



ABLICF

ABL Islamic 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. 1-C 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 UBL Ameen	
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 Islamic Cash Fund (ABL-ICF), is pleased to present the un-audited Condensed Interim Financial Statements of ABL-ICF 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

After a depressing first six months of 2010, mutual fund industry showed some rebound in the second half as liquidity improved and foreign portfolio investments continued to pour in. Primary growth was witnessed in money market funds whose investment universe is based on low risk, short term sovereign debt instruments. Investors remained wary of taking exposure on income funds due to associated pricing risks on corporate bonds and were seen switching towards money market 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. Although Islamic funds constitute a small portion of the industry, they represent one of the fastest growing segments. The Islamic money market fund category grew by 28.66% from PKR5.224 billion in June 2010 to PKR6.722 billion in December 2010.

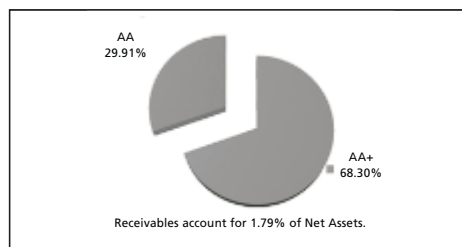
FUND PERFORMANCE

During the period under review, ABL Islamic Cash Fund's AUMs increased by 4.2% to PKR418 million from PKR401 million since its inception on July 30, 2010. The fund remained primarily invested in Term Deposits and daily product accounts with good rated banks due to economic uncertainties as well as dearth of attractive investment avenues for Islamic funds. During the period from July 30, 2010 to December 31, 2010, unit price of ABL-ICF increased by 3.83% to close at 10.3827 (cum dividend) translating into an annualized return of 9.40%. During the period under review, ABL-ICF outperformed its benchmark by 243 bps due to active management. Besides, term placements at very competitive rates were negotiated in daily product accounts which boosted returns.

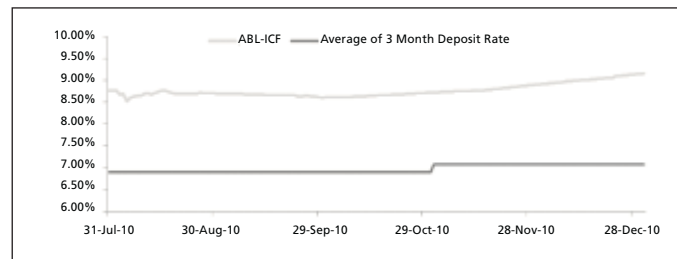
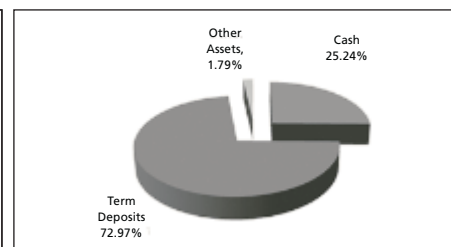
As on December 31, 2010, ABL-ICF was 73% invested in Term Deposits and the rest in high yielding cash deposits with Islamic banks. This allocation bodes well for ABL-ICF as it offers consistent returns while maintaining adequate level of liquidity. Furthermore, the fund maintains a comfortable duration which is ideal in the current economic environment. Any increase in interest rates going ahead will benefit fund returns.

ABL Islamic Cash Fund earned total income of Rs.18.00 million for the period ended December 31, 2010 mainly out of which Rs.12.69 million was earned from bank balances and Rs.5.31 million was earned from term deposits receipts. After accounting for expenses of Rs.2.77 million (comprising mainly of the management fee of Rs.1.63 million) net income from operating activities for the period ended December 31, 2010 stood at Rs.15.23 million. With the element of income of Rs.0.62 million included in the prices of units issued less those in units redeemed, whereas the provision for workers welfare fund was Rs.0.31 million, the net income for the period ended December 31, 2010 stood at Rs.15.54 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.

It is probable that government borrowing through Sukuks may introduce some new instruments in Islamic debt market which will benefit Islamic money market funds going ahead. In the mean time, ABL Islamic Cash Fund will continue with the strategy of investing in AA and above rated Islamic entities whilst maintaining a liquid profile in order to benefit from any increase in profit rates.

DIVIDEND

The Chief Executive Officer on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), has approved and declared Interim distribution of Rs.0.2326 per unit (2.326% of

the par value of Rs.10) for ABL-ICF for the quarter ended December 31, 2010. This is in addition of Rs.0.1418 per unit (1.42% of the par value of Rs.10) for ABL-ICF for the period ending September 30, 2010.

FUND STABILITY RATING

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

MANAGEMENT QUALITY RATING

On December 31, 2010, JCR-VIS upgraded the Management Quality Rating of ABL Asset Management Company Limited (ABL AMCL) at 'AM3+' (AM-Three Plus), which denotes 'very 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, February 18, 2011

For and on behalf of the Board


FARID AHMED KHAN
CEO

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office**

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

The ABL Islamic Cash Fund (the Fund), an open-end fund was established under a trust deed dated June 23, 2010, 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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A member firm of

PRICEWATERHOUSECOOPERS 

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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 Islamic Cash Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-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) 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 statement of movement in unit holders' fund and condensed interim cash flow statement 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 the 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 13, 2011
Karachi

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ABL Islamic Cash Fund

ABL Asset Management
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ABL ISLAMIC CASH FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2010

ASSETS	Note	(Unaudited) December 31, 2010 <u>Rupees</u>
Balances with banks	4	109,840,179
Investments	5	305,000,000
Prepaid and other receivables	6	103,605
Profit receivable	7	6,767,903
Preliminary expenses and floatation costs	8	2,927,334
Total assets		424,639,021
LIABILITIES		
Payable to ABL Asset Management Company Limited - Management Company	9	3,572,563
Payable to Central Depository Company of Pakistan Limited - Trustee	10	69,760
Payable to Securities and Exchange Commission of Pakistan	11	124,126
Payable against redemption of units		5,193
Dividend payable		2,326,348
Accrued expenses and other liabilities	12	556,970
Total liabilities		6,654,960
NET ASSETS		417,984,061
Unit holders' fund (as per statement attached)		417,984,061
Contingencies and commitments	13	
		Number of units
Number of units in issue		41,763,858
		Rupees
Net asset value per unit		10.0083
Face value per unit		10.0000

The annexed notes 1 to 18 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 ISLAMIC CASH FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

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

INCOME	Note	For the period	For the quarter
		from July 29, 2010 to December 31, 2010	ended December 31, 2010
		Rupees	
Profit on bank deposits and term deposit receipts		17,997,147	11,450,412
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company		1,633,054	1,026,658
Remuneration of Central Depository Company of Pakistan Limited - Trustee		331,169	205,328
Annual fee - Securities and Exchange Commission of Pakistan		124,126	76,999
Auditors' remuneration		172,348	102,948
Amortisation of preliminary expenses and floatation costs		296,428	177,100
Other expenses		208,960	129,466
Total Expenses		2,766,085	1,718,499
Net Income from operating activities		15,231,062	9,731,913
Element of income and capital gains included in prices of units issued less those in units redeemed		618,904	170,631
Provision for Workers' Welfare Fund	12.1	(311,071)	(194,385)
Net Income for the period before taxation		15,538,895	9,708,159
Taxation	3.8	-	-
Net Income for the period after taxation		15,538,895	9,708,159
Other comprehensive income for the period		-	-
Total comprehensive income for the period		15,538,895	9,708,159
Earnings per Unit	14		

The annexed notes 1 to 18 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 ISLAMIC 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	
Undistributed income brought forward comprising:		
Realised income	-	173,695
Unrealised income	-	-
	<u> </u>	<u> </u>
		173,695
Interim distribution		
- Re. 0.1418 per unit on September 30, 2010		
- Issue of 419,069 bonus units	(4,190,687)	-
- Cash distribution	(1,466,354)	-
Interim distribution		
- Re. 0.2326 per unit on December 30, 2010		
- Issue of 721,001 bonus units	(7,210,019)	(7,210,019)
- Cash distribution	(2,326,348)	(2,326,348)
Net income for the period after taxation	15,538,895	9,708,159
Undistributed income carried forward	<u> 345,487 </u>	<u> 345,487 </u>
Undistributed income comprising:		
Realised income	345,487	345,487
Unrealised income	-	-
	<u> 345,487 </u>	<u> 345,487 </u>

The annexed notes 1 to 18 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 ISLAMIC 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	
Net assets at the beginning of the period	-	403,309,451
Issue of 50,737,299 units and 2,787,198 units for the period from July 29, 2010 to December 31, 2010	508,547,833	28,251,000
Redemption of 10,113,511 units and 2,057,917 units for the period from July 29, 2010 to December 31, 2010	(101,691,061)	(20,787,570)
	406,856,772	7,463,430
Issue of 1,140,070 bonus units and 721,001 units	11,400,706	7,210,019
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to income statement	(618,904)	(170,631)
Net income for the period after taxation	15,538,895	9,708,159
Interim distribution		
- Re. 0.1418 per unit on September 30, 2010		
- Issue of 419,069 bonus units	(4,190,687)	-
- Cash distribution	(1,466,354)	-
Interim distribution		
- Re. 0.2326 per unit on December 30, 2010		
- Issue of 721,001 bonus units	(7,210,019)	(7,210,019)
- Cash distribution	(2,326,348)	(2,326,348)
Net assets at the end of the period	<u>417,984,061</u>	<u>417,984,061</u>

The annexed notes 1 to 18 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 ISLAMIC 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

	Note	For the period	For the quarter
		from July 29, 2010 to December 31, 2010	ended December 31, 2010
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		15,538,895	9,708,159
Adjustments			
Element of income and capital gains included in prices of units sold less those in units redeemed		(618,904)	(170,631)
Amortisation of preliminary expenses and floatation costs		296,428	177,100
		<u>15,216,419</u>	<u>9,714,628</u>
(Increase) / decrease in assets			
Prepaid and other receivables		(103,605)	51,228
Profit receivable		(6,767,903)	(3,446,381)
		<u>(6,871,508)</u>	<u>(3,395,153)</u>
Increase / (decrease) in liabilities			
Remuneration payable to ABL Asset Management Company Limited - Management Company		348,801	48,947
Payable to Central Depository Company of Pakistan Limited - Trustee		69,760	9,756
Payable to Securities and Exchange Commission of Pakistan		124,126	77,000
Accrued expenses and other liabilities		556,970	(666,492)
		<u>1,099,657</u>	<u>(530,789)</u>
Net cash generated from operating activities		<u>9,444,568</u>	<u>5,788,686</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,466,354)	(1,466,354)
Receipts from issue of units		508,547,833	28,251,213
Payments on redemption of units		(101,685,868)	(20,782,590)
Net cash generated from financing activities		<u>405,395,611</u>	<u>6,002,269</u>
Net increase in cash and cash equivalents during the period		<u>414,840,179</u>	<u>11,790,955</u>
Cash and cash equivalents at the beginning of the period		-	403,049,224
Cash and cash equivalents at the end of the period	15	<u>414,840,179</u>	<u>414,840,179</u>

The annexed notes 1 to 18 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 ISLAMIC 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 Islamic Cash Fund (the Fund) was established under a trust deed executed between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 11, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on June 23, 2010.

The Fund is an open ended fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units were initially offered for public subscription at par i.e. Rs.10 from July 29, 2010 to July 30, 2010.

The objective of the Fund is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments providing Halal income like Shariah compliant short term Government Securities, cash and near cash instruments.

JCR-VIS Credit Rating Company has assigned asset manager rating of 'AM3+' (positive outlook) to the Management Company and a stability rating of 'AA(f)' to the Fund.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the 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 the International Accounting Standard 34, Interim Financial Reporting.

These condensed interim financial statements comprise of statement of assets and liabilities, income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement, together with the notes forming part thereof.

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

2.2 Standards, amendments to published approved accounting standards and interpretations effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

2.3 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective

The following amendment to existing standard has been published and is mandatory for accounting periods beginning on or after July 1, 2011 or later periods:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. 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.

2.4 Critical accounting estimates and judgments

The preparation of condensed interim financial statements 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 costs (note 3.4 and 8)

2.5 Accounting Convention

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

2.6 Functional and Presentation Currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, available for sale 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

These are financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

b) **Available for sale**

These are non-derivative financial assets that 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.

c) **Loans and receivables**

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

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 expensed in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'financial assets at fair value through profit or loss' are valued on the basis of rates announced by the Financial Market Association of Pakistan.

3.2.5 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.

3.2.6 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 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

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

3.4 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.

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company on the Fund realisation date.

The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any sales load (front-end load)

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests 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, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

An equalisation 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 per unit income 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 unrealised gains / (losses) that form part of the Unit Holders' Fund 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.

3.7 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.

3.8 Taxation

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions, if any, and is made in accordance with the provisions of 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 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 condensed interim 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.

3.9 Proposed distributions

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

3.10 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.
- Income from Term deposit receipts is recognised on an accrual basis.
- Unrealised gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

3.11 Net Asset Value per unit

The Net Asset Value per unit as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

		(Unaudited) December 31, 2010
		Rupees
4	BALANCES WITH BANKS	Note
	Saving accounts	4.1 108,879,551
	Current account	4.2 960,628
		109,840,179
4.1	These saving accounts carry profit at rates ranging from 5.00% to 11.25% per annum.	
4.2	Deposits in current accounts include Rs. 960,628 maintained with Allied Bank Limited, a related party.	
5	INVESTMENTS	
	Loans and receivables	
	Term deposit receipts	5.1 305,000,000
		305,000,000
5.1	These Term deposit receipts carry profit at rates ranging from 11.50% to 12.95% per annum.	
6	PREPAID AND OTHER RECEIVABLES	
	Prepaid listing fee	16,166
	Prepaid rating fee	86,412
	Others	1,027
		103,605
7	PROFIT RECEIVABLE	
	Profit accrued on saving accounts	1,460,108
	Profit accrued on term deposit receipts	5,307,795
		6,767,903
8	PRELIMINARY EXPENSES AND FLOATATION COSTS	
	Preliminary expenses and floatation costs incurred	8.1 3,223,762
	Less: Amortisation during the period	(296,428)
	Balance as at December 31, 2010	2,927,334
8.1	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.	
9	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY	
	Remuneration of Management Company	9.1 348,801
	Preliminary expenses and floatation costs	3,223,762
		3,572,563

- 9.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent per annum of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current period, the Management Company has charged its remuneration at the rate of one percent per annum from August 2, 2010 to December 31, 2010.

		(Unaudited) December 31, 2010
		<u>Rupees</u>
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note
	Trustee fee	10.1
		69,760
		<u>69,760</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 percent per annum of Net Asset Value whichever is higher.
Exceeding Rs. 1,000 million	Rs. 2 million plus 0.10 percent 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 NBFC Regulations, the Fund is required to pay as an annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		172,348
Payable against printing and stationery		72,419
Workers' Welfare Fund	12.1	311,071
Withholding tax		1,132
		<u>556,970</u>

- 12.1 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.

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 a provision for WWF amounting to Rs. 311,071 in these condensed interim financial statements.

13 CONTINGENCIES AND COMMITMENTS

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

14 EARNINGS PER UNIT

Earnings per unit (EPU) for the period from July 29, 2010 to 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.

	(Unaudited) December 31, 2010
	Rupees
15 CASH AND CASH EQUIVALENTS	
Balances with banks	109,840,179
Term deposits receipts	305,000,000
	<u>414,840,179</u>

16 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited being the holding company of the Management Company, ABL- Employees Superannuation (Pension) Fund being an entity under common management, Central Depository Company being the trustee of the Fund and directors and officers of the Management Company.

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

16.1 Details of transactions with connected persons are as follows;

	(Unaudited)	
	For the period from July 29, 2010 to December 31, 2010	For the quarter ended December 31, 2010
	Rupees	
ABL Asset Management Company Limited - Management Company		
Issue of 20,000,000 units	200,000,000	-
Issue of 715,073 bonus units	7,150,734	4,371,132
Redemption of 1,485,476 units	15,000,000	11,000,000
Remuneration of the Management Company	1,633,054	1,026,658
Preliminary expenses incurred by the Management Company	3,223,762	-

Allied Bank Limited		
Bank charges	5,614	3,635
ABL - Employees Superannuation (Pension) Fund		
Issue of 10,000,000 units (Investment in seed capital of the fund)	100,000,000	-
Cash dividend	3,744,000	2,326,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	331,169	205,328
Key Management personnel - Executives		
Issue of 319,748 units	3,204,469	400,000
Redemption of 136,295 units	1,377,326	991,785
Bonus of 6,840 units	68,404	34,170

(Unaudited)

For the period
from July 29,
2010 to
December 31,
2010

Rupees

16.2 Amounts outstanding at the period end;

ABL Asset Management Company Limited - Management Company		
Remuneration of the Management Company		348,801
Preliminary expenses and floatation costs		3,223,762
Units held: 19,229,597 units		192,455,578
Allied Bank Limited		
Bank balance		960,628
ABL Employees Superannuation (Pension) Fund		
Units held: 10,000,000 units		100,083,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable		69,760
Key Management personnel		
Executives		
Units held: 190,293 units		1,904,512

17 GENERAL

Figures have been rounded off to the nearest rupee.

18 DATE OF AUTHORISATION FOR 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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