



CONDENSED INTERIM  
**FINANCIAL  
INFORMATION**

FOR THE PERIOD FROM NOVEMBER 30, 2011 TO MARCH 31, 2012  
AND QUARTER ENDED MARCH 31, 2012

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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 (Effective From April 7, 2012)</b>	Sheikh Mukhtar Ahmed Mr. Khalid A. Sherwani Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Zia Ijaz Mr. Farid Ahmed Khan	Chairman       CEO
<b>Audit Committee:</b>	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Zia Ijaz	Chairman Member Member
<b>Chief Executive Officer of The Management Company:</b>	Mr. Farid Ahmed Khan	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.	
<b>Bankers to the Fund:</b>	Allied Bank Limited Bank Al- Falah 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.	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Government Securities Fund (ABL-GSF), is pleased to present the un-audited Condensed Interim Financial Information of ABL-GSF for the period ended March 31, 2012.

### ECONOMIC PERFORMANCE REVIEW

3QFY12 was another challenging quarter for Pakistan's economy as surging international oil prices, start of IMF repayments, inability to realize non-tax revenue sources and heavy government expenditures dampened any hopes of quick recovery. Pakistan's foreign exchange reserves remained under pressure, dropping to USD 16.51bn at quarter end (USD 17.0bn at December 31, 2011) while government borrowing for budgetary support surged significantly to PKR 982bn for 9MFY12. The central bank abandoned its recent pro-growth strategy by keeping the policy rate unchanged at 12% throughout the quarter, after having limited success in stimulating private sector credit off-take and continuous deterioration in economic fundamentals.

In the overall scheme of things, Inflationary pressures have somewhat eased with CPI increasing by 10.79% for March 2012, taking cumulative inflation to 10.79% for 9MFY12. Respite in food prices has provided some relief to consumers who are reeling under the shock of oil prices trading above USD100/bbl. Current account situation has become increasingly worrisome with 9MFY12 deficit recorded at USD 2,952mn compared to a surplus in 9MFY11. Widening trade gap, owing to high oil prices and slump in cotton prices, has been the primary drag. However, record remittances of USD 9,736mn for 9MFY12 have somewhat mitigated the impact. On the fiscal front, tax collection has been commendable at PKR 1.27 trillion, +25% YoY for 9MFY12. But the budgetary balance remains firmly in red due to heavy subsidies on power sector, rising debt servicing levels and non-realization of foreign, budgetary support proceeds.

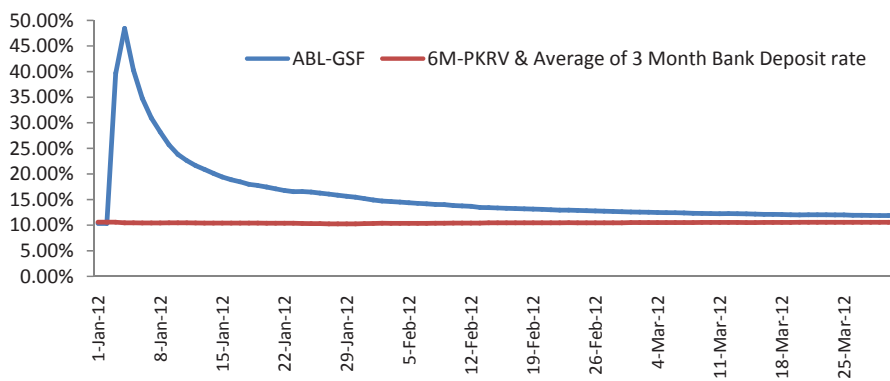
As the current situation plays out, policy makers appear to have limited capacity to jump start the economy with growth expected to remain well below 5% even next year. As the FY2012-13 budget beckons, focus is expected to be primarily on stabilizing key macroeconomic indicators rather than a pro-growth stance. Stabilization will also depend on how oil prices behave and whether the Government is able to resolve its differences with the US. Release of Coalition Support Fund and other promised US aid will be crucial, especially in the current global economic setting where Government is having difficulty in selling its assets and oil prices are showing little signs of easing off. In the upcoming budget, it will be a difficult task for the Ministry of Finance to implement major tax reforms as the 2013 elections loom. On the monetary front it is fairly clear now that further monetary easing is not on the cards and interest rates have bottomed out for the time being. Moreover, any further deterioration in economic fundamentals may force the monetary authorities to adopt a more hawkish stance in 2H 2012.



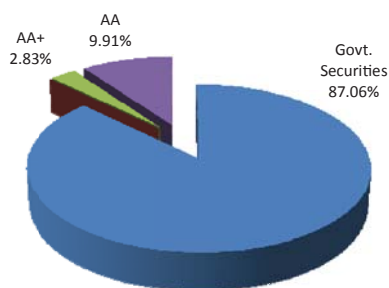
### FUND PERFORMANCE

During the period under review, ABL Government Securities Fund increased to PKR 19.6 billion in March 2012 from PKR 1.1 billion as at December 31, 2011. This substantial increase in fund size led ABL GSF to become the largest fixed income fund in its category. Despite the interest rate volatility during the period, ABL Government Securities Fund was able to post impressive returns and outperformed its peers in its category. During the quarter, the unit price of ABL-GSF Class B increased by 2.852% to closed at 10.3146 (cum dividend) resulting in an annualized compounded yield of 11.98% p.a. verses benchmark return of 10.45% - an outperformance of 153 bps.

ABL-GSF yielded optimal risk adjusted returns through active management by maintaining exposure in an mix of short term and long term government securities, term deposits and money market placements. As at March 2012, the assets of the fund comprised of Treasury bills (73.1%), GoP Ijarah Sukuk (13.9%) while cash holding and term deposits stood at 5.7% and 7.1% respectively.

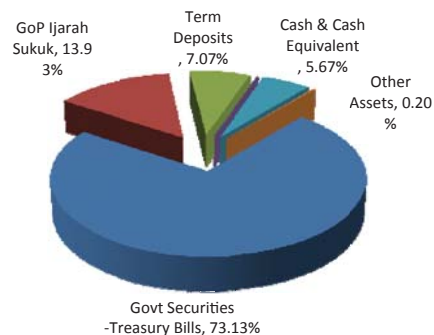


Credit Quality of Portfolio (% of Asset)



Others assets account for 0.20% of total Assets.

Asset Allocation (% of Total Assets)



## DIVIDEND

The Chief Executive Officer (CEO) on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on March 26, 2012 has approved and declared Interim dividend distribution of Re. 0.2372 per unit (2.37% of the par value of Rs. 10) for Class A units and Rs. 0.2846 per unit (2.85% of the par value of Rs. 10) for Class B units, for the quarter ended March 31, 2012.

## FUND STABILITY RATING

On January 9, 2012, JCR-VIS assigned Fund Stability Rating of 'A+ (f)' (Single A plus (f)) to ABL Government Securities Fund (ABL-GSF), which denotes moderate degree of stability.

## MANAGEMENT QUALITY RATING

On September 16, 2011, JCR-VIS Credit Rating Company Limited upgraded the Management Quality Rating of ABL Asset Management Limited (ABL AMC) from 'AM3+' (AM Three Plus) to 'AM Two Minus' (AM2-) which denotes 'High Management Quality'. Outlook on the assigned rating is 'Stable'.


## FUTURE OUTLOOK

Looking ahead, we anticipate monetary authorities to adopt a tight monetary stance as the current weak external account situation and heavy government borrowings are major impediments towards economic stabilization. Overall economic growth is expected to remain subdued while the exchange rate could remain under pressure due to dwindling FX reserves. We will maintain our conservative stance and stay at the lower end of the yield curve.

## 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 and the management of the Karachi Stock Exchange (Guarantee) Limited for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team for its commitment and hard work

For and on behalf of the Board

  
**FARID AHMED KHAN**  
Chief Executive Officer

Karachi, April 26, 2012



## ABL GOVERNMENT SECURITIES FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at March 31, 2012

	Note	Un Audited March 31, 2012 (Rupees in '000)
<b>ASSETS</b>		
Bank balances	4	2,007,064
Investments	5	33,298,770
Profit receivable	6	67,106
Prepayments		113
Preliminary expenses and floatation costs	7	4,425
<b>Total assets</b>		35,377,478
<b>LIABILITIES</b>		
Payable to ABL Asset Management Company Limited-Management Company	8	14,104
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	2,072
Payable to the Securities and Exchange Commission of Pakistan	10	5,137
Dividend payable		713,963
Payable against redemption of units		15,000,111
Accrued expenses and other liabilities	11	484
<b>Total liabilities</b>		15,735,871
<b>NET ASSETS</b>		19,641,607
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		19,641,607
<b>CONTINGENCIES AND COMMITMENTS</b>	12	
		(Number of units)
<b>NUMBER OF UNITS IN ISSUE</b>		1,957,674,656
		(Rupees)
<b>NET ASSET VALUE PER UNIT</b>	13	10.0331
<b>FACE VALUE PER UNIT</b>		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

  
KAMRAN NISHAT  
DIRECTOR

 **ABL Asset Management**  
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# ABL GOVERNMENT SECURITIES FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE PERIOD FROM NOVEMBER 30, 2011 TO MARCH 31, 2012

	Note	For the period from November 30, 2011 to March 31, 2012	For the quarter ended March 31, 2012
(Rupees in '000)			
<b>INCOME</b>			
Net capital Loss on sale of investments		(991)	(628)
Income from Treasury Bills		716,706	708,426
Income from Term Deposit Receipts		6,899	6,608
Income from Clean Placements		17,182	17,182
Income from unlisted debt securities- Ijara Sukuk		52,985	52,699
Profit on bank deposits		25,893	25,428
		818,674	809,715
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading'		(10,582)	(10,294)
		808,092	799,421
<b>EXPENSES</b>			
Remuneration of ABL Asset Management Company Limited - Management Company		22,075	21,106
Sindh Sales Tax on Management Company's Remuneration		3,532	3,377
Remuneration of Central Depository Company of Pakistan Limited - Trustee		5,381	5,265
Annual fee - Securities and Exchange Commission of Pakistan		5,137	5,079
Brokerage and other transaction costs		460	369
Settlement and Bank charges		111	93
Auditors' remuneration		201	149
Amortization of preliminary expenses and floatation costs		575	425
Printing charges		86	64
Listing fee		17	13
Annual rating fee		104	77
<b>Total operating expenses</b>		37,679	36,017
<b>Net income from operating activities</b>		770,413	763,404
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		46,699	46,119
Provision for Workers' Welfare Fund	11.1	(8)	-
<b>Net income for the period before taxation</b>		817,104	809,523
<b>Taxation</b>		-	-
<b>Net income for the period after taxation</b>		817,104	809,523
Other Comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		817,104	809,523
<b>Earnings per unit</b>	14		

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## ABL GOVERNMENT SECURITIES FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE PERIOD FROM NOVEMBER 30, 2011 TO MARCH 31, 2012

	For the period from November 30, 2011 to March 31, 2012	For the quarter ended March 31, 2012
	(Rupees in '000)	
Opening undistributed income - realised	-	3,505
- unrealised	-	(288)
	<u>-</u>	<u>3,217</u>
Net income for the period	817,104	809,523
Interim distribution: - Re 0.0503 per unit on December 26, 2011		
Cash distribution	(3,772)	-
Issue of bonus units	(592)	-
Interim distribution: Class -A Re 0.2372 per unit on March 26, 2012 Class -B Re 0.2846 per unit on March 26, 2012		
Cash distribution	(713,963)	(713,963)
Issue of bonus units	(33,916)	(33,916)
Undistributed income carried forward	<u>64,861</u>	<u>64,861</u>
<b>Undistributed income comprising:</b>		
Realised income	75,443	75,155
Unrealised loss	<u>(10,582)</u>	<u>(10,294)</u>
	<u>64,861</u>	<u>64,861</u>

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## ABL GOVERNMENT SECURITIES FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE PERIOD FROM NOVEMBER 30, 2011 TO MARCH 31, 2012

**For the period from  
November 30, 2011 to  
March 31, 2012**

**For the quarter  
ended March 31,  
2012**

(Rupees in '000)

Net Assets at the beginning of the period	-	1,128,118
Issue of 4,173,770,222 units	35,360,623	34,230,842
Redemption of 2,219,546,330 units	(15,771,686)	(15,766,794)
	19,588,937	18,464,048
Issue of 3,450,764 bonus units	34,508	33,916
Net element of (income) and capital (gains) included in prices of units issued less those in units redeemed		
- amount representing income and capital gains transferred to Income Statement	(46,699)	(46,119)
Other net income for the period	828,677	820,445
Net Capital Loss on sale of investments	(991)	(628)
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	(10,582)	(10,294)
<b>Total comprehensive income for the period</b>	<b>817,104</b>	<b>809,523</b>
Interim distribution:		
- Re 0.0503 per unit on December 26, 2011		
Cash distribution	(3,772)	-
Issue of bonus units	(592)	-
Interim distribution:		
Class -A Re 0.2372 per unit on March 26, 2012		
Class -B Re 0.2846 per unit on March 26, 2012		
Cash distribution	(713,963)	(713,963)
Issue of bonus units	(33,916)	(33,916)
	(752,243)	(747,879)
<b>Net assets as at the end of the period</b>	<b>19,641,607</b>	<b>19,641,607</b>

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

For ABL Asset Management Company Limited  
(Management Company)

  
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## ABL GOVERNMENT SECURITIES FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD FROM NOVEMBER 30, 2011 TO MARCH 31, 2012

Note	For the period from November 30, 2011 to March 31, 2012	For the quarter ended March 31, 2012
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	817,104	809,523
<b>Adjustment for non-cash charges and other items;</b>		
Amortisation of preliminary expenses and floatation costs	575	425
Net unrealised diminution on re-measurement of investments classified as "financial assets at fair value through profit or loss"	10,582	10,294
Net capital Loss on sale of investments	991	628
Net element of income and capital gains included in prices of units issued less those in units redeemed	(46,699)	(46,119)
	<u>782,553</u>	<u>774,751</u>
<b>(Increase) in assets</b>		
Profit receivable	(67,106)	(66,093)
Investments	(30,810,343)	(29,872,715)
Prepayments	(113)	(113)
	<u>(30,877,562)</u>	<u>(29,938,921)</u>
<b>Increase in liabilities</b>		
Payable to ABL Asset Management Company Limited -Management Company	9,104	7,965
Payable to Central Depository Company of Pakistan Limited - Trustee	2,072	1,956
Payable to Securities and Exchange Commission of Pakistan	5,137	5,079
Accrued expenses and other liabilities	484	325
	<u>16,797</u>	<u>15,325</u>
<b>Net cash used in operating activities</b>	<u>(30,078,212)</u>	<u>(29,148,845)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(3,772)	(3,772)
Receipt from issue of units	35,360,623	34,230,842
Payment against redemption of units	(771,575)	(766,698)
<b>Net cash generated from financing activities</b>	<u>34,585,276</u>	<u>33,460,372</u>
<b>Net increase in cash and cash equivalents</b>	<u>4,507,064</u>	<u>4,311,527</u>
Cash and cash equivalents at the beginning of the period	-	195,537
<b>Cash and cash equivalents at the end of the period</b>	4.1 <u><u>4,507,064</u></u>	<u><u>4,507,064</u></u>

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

For ABL Asset Management Company Limited  
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# ABL GOVERNMENT SECURITIES FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE PERIOD FROM NOVEMBER 30, 2011 TO MARCH 31, 2012

## 1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Government Securities Fund (the Fund) was established under a Trust Deed executed on November 01, 2011 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 Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. NBFC-II/ABLAMC/439/2011 dated October 31, 2011 and it was executed on November 1, 2011 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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 and 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 on November 29, 2011 and, thereafter, these units are offered to the public for subscription on a continuous basis.

The Fund has been categorised as an open-end Income Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CISs).

The objective of the Fund is to deliver optimal risk adjusted returns by investing mainly in a mix of short to long term government securities and other debt instruments.

The JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of AM2- to the Management Company and fund stability rating of A+(f) to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', the requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 IAS 34, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail.

This condensed interim financial information comprises of the condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in units holders' fund and condensed interim cash flow



statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'.

This condensed interim financial information is un-audited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declares that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

## **2.2 New and amended standards and interpretations, that are not yet effective and have not been early adopted**

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 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 this condensed interim financial information.

## **2.3 Critical accounting estimates and judgments**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) classification and valuation of investments (note 3.2 and 5)
- ii) amortisation of preliminary expenses and floatation cost (notes 3.5 and 7)

## **2.4 Accounting convention**

This condensed interim financial information has been prepared under the historical cost convention except for certain investments which are carried at fair value.

## **2.5 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the Fund's functional and presentation currency.

## **2.6 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.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of this condensed interim financial information are set out below:

### **3.1 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.

## 3.2 Financial assets

### 3.2.1 Classification

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

Investments are categorised as follows:

#### a) Loans and receivables

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

#### b) Financial assets at fair value through profit or loss

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

#### c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are investments which are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### 3.2.4 Subsequent measurement

Subsequent to initial recognition, government securities designated by the management as 'financial asset at fair value through profit or loss' and 'available for sale' are valued on the basis of rates announced by the Financial Market Association of Pakistan.

Net gains and losses arising on changes in the fair value of financial assets carried at 'fair value through profit or loss' are taken to Income Statement.

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



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

### 3.2.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is reclassified from 'Unit Holders' Fund' to the 'Income Statement'.

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

### 3.2.6 Derecognition

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

### 3.2.7 Offsetting of financial assets and liabilities

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

### 3.3 Derivatives

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

### 3.4 Financial liabilities

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

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

### 3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

### 3.6 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.7 Taxation

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

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, 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.

### 3.8 Proposed distributions

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

### 3.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company after realization of subscription money. The offer price represents net asset value per unit as of the close of the business day when the instrument is realized in the trust bank account as per the constitutive document. Currently, the Fund is not charging any sales load, transactions costs or any provision for duties and charges.

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

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

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

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

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





However, there is no element of income / (loss) and capital gain / (loss) relating to units issued and redeemed during the current accounting period which pertains to unrealized gains / (losses) held in the unit Holder's Fund as the Fund has not recognised any investment as 'available for sale' during the period ended December 31, 2011.

### 3.11 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement 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 and term deposit receipts is recognised on an accrual basis
- Income from government securities is recognised on an accrual basis.

		(Un-Audited)
		March
		31, 2012
		(Rupees in '000)
4	BANK BALANCES	Note
	Saving accounts	4.2
		2,007,064
		<u>2,007,064</u>
4.1	CASH AND CASH EQUIVALENTS	(Rupees in '000)
	Balances with banks	2,007,064
	Term deposit receipts	<u>2,500,000</u>
		<u>4,507,064</u>

4.2 These saving accounts carrying mark-up at rates ranging from 5.00% to 12.20% per annum . Deposits in savings accounts include Rs. 624,416 maintained with Allied Bank Limited, a related party.

		(Un-Audited)
		March
		31, 2012
		(Rupees in '000)
5	INVESTMENTS	Note
	Financial assets at fair value through profit or loss - held for trading	5.1
	Loans and Receivables	5.2
		30,798,770
		<u>2,500,000</u>
		<u>33,298,770</u>

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

## a) Government Treasury Bills:

Issue date	Tenor	Face Value			Balance as at March 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at Nov 30, 2011	Purchased during the period	Disposed / matured during the period	As at March 31, 2012	Cost	Market value		
-----Rupees in '000-----									
January 27, 2011	12 Months	-	300,000	300,000	-	-	-	-	-
February 10, 2011	12 Months	-	655,000	655,000	-	-	-	-	-
March 24, 2011	12 Months	-	1,850,000	1,850,000	-	-	-	-	-
May 5, 2011	12 Months	-	175,000	-	175,000	173,264	173,207	(57)	0.01
May 19, 2011	12 Months	-	124,000	113,000	11,000	10,844	10,839	(5)	0.00
June 2, 2011	12 Months	-	250,000	225,000	25,000	24,538	24,524	(14)	0.00
June 16, 2011	12 Months	-	750,000	250,000	500,000	488,346	488,299	(47)	0.02
July 14, 2011	6 Months	-	200,000	200,000	-	-	-	-	-
July 28, 2011	6 Months	-	2,170,000	2,170,000	-	-	-	-	-
July 28, 2011	12 Months	-	500,000	-	500,000	482,403	481,839	(565)	0.02
August 11, 2011	6 Months	-	1,902,000	1,902,000	-	-	-	-	-
August 25, 2011	6 Months	-	150,000	150,000	-	-	-	-	-
August 25, 2011	12 Months	-	922,000	626,000	296,000	282,916	282,737	(179)	0.01
September 8, 2011	6 Months	-	85,000	85,000	-	-	-	-	-
September 22, 2011	6 Months	-	400,000	400,000	-	-	-	-	-
September 22, 2011	12 Months	-	1,120,000	650,000	470,000	445,366	445,043	(322)	0.02
October 6, 2011	6 Months	-	538,000	189,700	348,300	347,858	347,845	(13)	0.02
October 20, 2011	3 Months	-	4,116,000	2,691,000	1,425,000	1,416,835	1,416,721	(115)	0.07
November 3, 2011	6 Months	-	2,897,000	1,379,000	1,518,000	1,502,713	1,502,444	(269)	0.08
November 3, 2011	3 Months	-	300,000	300,000	-	-	-	-	-
November 17, 2011	3 Months	-	3,971,000	3,971,000	-	-	-	-	-
November 17, 2011	6 Months	-	5,142,900	2,060,500	3,082,400	3,038,350	3,037,157	(1,193)	0.15
November 17, 2011	12 Months	-	100,000	100,000	-	-	-	-	-
December 1, 2011	3 Months	-	602,000	602,000	-	-	-	-	-
December 1, 2011	6 Months	-	580,000	477,500	102,500	100,598	100,546	(51)	0.01
December 1, 2011	12 Months	-	250,000	133,300	116,700	108,546	108,146	(400)	0.01
December 29, 2011	3 Months	-	600	600	-	-	-	-	-
January 12, 2012	3 Months	-	2,159,000	1,847,700	311,300	310,909	310,893	(15)	0.02
January 26, 2012	3 Months	-	3,387,000	1,000,000	2,387,000	2,373,705	2,373,132	(573)	0.12
January 26, 2012	6 Months	-	187,000	187,000	-	-	-	-	-
January 26, 2012	12 Months	-	187,000	187,000	-	-	-	-	-
February 9, 2012	3 Months	-	8,522,000	3,078,000	5,444,000	5,389,475	5,388,210	(1,265)	0.27
February 9, 2012	6 Months	-	6,600,000	1,200,000	5,400,000	5,185,672	5,180,787	(4,885)	0.26
February 23, 2012	3 Months	-	187,000	117,100	69,900	68,893	68,874	(19)	0.00
March 8, 2012	3 Months	-	4,775,000	865,000	3,910,000	3,836,077	3,835,475	(602)	0.20
March 8, 2012	6 Months	-	250,000	250,000	-	-	-	-	-
March 22, 2012	3 Months	-	300,000	-	300,000	292,970	292,979	9	0.01
<b>Total - March 31, 2012</b>		-	<b>56,604,500</b>	<b>30,212,400</b>	<b>26,392,100</b>	<b>25,880,277</b>	<b>25,869,695</b>	<b>(10,582)</b>	

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

## b) Government Ijara Sukuk:

Issue date	Tenor	Face Value			Balance as at March 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at Nov 30, 2011	Purchased during the Period	Disposed / matured during the Period	As at March 31, 2012	Cost	Market value		
-----Rupees in '000-----									
December 26, 2011	3 Year	-	704,075	275,000	429,075	429,075	429,075	-	0.02
March 2, 2012	3 Year	-	4,500,000	-	4,500,000	4,500,000	4,500,000	-	0.23
<b>Total - March 31, 2012</b>		-	<b>5,204,075</b>	<b>275,000</b>	<b>4,929,075</b>	<b>4,929,075</b>	<b>4,929,075</b>	-	



		(Un-Audited) March 31, 2012
5.2	<b>Loans and receivables</b>	<b>(Rupees in '000)</b>
	Term Deposit Receipts	2,500,000
		<u>2,500,000</u>

5.2.1 Term Deposit Receipts carry mark-up at rates ranging from 12.00% to 12.65% per annum. Term Deposit Receipts includes Rs 500,000,000 maintained with Allied Bank Limited, a related party.

		(Un-Audited) March 31, 2012
6	<b>PROFIT RECEIVABLE</b>	<b>(Rupees in '000)</b>
	Interest accrued on Term Deposit Receipts	3,517
	Interest accrued on GOP Ijara Sukkuk	57,128
	Markup accrued on bank deposits	6,460
		<u>67,106</u>

7 **PRELIMINARY EXPENSES AND FLOATATION COSTS**

	Preliminary expenses and floatation costs incurred	5,000
	Less: amortised during the period	(575)
	Closing Balance	<u>4,425</u>

7.1 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.

		(Un-Audited) March 31, 2012
8	<b>PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY</b>	<b>(Rupees in '000)</b>
	Management fee	7,835
	Preliminary expenses and floatation costs	5,000
	Sale tax payable	1,254
	Payable to AMC	15
		<u>14,104</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 0.25 percent and 1.25 percent of the average annual net assets of the Class A and Class B respectively. The amount of remuneration is being paid monthly in arrears.

	Note	(Un-Audited) March 31, 2012
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		(Rupees in '000)
Trustee fee	9.1	<u>2,072</u>
		<u>2,072</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 0.15% p.a of Net Asset Value whichever is higher.
Exceeding Rs. 1,000 million	Rs. 1.5 million plus 0.75% 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.

	Note	(Un-Audited) March 31, 2012
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		(Rupees in '000)
Auditors' remuneration		201
Brokerage		187
Listing Fee		17
Printing charges		63
Withholding tax payable		8
Payable to Workers' Welfare Fund	11.1	<u>8</u>
		<u>484</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 Honourable High Court of Sindh ("the Court"/"SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

During the current period, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. Pending the decision of the said constitutional petition, the Management Company created a provision of Rs 8,342 for the period ended November 30, 2011. However, the provision of WWF was discontinued with effect from December 1, 2011. The amount remaining unprovided as at March 31, 2012 was Rs 16.342 million.

### 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2012.

### 13 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.

	(Un-Audited) March 31, 2012	
	(Number of units)	(Rupees in '000)
Class -A	1,883,346,675	18,896,095
Class -B	74,327,981	745,512
<b>Total</b>	<u>1,957,674,656</u>	<u>19,641,607</u>

### 14 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.

### 15 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, 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.

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

Details of significant transactions carried out by the Fund with connected persons and balances with them, as at period end are as follows:

	(Un-Audited) For the period from November 30, 2011 to March 31, 2012	(Un-Audited) For the quarter ended March 31, 2012
	_____ '(Rupees in '000) _____	
<b>ABL Asset Management Company Limited - Management Company</b>		
Issue of 27,468,382 units	275,000	-
Bonus of 833,482 units	8,335	7,832
Remuneration for the period	22,075	21,106
Preliminary Expense and Floation cost Incurred by the Management Company	5,000	-
Initial deposit in bank account made on behalf of the fund	15	-
<b>Allied Bank Limited</b>		
Issue of 3,379,232,988 units	33,885,416	33,385,416
Redemption of 1,495,886,312 units	15,000,000	15,000,000
Cash dividend	709,364	706,849
Mark up accrued on bank deposits	7,751	7,661
Term Deposits Receipt	500,000	500,000
Mark up on Term Deposits Receipt	336	336
Bank charges	57	44
<b>DIRECTORS OF THE MANAGEMENT COMPANY</b>		
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Chief Executive Officer</b>		
Issue of: 29,984 units	300	-
Bonus of 1,009 units	10	8
<b>Executives</b>		
Issue of: 999 units	10	10
Bonus of 34 units	1	1
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration for the period	5,381	5,265



(Un-Audited)  
March 31,  
2012  
(Rupees in '000)

15.2 **Amounts outstanding as at period end**

**ABL Asset Management Company Limited - Management Company**

Outstanding 28,301,864 units	283,868
Preliminary expenses and floatation costs payable	5,000
Remuneration payable to management company	7,835
Payable to Management Company against Initial deposit in bank account	15

**Allied Bank Limited**

Outstanding 1,883,346,676 units	18,885,259
Cash dividend payable	706,849
Bank balances	624
Mark up accrued	31
Term Deposits Receipt	500,000
Mark up on Term Deposits Receipt	336

**KEY MANAGEMENT PERSONNEL**

**Chief Executive Officer**

Outstanding 30,993 units	311
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**Executives**

Outstanding 1,033 units	10
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**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	2,072
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16 **GENERAL**

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

17 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 26, 2012 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited  
(Management Company)

  
FARID AHMED KHAN  
CEO

  
KAMRAN NISHAT  
DIRECTOR

 **ABL Asset Management**  
Discover the potential



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