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CONDENSED INTERIM
**FINANCIAL
STATEMENTS**
FOR THE PERIOD FROM JUNE 28, 2009 TO DECEMBER 31, 2009



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FUND INFORMATION

Management Company:	ABL Asset Management Company Limited 11 – B, Lalazar, M. T. Khan Road, Karachi.	
Board of Directors of the Management Company:	Sheikh Mukhtar Ahmed Mr. Mohammad Aftab Manzoor Mr. M. Jawaid Iqbal Mr. Muhammad Yaseen Mr. M. Shakeb Murad Mr. Samad Dawood Mr. Anis ur Rahman Mr. Kamran Nishat	Chairman Director Director Director Director Director (Resigned w.e.f. October 20, 2009) Director (Resigned w.e.f. November 10, 2009) Director (Appointed w.e.f. October 20, 2009)
Audit Committee:	Mr. Mohammad Aftab Manzoor Mr. Muhammad Yaseen Mr. Samad Dawood	Chairman Member Member (Resigned w.e.f. October 20, 2009)
Chief Executive Officer:	Mr. Anis ur Rahman	(Resigned w.e.f. November 10, 2009)
Chief Operating Officer & Company Secretary:	Mr. Sulaiman S. Mehdi	
Chief Financial Officer:	Mr. Saqib Matin	
Head of Internal Audit:	Mr. Faisal Nadeem Mangroria	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block-B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi.	
Bankers to the Fund:	Allied Bank Limited Bank Alfalah Limited United Bank Limited	
Distributors:	Allied Bank Limited Flow (Pvt.) Limited IGI Investment Bank (FundSelect) BMA Financial Services Limited	
Auditors:	A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 – C1 – 10, Beaumont Road, Civil Lines, Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 – B, Lalazar, M. T. Khan Road, Karachi.	
Rating:	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 Stock Fund (ABL-SF) is pleased to present the un-audited Condensed Interim Financial Statements of ABL-SF for the period from June 28, 2009 to December 31, 2009.

ECONOMIC REVIEW

1HFY-10 depicted an improvement in the prospects of returning to macroeconomic stability as key indicators continued their positive trends. As a result IMF disbursed USD2.4 billion into the economy under the USD11.3 billion Stand-By Arrangement after conducting its two reviews during the period. To date IMF has disbursed USD6.5 billion under the said Arrangement. Additionally, inflows in the form of worker's remittances of USD 4.531 billion facilitated an increase in foreign currency reserves by 20.97% from USD12.425 billion in July to USD15.031 billion towards the end of 1HFY-10. Current Account Deficit has come down by 78% YoY to USD1.8 billion in 1HFY10 as well.

Improved fiscal and monetary policy management along with achievement of major targets set by the IMF enabled SBP to cut Discount Rate by 150 bps on cumulative basis during the period under review. In December 2009, SBP's stock of Net Foreign Assets (NFA) was recorded at USD4.9 billion well above the IMF floor of USD3.2 billion and Net Domestic Assets (NDA) at PKR1.277 trillion within the IMF target of PKR1.340 trillion. Introduction of interest rate corridor to curb money market rate volatility was yet another positive reform recommended by the IMF. Other harsh but healthy reforms were the phasing out of foreign exchange financing for oil import payments and rationalization of subsidies on electricity tariffs. LSM sector registered a minor growth of 65bps YoY in 5MFY10 and we did witness private sector credit off-take showing improvement as confidence in the economy grew.

Nevertheless, in its third review, IMF highlighted its concern that weak fiscal resource mobilization could adversely impact the Fiscal Deficit. At present the economy is plagued by heavy Defense spending on account of war in the north, unabated power shortages thereby impeding industrial output, political instability and a weak law and order situation. The above conditions are discouraging Foreign Direct Investment (FDI) at a time when FDI is imperative to the sustainability of the economy. Above all the Circular Debt Issue still stands unresolved, which is likely to put pressure on any fiscal stimulus going ahead. The USD2.2 billion pledged in Tokyo from Friends of Democratic Pakistan (FoDP) has also been reduced to USD1.6 billion. It is also expected that the government may slash PSDP for 2009-10 by 50 percent or over PKR 210 billion against originally allocated amount of PKR421 billion for development projects. The government, consequently, remains under pressure with total stock of direct borrowing from the SBP standing at PKR1.236 trillion, higher than the December 2009 ceiling of PKR1.130 trillion set by the IMF.

CPI Inflation touched a low of 8.9% YoY in October, but its trajectory reversed to 10.52% YoY in December due to an increase in price of essential commodities, especially oil. Moreover, PKR depreciated by 3.37% during the period on account of USD purchase for furnishing of oil payments and delayed/non-materialization of external budgetary funding. Overall we believe that FY2010 is likely to be a comfortable year in terms of management of budget deficit and current account deficit targets agreed with the IMF. However, uncertainties related to commodity prices and external funding will make SBP take a cautious approach thereby reducing the probability of further cuts in the discount rate, at least in the near term.

MUTUAL FUND INDUSTRY REVIEW

The mutual fund industry staged a comeback with TFC prices stabilizing and the equity markets appreciating. However such sentiments were short lived as certain TFC prices were downgraded towards the end of the period due to the Issuer's inability to furnish coupon payments. Influx of capital primarily in money market funds which entail zero exposure to TFCs was witnessed. Total AUMs of the industry increased by 14.77% from PKR204.8 billion in June 2009 to PKR235.05 billion in November 2009. However, due to year end crossing funds were battered with redemptions in December 2009, which is a norm at this time of the year.

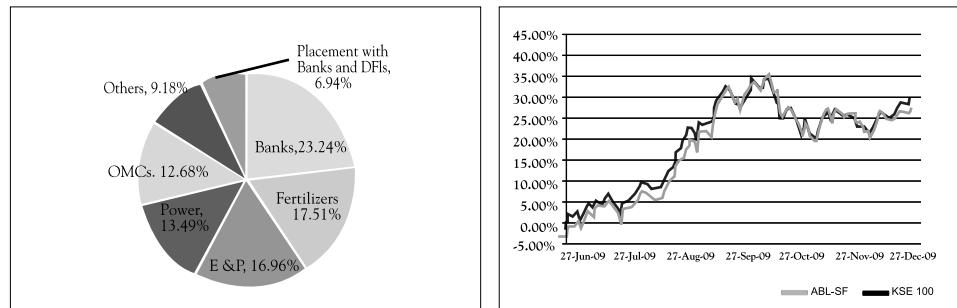
FUND PERFORMANCE

Equity markets all over the world performed very well during 1HFY10 on account of lower base effect, economic turnarounds and excess liquidity resulting from state sponsored stimulus packages. Regional markets ex-Japan rose by 21% during the period under review. Regional P/E, which was hovering around 12.7 times on June 27, 2009 increased to roughly 13.7 times by December 31, 2009.

Local markets were no exception and the KSE-100 Index rose from 7,163 in June 27, 2009 to 9,387 by December 31, 2009 posting 31.05% returns during the period under review. Much of this activity was fuelled by foreign inflows, which in net terms totaled USD 298 million.

During the period under review ABL-SF yielded a return of 29.44% and underperformed its benchmark (KSE-100 Index) by 161 basis points. Underperformance was primarily due to better performance of certain stocks/sectors that though were not fundamentally attractive formed sizable weight in the benchmark index. However, we believe valuations will eventually have a role to play and ABL-SF will perform well against benchmark in the long term.

During the period from June 28, 2009 to December 31, 2009, ABL-SF earned total income of Rs.81.59 million, out of which Rs.66.20 million was gain on sale of investments, Rs.7.31 million was on account of unrealized gain on investments, Rs.5.92 million was from dividend income and Rs.2.15 million was from profit on bank deposits. After accounting for expenses of Rs.10.08 million, comprising mainly of the management fee of Rs.5.19 million and brokerage and other charges of Rs.3.39 million, net income from operating activities for the period ended December 31, 2009 stood at Rs.71.52 million. With the net element of income of Rs.18.75 million included in the prices of units issued less those in units redeemed, the net income for the period ended December 31, 2009 stood at Rs.90.26 million. The asset allocation and performance of ABL-SF as at December 31, 2009 was as follows:



PERFORMANCE

	ABL-SF	KSE-100
Inception to Date*	29.44%	31.05%
Trailing 12 month*	N/A	N/A

*Returns are net of management fee & all other expenses

FUTURE OUTLOOK

ABL-SF is currently overweight in Banking, Power, Fertilizer and Oil Marketing Sectors. Easing off of provisioning rules is expected to result in better results by the banking sector in the fourth quarter, which we believe will create some excitement in the sector in the near term. However, at current valuations even the long-term outlook of the sector appears bright. Power and Fertilizer sectors continue to remain undervalued and are most attractive dividend yielding sectors. Oil Marketing Companies will benefit from strong volumetric growth post commissioning of multiple power projects expected in near term. Elimination of subsidies on electricity, further, gives comfort on the circular debt issue associated with this sector.

Ongoing domestic political chaos and the recent (post December 31, 2009) heavy correction in international equities have cautioned local investors. However, valuations in local bourses are still attractive and demand value hunting. We are optimistic about the future direction of the market and recommend maximum exposure in equities.

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 Securities & Exchange Commission of Pakistan, State Bank of Pakistan, the Trustee (Central Depository Company of Pakistan Limited), the management of Karachi Stock Exchange (Guarantee) Limited and the Auditors for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team for their unwavering commitment and hard work.

For and on behalf of the Board

SHEIKH MUKHTAR AHMED
(Chairman)

Karachi, February 24, 2010

TRUSTEE REPORT TO THE UNIT HOLDERS ABL STOCK FUND

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

The ABL Stock Fund (the Fund), an open-end Fund was established under a trust deed dated April 23, 2009, executed between ABL Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from June 28, 2009 to December 31, 2009 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) Rule, 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 24, 2010

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

Introduction

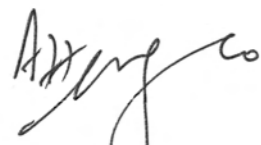
We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Stock Fund** as at December 31, 2009, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the period from June 28, 2009 to December 31, 2009. The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarter ended December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the period from June 28, 2009 to December 31, 2009.

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 December 31, 2009 and for the period from June 28, 2009 to December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



Chartered Accountants
Dated: February 24, 2010
Karachi


ABL STOCK FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2009

	Note	(Unaudited) December 31, 2009 (Rupees in 000)
ASSETS		
Bank balances	4	46,086
Investments	5	369,311
Dividend and profit receivable	6	499
Deposits and prepayments		2,639
Receivable against sale of investments		10,776
Preliminary expenses and floatation cost		<u>3,222</u>
Total assets		<u>432,533</u>
LIABILITIES		
Payable to ABL Asset Management Company Limited - Management Company	7	4,597
Payable to the Central Depository Company of Pakistan Limited - Trustee		72
Payable to the Securities and Exchange Commission of Pakistan		164
Payable against purchase of investments		30,261
Accrued expenses and other liabilities		<u>601</u>
Total liabilities		<u>35,695</u>
Net assets		<u>396,838</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>396,838</u>
CONTINGENCIES AND COMMITMENTS		
	8	Number of units
NUMBER OF UNITS IN ISSUE		<u>30,657,349</u>
		Rupees
NET ASSET VALUE PER UNIT		<u>12.9443</u>
FACE VALUE PER UNIT		<u>10.0000</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements

For ABL Asset Management Company Limited
(Management Company)


MR. SHAKEB MURAD
Director


MR. KAMRAN NISHAT
Director

Note: These Condensed Interim Financial Statements have been signed by two Directors, instead of the Chief Executive and one Director, as the company currently does not have a Chief Executive.

ABL STOCK FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JUNE 28, 2009 TO DECEMBER 31, 2009 AND
QUARTER ENDED DECEMBER 31, 2009

Note	For the period from June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2009
	(Rupees in '000')	
INCOME		
Capital gain on sale of securities	66,203	18,531
Dividend income	5,916	3,386
Unrealised appreciation/(diminution) on remeasurement of financial assets at fair value through profit or loss - 'held for trading'	7,311	(23,293)
Profit on bank accounts	2,150	966
Other income	14	-
	<u>81,594</u>	<u>(410)</u>
EXPENSES		
Remuneration of ABL Asset Management Company Limited - Management Company	5,194	2,990
Remuneration of Central Depository Company of Pakistan Limited - Trustee	386	199
Annual fee - Securities and Exchange Commission of Pakistan	164	94
Brokerage expense, federal excise duty and capital value tax	3,393	1,395
Auditors' remuneration	166	83
Amortisation of preliminary expenses and floatation costs	361	180
Printing charges	76	38
Annual rating fee	86	43
Listing fee	41	21
Settlement and bank charges	208	102
Other expenses	3	-
Total operating expenses	<u>10,078</u>	<u>5,145</u>
Net income/(loss) from operating activities	71,516	(5,555)
Element of accrued income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net	18,748	18,358
Net income for the period before taxation	90,264	12,803
Taxation	3.9	-
Net income for the period after taxation	<u>90,264</u>	<u>12,803</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>90,264</u>	<u>12,803</u>
Earnings per unit	9	

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(Management Company)


MR. SHAKEB MURAD
Director


MR. KAMRAN NISHAT
Director

Note: These Condensed Interim Financial Statements have been signed by two Directors, instead of the Chief Executive and one Director, as the company currently does not have a Chief Executive.


ABL STOCK FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JUNE 28, 2009 TO DECEMBER 31, 2009 AND
QUARTER ENDED DECEMBER 31, 2009

	For the period from June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2009
	(Rupees in '000')	
Opening undistributed income - realised	-	46,857
- unrealised	-	30,604
	-	<u>77,461</u>
Net income for the period	90,264	12,803
Undistributed income carried forward	<u>90,264</u>	<u>90,264</u>
Undistributed income comprising:		
Realised income	82,953	82,953
Unrealised income	7,311	7,311
	<u>90,264</u>	<u>90,264</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements

For ABL Asset Management Company Limited
(Management Company)


MR. SHAKEB MURAD
Director


MR. KAMRAN NISHAT
Director

Note: These Condensed Interim Financial Statements have been signed by two Directors, instead of the Chief Executive and one Director, as the company currently does not have a Chief Executive.


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

FOR THE PERIOD FROM JUNE 28, 2009 TO DECEMBER 31, 2009
AND QUARTER ENDED DECEMBER 31, 2009

	For the period from June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2009
	(Rupees in '000')	
Net Assets at the beginning of the period	-	417,783
Issue of 53,966,574 units for the period from June 28, 2009 to December 31, 2009	583,614	75,824
Redemption of 23,309,225 units for the period from June 28, 2009 to December 31, 2009	(258,292)	(91,214)
Net element of accrued (income) and (capital gains) included in prices of units issued less those in units redeemed -transferred to income statement	325,322	(15,390)
	(18,748)	(18,358)
Other net income for the period	16,750	17,565
Capital gain on sale of securities	66,203	18,531
Unrealised appreciation/(diminution) on remeasurement of financial assets at fair value through profit or loss - 'held for trading'	7,311	(23,293)
	90,264	12,803
Net assets as at the end of the period	<u>396,838</u>	<u>396,838</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements

For ABL Asset Management Company Limited
(Management Company)


MR. SHAKEB MURAD
Director


MR. KAMRAN NISHAT
Director

Note: These Condensed Interim Financial Statements have been signed by two Directors, instead of the Chief Executive and one Director, as the company currently does not have a Chief Executive.


**ABL STOCK FUND
CONDENSED INTERIM CASH FLOW
STATEMENT (UNAUDITED)**

FOR THE PERIOD FROM JUNE 28, 2009 TO DECEMBER 31, 2009 AND QUARTER ENDED DECEMBER 31, 2009

	For the period from June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2009
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	90,264	12,803
Adjustment for non-cash charges and other items;		
Remuneration of ABL Asset Management Company Limited - Management Company	5,194	12,990
Remuneration of Central Depository Company of Pakistan Limited - Trustee	386	199
Unrealised (appreciation)/ diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading'	(7,311)	23,293
Dividend income	(5,916)	(3,386)
Element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed - net	(18,748)	(18,358)
Amortisation of preliminary expenses and floatation cost	361	180
	64,230	17,721
(Increase)/ decrease in assets		
Investments - net	(362,000)	(3,747)
Profit receivable & other receivables	(90)	1,369
Deposits and prepayments	(2,639)	21
Receivable against sale of investments	(10,776)	7,984
	(375,505)	5,627
Increase / (decrease) in liabilities		
Payable to Securities and Exchange Commission of Pakistan	164	94
Accrued expenses and other liabilities	601	(917)
Payable against purchase of investments	30,261	(13,144)
	31,026	(13,967)
Dividend received	5,507	4,717
Remuneration paid to ABL Asset Management Company Limited - Management Company	(4,180)	(3,186)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee	(314)	(218)
Net cash (used in)/ generated from operating activities	(279,236)	10,694
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts/ (payments) against issuance/ (redemption) of units	325,322	(15,390)
Net cash generated from/ (used in) financing activities	325,322	(15,390)
Net increase/ (decrease) in cash and cash equivalents	46,086	(4,696)
Cash and cash equivalents at the beginning of the period	-	50,782
Cash and cash equivalents at the end of the period	<u>46,086</u>	<u>46,086</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements

For ABL Asset Management Company Limited
(Management Company)


MR. SHAKEB MURAD
Director


MR. KAMRAN NISHAT
Director

Note: These Condensed Interim Financial Statements have been signed by two Directors, instead of the Chief Executive and one Director, as the company currently does not have a Chief Executive.

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

FOR THE PERIOD FROM JUNE 28, 2009 TO DECEMBER 31, 2009
AND QUARTER ENDED DECEMBER 31, 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Stock 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 Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on April 10, 2009 and it was executed on April 23, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 redeemable by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at par from June 25, 2009 to June 27, 2009 and thereafter these units are offered for public subscription on a continuous basis.

The Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/AMLAMC/681 dated June 30, 2009 had granted exemption to ABL Asset Management Company Limited from preparation and publishing of the financial statements of ABL Stock Fund for the period from June 28, 2009 to June 30, 2009. Accordingly, the current financial statements have been prepared for the period from June 28, 2009 to December 31, 2009.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of equity instruments offering capital gains and dividends. The investment objectives and policies are more fully explained in the Fund's Offering documents.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where ever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, 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 are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and these condensed interim financial statements are being circulated to the unit holders as required under the NBFC Regulations

2.2 Accounting Convention

These condensed interim financial statements have been prepared under the historical cost convention except for investments classified as 'financial assets at fair value through profit or loss' category which are carried at fair value.

2.3 Functional and Presentation Currency

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

2.4 Critical accounting estimates and judgments

The preparation of condensed interim financial statements in conformity with the approved accounting standards requires the 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 the 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i. Classification and valuation of financial assets (notes 3.1 and 5)
- ii. Amortisation of preliminary expenses and floatation costs (note 3.6)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

3.1.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables 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.

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 held for trading in the 'Financial assets at fair value through profit or loss' category.

b) **Loans and receivables**

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

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, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.1.2 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.

3.1.3 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.

Loans and receivables are carried at amortised cost.

3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale that comprise of equity securities are valued on the basis of quoted market prices available at the stock exchange.

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 the Income Statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to equity until these are derecognised. At this time, the cumulative gain or loss recognised directly in equity is transferred to the income statement.

3.1.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are 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 income statement - is reclassified from equity to income statement. Impairment losses recognised on equity instruments are not reversed through income statement.

3.1.6 Derecognition

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

3.1.7 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.

3.2 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.

3.3 Derivatives

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

3.4 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that 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. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

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

3.5 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 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 unrealised gains / (losses) held in the Unit Holder's 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 other comprehensive income in the condensed interim income statement. 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

3.6 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 commencing from September 30, 2009, as per the requirement of the Trust Deed of the Fund.

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

3.8 Net asset value per unit

The net asset value (NAV) per unit, as disclosed in the condensed interim 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.

3.9 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 among the unit holders. The Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no tax liability has been recorded for the current period.

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

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 no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.10 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.11 Revenue recognition

- Unrealised gains or losses arising on revaluation of investments classified as 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income on equity securities is recognised when the right to receive dividend is established.
- Profit on bank deposits is recognised on an accrual basis.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the balance sheet at cost.

(Unaudited)
December 31, 2009
(Rupees in '000)

4 BANK BALANCES

Saving accounts	46,086
	<u>46,086</u>

5 INVESTMENTS

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

5.1 Listed equities securities

Name of investee company	Number of Share					Market Value as at December 31, 2009	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a percentage of paid up capital of investee company
	Opening balance	Purchased during the period	Bonus	Sales during the period	As at December 31, 2009				

(Rupees in '000)

Shares of Listed companies - fully paid ordinary shares of Rs 10 each unless stated other wise

Investment Banks/ Companies/ Securities

Arif Habib Securities Limited	-	725,000	-	725,000	-	-	-	-	-
Jahangir Siddiqui & Company Limited	-	1,515,000	-	1,515,000	-	-	-	-	-
JS Investments Limited	-	25,500	-	25,500	-	-	-	-	-

Commercial Banks

Allied Bank Limited	-	510,800	-	-	510,800	30,000	7.56%	8.12%	0.07%
Bank Alfalah Limited	-	1,182,958	-	682,000	500,958	6,898	1.74%	1.87%	0.04%
Faysal Bank Limited	-	50,000	-	-	50,000	-	-	-	-
Habib Bank Limited	-	55,000	-	55,000	-	-	-	-	-
JS Bank Limited	-	500,000	-	500,000	-	-	-	-	-
MCB Bank Limited	-	600,100	-	533,500	66,600	14,631	3.69%	3.96%	0.01%
Meezan Bank Limited	-	968,097	-	87,449	880,648	13,861	3.49%	3.75%	0.13%
National Bank of Pakistan	-	761,000	-	668,000	93,000	6,916	1.74%	1.87%	0.01%
NIB Bank Limited	-	300,000	-	300,000	-	-	-	-	-
The Bank of Punjab	-	26,055	-	26,055	-	-	-	-	-
United Bank Limited	-	1,507,855	-	1,167,079	340,776	19,918	5.02%	5.39%	0.03%

Closed-End-Mutual Funds

PICIC Growth Fund	-	250,000	-	250,000	-	-	-	-	-
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Insurance

Adamjee Insurance Company Limited	-	535,000	-	515,000	20,000	2,466	0.62%	0.67%	0.02%
Pakistan Reinsurance Company Limited	-	125,000	-	125,000	-	-	-	-	-

Textile composite

Azgard Nine Limited	-	750,000	-	580,000	170,000	3,534	0.89%	0.96%	0.04%
Nishat Chunian Limited	-	50,000	-	50,000	-	-	-	-	-
Nishat Mills Limited	-	890,000	-	790,000	100,000	6,990	1.76%	1.89%	0.04%

Cement

DG Khan Cement Company Limited	-	1,304,500	-	1,204,500	100,000	3,256	0.82%	0.88%	0.03%
Lucky Cement Limited	-	860,100	-	765,650	94,450	6,256	1.58%	1.69%	0.03%
Meapleaf Cement Factory Limited	-	200,000	-	200,000	-	-	-	-	-

Refinery

Attock Refinery Limited	-	80,205	-	80,205	-	-	-	-	-
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Power Generation & Distribution

Kot Addu Power Company Limited	-	325,500	-	3,000	322,500	14,793	3.73%	4.01%	0.04%
The Hub Power Company Limited	-	1,255,000	-	9,000	1,246,000	38,726	9.76%	10.49%	0.11%

Oil & Gas Marketing Companies

Attock Petroleum Limited	-	39,500	-	3,000	36,500	12,688	3.20%	3.44%	0.06%
Pakistan State Oil Company Limited	-	286,500	-	160,000	126,500	37,626	9.48%	10.19%	0.07%

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited	-	987,760	-	987,760	-	-	-	-	-
Pakistan Oilfields Limited	-	926,000	-	755,732	170,268	39,293	9.90%	10.64%	0.07%
Pakistan Petroleum Limited	-	421,792	27,900	302,000	147,692	28,001	7.06%	7.58%	0.01%

Name of investee company	Number of Share					Market Value as at December 31, 2009	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a percentage of paid up capital of investee company
	Opening balance	Purchased during the period	Bonus	Sales during the period	As at December 31, 2009				

(Rupees in '000)

Automobile Assembler

Indus Motor Company Limited	-	15,000	-	15,000	-	-	-	-	-
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Technology & Communication

Netsol Technologies Limited	-	475,000	-	475,000	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	1,767,510	-	975,510	792,000	13,979	3.52%	3.79%	0.02%

Fertilizer

Dawood Hercules Chemicals Limited	-	125,000	-	1,250	123,750	22,251	5.61%	6.03%	0.11%
Engro Chemical Pakistan Limited	-	603,000	-	408,000	195,000	35,738	9.01%	9.68%	0.07%
Fauji Fertilizer Company Limited	-	340,000	-	245,200	94,800	9,758	2.46%	2.64%	0.01%
Fauji Fertilizer Bin Qasim Limited	-	1,369,968	-	1,303,700	66,268	1,732	0.44%	0.47%	0.01%

Chemicals

Engro Polymer & Chemicals Limited	-	450,000	-	450,000	-	-	-	-	-
ICI Pakistan Limited	-	35,000	-	35,000	-	-	-	-	-
Pakistan PTA Limited	-	100,000	-	100,000	-	-	-	-	-

Miscellaneous

Pace (Pakistan) Limited	-	1,775,000	-	1,775,000	-	-	-	-	-
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369,311

5.2 Net unrealised appreciation on re-measurement of investments classified as fair value through profit or loss - 'held for trading'

	Note	(Un-audited) December 31, 2009 (Rupees in '000)
Market value of securities	5.1	369,311
Less: carrying value of securities		<u>362,000</u>
		<u>7,311</u>

5.3 The above investment includes shares of Bank Alfalah Limited: 200,000, D.G. Khan Cement Company Limited : 100,000, Engro Chemical Pakistan Limited : 100,000, Fauji Fertilizer Company Limited: 8,000, The Hub Power Company Limited: 300,000, Kot Addu Power Company Limited: 27,000, Lucky Cement Limited: 25,000, MCB Bank Limited: 20,000, National Bank of Pakistan: 50,000, Nishat Mills Limited: 50,000, Pakistan Oilfields Limited: 23,000, Pakistan Petroleum Limited : 20,000, Pakistan State Oil Company Limited: 8,000, Pakistan Telecommunication Company Limited : 230,000 and United Bank Limited: 120,000, having a market value (in aggregate) amounting to Rs 71.539 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan.

6 DIVIDEND AND PROFIT RECEIVABLE

	Note	(Un-audited) December 31, 2009 (Rupees in '000)
Dividend receivable		409
Profit accrued on savings accounts		<u>90</u>
		<u>499</u>

7 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

	Note	(Un-audited) December 31, 2009 (Rupees in '000)
Management fee	7.1	1,005
Sales load		<u>9</u>
Preliminary expenses and floatation costs		<u>3,583</u>
		<u>4,597</u>

7.1 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 3 percent of the average annual net assets of the Fund.

8 CONTINGENCIES AND COMMITMENTS

8.1 The Finance Act 2008 introduced an amendment to the Workers Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby the definition of "Industrial Establishment" was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs 0.5 million in a tax year are brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In case of the Fund, such contribution works out to Rs 1.805 million. However, the final contribution amount will be based on the income earned by the Fund for the year ending June 30, 2010.

To avoid any claim in this regard by the relevant authorities, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the High Court of Sindh praying it to declare that CIS are not liable to pay contribution to the WWF on the ground that CIS do not have any workers or employees. The legal proceedings in respect of the aforementioned petition are currently in progress and the outcome cannot be reasonably ascertained.

The Management Company, based on the advice of the MUFAP's legal counsel, is confident of a favourable decision and accordingly no provision for the aforementioned liability has been made in these condensed interim financial statements.

8.2 There were no other contingencies and commitments outstanding as at December 31, 2009.

9 EARNINGS PER UNIT

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

10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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 being entities under common management and/ or directorship, Central Depository Company being the trustee of the fund and the directors and officers of the management company.

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

10.1 Details of transactions with connected persons are as follows:

	(Unaudited) For the period from June 28, 2009 to December 31, 2009	(Unaudited) For the quarter ended December 31, 2009
	(Rupees in '000)	
ABL Asset Management Company Limited - Management Company		
Issue of 24,200,596 units	278,000	59,000
Redemption of 15,380,272 units	174,072	75,000
Remuneration for the period	5,194	2,990
Allied Bank Limited		
Issue of 10,000,000 units	100,000	-
Markup income for the period	1,776	677
Bank charges	9	1
ABL AMC Staff Provident Fund		
Issue of 85,000 units	850	-
Redemption of 85,000 units	912	-
ABL Employees Superannuation (Pension) Fund		
Issue of 10,000,000 units (Investment in seed capital of the Fund)	100,000	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	386	199
Settlement charges & connection fee	81	27
Key Management personnel		
Executives		
Issue of 24,496 units	245	-
Redemption of 13,500 units	167	29

Detail of balances outstanding as at December 31, 2009 with connected persons are as follows:

	(Unaudited) December 31, 2009 (Rupees in '000)
ABL Asset Management Company Limited - Management Company	
Management fee payable	1,005
Preliminary expenses and floatation costs	3,583
Sales Load payable	9
Units held 8,820,324	114,173
Allied Bank Limited	
Markup accrued	90
Bank balance outstanding	46,031
Units held 10,000,000	129,443
ABL Employees Superannuation (Pension) Fund	
Units held 10,000,000	129,443
Central Depository Company of Pakistan Limited - Trustee	
Trustee fee payable	67
Settlement charges payable	5
Security deposit with CDC	100
Key Management personnel	
Executives	
Units held 10,996	142

11 DATE OF AUTHORISATION FOR ISSUE


These condensed interim financial statements were authorised for issue on February 24, 2010 by the Board of Directors of the Management Company.

12 GENERAL

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

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements

For ABL Asset Management Company Limited
(Management Company)


MR. SHAKEB MURAD
Director


MR. KAMRAN NISHAT
Director

Note: These Condensed Interim Financial Statements have been signed by two Directors, instead of the Chief Executive and one Director, as the company currently does not have a Chief Executive.