b>9,179,000</b>	<b>8,107,000</b>	<b>1,072,000</b>	<b>1,061,571</b>	<b>1,061,669</b>	<b>98</b>		



	Note	(Un-audited) September 30, 2010 <u>Rupees in '000</u>
<b>6.2 Loans and receivables</b>		
Term Deposit Receipts	6.2.1	<u>910,000</u> <u>910,000</u>
<b>6.2.1</b> Term Deposit Receipts carry mark-up at rates ranging from 12.75% to 12.90% per annum and mature on November 01, 2010. Term Deposit Receipts includes Rs 410,000,000 maintained with Allied Bank Limited, a related party.		
<b>7 PROFIT RECEIVABLE</b>		
Interest accrued on Term Deposit Receipts		320
Markup accrued on bank deposits		<u>2,313</u> <u>2,633</u>
<b>8 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
Expenses during the period		4,656
Less: amortised during the period		<u>(158)</u>
Closing Balance		<u>4,498</u>
<b>8.1</b> Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirement of the Trust Deed, these costs are being amortised over a period not exceeding five years.		
<b>9 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY</b>		
Management fee	9.1	3,055
Preliminary expenses and floatation costs		<u>4,656</u> <u>7,711</u>
<b>9.1</b> 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.		
<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
Trustee fee	10.1	<u>327</u> <u>327</u>

- 10.1 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.

## 11 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)
		September 30, 2010
		Rupees in '000
Auditors' remuneration		50
Brokerage		74
Printing charges		37
Withholding tax payable		553
Payable to Workers' Welfare Fund	12.1	1,081
		<u>1,795</u>

### 12.1 Provision for workers' welfare fund

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The issue is subjudice in the Honorable High Court of Sindh and a stay has been granted to one of MUFAP's members. MUFAP has received a clarification from Ministry of Labour that WWF is not applicable on mutual funds and in the light of the legal opinion of the counsel appointed by MUFAP; the management company believes that this levy may not be applicable on funds under its management.

However, various legal opinions are available on this matter. Some legal advisors are of the view that this levy is not applicable on CIS and therefore provision is not required to be created while there is also a contrary view according to which this levy has become applicable on the fund and the letter issued by the Ministry of Labour & Manpower, Government of Pakistan has no legal significance.

Keeping in view of legal ambiguity on this matter and in case of adverse development, the management company has made provision at the rate of two percent of the profit in the books of the Funds for the current period.

### 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2010.

### 14 NUMBER OF UNITS IN ISSUE

As at September 30, 2010 ABL - Employees Superannuation (Pension) Fund (core investor) held 10,000,000 units. These units were subscribed towards subscription of seed capital of the Fund.

### 15 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit is calculated by dividing the net assets of the Fund by the number of units in circulation as at the period end.

### 16 EARNINGS PER UNIT (EPU)

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

### 17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

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 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.

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

	(Un-audited) For the period from July 31, 2010 to September 30, 2010
	<u>Rupees in '000</u>
<b>Details of transactions with connected persons are as follows:</b>	
<b>ABL Asset Management Company Limited - Management Company</b>	
Issue of 3,309,450 units	33,500
Bonus of 50,079 units	501
Redemption of 497,582 units	5,000
Remuneration for the period	5,050
<b>Allied Bank Limited</b>	
Issue of 100,000,000 units	1,000,000
Redemption of 100,000,000 units	1,000,200
Cash dividend	17,810
Markup income	283
Term Deposits Receipts placed	410,000
Bank charges	7
<b>ABL- Employees Superannuation (Pension) Fund</b>	
Issue of 10,000,000 units	100,000
Cash dividend	1,781
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Remuneration for the period	584

	(Un-audited) September 30, 2010
	<u>Rupees in '000</u>
<b>17.2 Amounts outstanding as at period end</b>	
<b>ABL Asset Management Company Limited - Management Company</b>	
Outstanding 2,861,947 units	28,632
Preliminary expenses and floatation costs payable	4,656
Remuneration payable to management company	3,055
<b>Allied Bank Limited</b>	
Cash dividend payable	17,810
Bank balances	8,333
Mark up accrued	234
Term Deposit Receipts	410,000
<b>ABL- Employees Superannuation (Pension) Fund</b>	
Outstanding 10,000,000 units	100,045
Cash dividend payable	1,781
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Remuneration payable	327

## 18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees.

## 19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2010 by the Board of Directors of the Management Company.

  
FARID AHMED KHAN  
CEO

For ABL Asset Management Company Limited  
(Management Company)

  
MUHAMMAD YASEEN  
DIRECTOR