



CONDENSED INTERIM
**FINANCIAL
INFORMATION**

FOR THE PERIOD FROM JUNE 01, 2012 TO
SEPTEMBER 30, 2012

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FUND'S INFORMATION

| | | |
|---|--|---|
| Management Company: | ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi. | |
| Board of Directors | Sheikh Mukhtar Ahmed Mr. Khalid A. Sherwani Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Zia Ijaz Mr. Farid Ahmed Khan | Chairman CEO |
| Audit Committee: | Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Zia Ijaz | Chairman Member Member |
| Human Resource Committee: | Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan | Chairman Member Member |
| Chief Executive Officer of The Management Company: | Mr. Farid Ahmed Khan | |
| Chief Financial Officer & Company Secretary: | Mr. Saqib Matin | |
| Chief Internal Auditor: | Mr. Mubeen Ashraf Bhimani | |
| Trustee: | MCB Financial Services Ltd 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi. | |
| Bankers to the Fund: | Allied Bank Limited Bank Al- Falah Limited United Bank Limited | |
| Distributor: | Allied Bank Limited Standard Chartered Bank (Pakistan) Limited FundShop - Investment Solutions | |
| Auditor: | M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shara-e-Faisal, 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. | |

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL AMC Capital Protected Fund (ABL AMC-CPF), is pleased to present the Condensed Interim Financial Information (un-audited) of ABL AMC Capital Protected Fund for the period from June 01, 2012 to September 30, 2012.

ECONOMIC PERFORMANCE REVIEW

In midst of economic challenges, 1QFY13 marked a major shift in monetary policy with the Central Bank aggressively reducing the discount rate by 150bps (from 12% to 10.5%) to jump start the economy. Release of coalition support funds (CSF) of USD 1.2 billion coupled with single digit inflation (1QFY13 cumulative inflation recorded at 9.14%) allowed State Bank to adopt a pro-growth stance. CPI numbers were aided by gradual drop in food and energy prices (food inflation recorded at 8.4% in 1QFY13) while lower import bill and CSF funds propelled the current account into a surplus of USD 919 million in 2MFY13. Questions, however, have already been raised about the quantum and sustainability of the rate cut. Overall fiscal position is certainly alarming as Government borrowing has reached unprecedented levels and FY13 fiscal deficit target is expected to be missed by a substantial margin (IMF expects FY13 fiscal deficit at 6.1%). Shortfall in tax collection (PKR 402 billion collected in 1QFY13 vs. target of PKR 437 billion) along with ever growing subsidies to the power sector havemade the targeted fiscal deficit of 4.7% extremely difficult to achieve. Apart from the frail fiscal situation, the weakening exchange rate is another worrying factor for the Central Bank. The rupee depreciated by 0.3% vs. USD during 1QFY13 (PKR/USD 94.8 on September 28th) while the reserves have dropped below the USD 15 billion mark in the wake of continued trade deficit and IMF loan repayments. The outlook for remaining fiscal period hinges primarily on continued foreign aid and lower oil prices to keep the exchange rate and fiscal deficit in check.

MARKET OVERVIEW

The bull-run at the Karachi stock exchange continued with the KSE-100 index gaining 11.9% QoQ to close the period at 15,445 points, near all-time high of 15,676 points achieved in April 2008. Investors gave two thumbs up to the steep cut in the policy rate while results for Quarter/Year ended June 2012 surpassed expectations. In particular cement, power and E&P sectors posted significant earnings growth and declared handsome payouts. However, investors remained wary of the banking sector as declining interest rates coupled with sticky deposit rates (minimum rate on saving deposits fixed at 6%) dampened prospects. The rally during the quarter was accompanied by a decent foreign inflow of USD 92 million with volumes drying up somewhat to 129 million shares/day (-34% QoQ).

MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of Pakistan's mutual funds industry decreased by 13.5% in 1QFY13, taking the overall industry size to Rs.329.8 billion as at September 30, 2012 compared to Rs.381.3 billion at the end of June 2012 (decrease of Rs.51 billion in absolute terms). Major decline was witnessed in the income fund category, which decreased by 41.5% to Rs.49.87 billion in September 2012 from Rs.85.30 billion in June 2012. However money market funds continued to dominate the industry totaling Rs.124.59 billion in AUMs as at September 30th, 2012.

On the other hand, equity funds' AUMs increased by 0.89% during 1QFY13 to close at Rs.52.6 bn. Equity funds segment of the mutual fund industry witnessed lackluster growth (adjusted for market appreciation) during the period under review despite stellar performance by the stock market. The trend is reflective of investors' general aversion to risky asset classes amidst volatile macro and political conditions.

FUND PERFORMANCE

ABL-CPF increased by 4.1% during period under review against 2.6% increase in its benchmark, which reflects an outperformance of 150 basis points. The fund benefited from strong equity performance as well as high rate on Term Deposit placed before Discount Rate (DR) cut. Equity portion of the portfolio was mainly invested in Telecom and Cement sectors. We also built a position in Pakistan Oilfields Limited as the company offers ideal mix of strong dividend payouts and volumetric growth, supported by the prosperous Tal block.

ABL AMC Capital Protected Fund earned total income of Rs.18.97 million for the period from June 30, 2012 to September 30, 2012. This mainly consist of Rs.12.35 million earned from return on term deposits receipts, Rs.4.72 million from net gain on sale of investments and Rs. 1.41 million unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss 'held for trading'-net. After accounting for expenses of Rs.3.18 million (comprising mainly of the management fee of Rs.1.71 million and Sindh Sales Tax on management fee of Rs.0.27 million), net income from operating activities for the period ended September 30, 2012 stood at Rs.15.79 million. With the net element of loss and capital losses of Rs.0.07 million included in the prices of units issued less those in units redeemed, the net income for the period from June 01, 2012 to September 30, 2012 stood at Rs.15.72 million.

AUDITORS

M/s. Yousuf Adil Saleem & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2013 for ABL AMC Capital Protected Fund (ABL AMC-CPF).

MANAGEMENT QUALITY RATING

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

OUTLOOK

The prospects of single digit inflation and interest rates as well as strong corporate earnings continue to underpin our bullish stance on equities. A low interest rate environment will enhance the attraction of high dividend yield stocks as well as lever aged companies and we have modeled our portfolio along those lines. This thinking has also led us to further shed exposure in banking stocks as banks will suffer severely from shrinking margins in a low interest rate environment.

Politics will continue to grow in importance as elections approach. We expect the benchmark KSE-100 index to test new highs in the run-up to elections over the next 6 months as government takes steps to stimulate economy in form of higher construction activities, high crop support prices and lower interest rates. Historically speaking, KSE-100 has on average returned 13% in 3-months prior to elections over the last 20-years and we don't expect it to be any different this time. Hence we will maintain maximum exposure in equities to reap benefits of this rally.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (MCB Financial Services Limited) and the management of Islamabad Stock Exchange (Guarantee) Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

Karachi, October 25, 2012

For and on behalf of the Board


FARID AHMED KHAN
Chief Executive Officer

**ABL AMC CAPITAL PROTECTED FUND
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UN AUDITED)**

AS AT SEPTEMBER 30, 2012

| | Note | September 30, 2012 Rupees |
|--|------|---------------------------------|
| ASSETS | | |
| Balances with banks | 4 | 1,330,400 |
| Investments | 5 | 340,179,456 |
| Profit receivable and prepayments | 6 | 7,443,289 |
| Preliminary expenses and floatation costs | 7 | 2,433,846 |
| Total assets | | 351,386,991 |
| LIABILITIES | | |
| Payable to ABL Asset Management Company Limited - Management Company | 8 | 3,421,624 |
| Payable to MCB Financial Services Limited - Trustee | 9 | 22,697 |
| Payable to Securities and Exchange Commission of Pakistan | 10 | 85,252 |
| Payable against purchase of investments | | 510,458 |
| Accrued expenses and other liabilities | 11 | 160,300 |
| Total liabilities | | 4,200,331 |
| NET ASSETS | | 347,186,660 |
| Unit holders' fund (as per statement attached) | | 347,186,660 |
| Contingencies and commitments | 12 | |
| Number of units in issue | 13 | 33,262,677 |
| | | Rupees |
| Net assets value per unit | | 10.4377 |
| Face value per unit | | 10.0000 |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

 **ABL Asset Management**
Discover the potential


ABL CPF
ABL AMC CAPITAL PROTECTED FUND

ABL AMC CAPITAL PROTECTED FUND CONDENSED INTERIM INCOME STATEMENT (UN AUDITED)

FOR THE PERIOD FROM JUNE 01, 2012 TO SEPTEMBER 30, 2012

For the period
from June 01, 2012
to September 30,
2012

| | Note | Rupees |
|---|------|-------------------|
| INCOME | | |
| Net gain on sale of investments | | 4,717,823 |
| Income from government securities-market treasury bills | | 18,096 |
| Return on term deposit receipts | | 12,349,308 |
| Back end load | | 72,290 |
| Profit on bank deposits | | 404,643 |
| Total Income | | 17,562,160 |
| Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net | 5.4 | 1,409,969 |
| | | <u>18,972,129</u> |
| EXPENSES | | |
| Remuneration of ABL Asset Management Company Limited - Management Company | | 1,705,036 |
| Sindh sales tax on Management Fee | | 272,804 |
| Remuneration of MCB Financial Services Limited - Trustee | | 90,935 |
| Annual fee - Securities and Exchange Commission of Pakistan | | 85,252 |
| Brokerage expense and other transaction costs | | 374,030 |
| Auditors' remuneration | | 77,224 |
| Amortisation of preliminary expenses and floatation costs | | 469,093 |
| Printing charges | | 30,970 |
| Rating fee | | 46,354 |
| Listing fee | | 12,517 |
| Settlement and bank charges | | 9,356 |
| Other expenses | | 8,437 |
| Total Operating Expenses | | 3,182,008 |
| Net income from operating activities | | 15,790,121 |
| Element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed | | (70,352) |
| Net income for the period before taxation | | 15,719,769 |
| Taxation | 3.6 | - |
| Net income for the period after taxation | | 15,719,769 |
| Other comprehensive income for the period | | - |
| Total comprehensive income | | 15,719,769 |
| Earnings per unit | 14 | |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL AMC CAPITAL PROTECTED FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UN AUDITED)

FOR THE PERIOD FROM JUNE 01, 2012 TO SEPTEMBER 30, 2012

| | For the period from June 01, 2012 to September 30, 2012 Rupees |
|---|--|
| Net income for the period | 15,719,769 |
| Interim distribution | |
| - Rs 0.0347 per unit on June 25, 2012 | |
| - Issue of Bonus units | (1,160,753) |
| Undistributed income carried forward | <u>14,559,016</u> |
| Undistributed income comprising: | |
| Realised income | 13,149,047 |
| Unrealised income | 1,409,969 |
| | <u>14,559,016</u> |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

 ABL Asset Management
Discover the potential


ABL AMC CAPITAL PROTECTED FUND

ABL AMC CAPITAL PROTECTED FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN AUDITED)

FOR THE PERIOD FROM JUNE 01, 2012 TO SEPTEMBER 30, 2012

| | For the period from June 01, 2012 to September 30, 2012 Rupees |
|--|---|
| Issue of 33,500,929 units | 335,010,165 |
| Redemption of 354,327 units | (3,613,626) |
| | 331,396,539 |
| Issue of 116,075 bonus units | 1,160,753 |
| Element of income and capital gains included in prices of units issued less those in units redeemed | |
| - amount representing income and capital gains - transferred to Income Statement | 70,352 |
| Other net income for the period | 9,591,977 |
| Net capital gain on sale of investments | 4,717,823 |
| Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net | 1,409,969 |
| Interim distribution | |
| - Rs 0.0347 per unit on June 25, 2012 | |
| - Issue of Bonus units | (1,160,753) |
| | 14,559,016 |
| Net assets at the end of the period | 347,186,660 |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL AMC CAPITAL PROTECTED FUND CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED)

FOR THE PERIOD FROM JUNE 01, 2012 TO SEPTEMBER 30, 2012

| | Note | For the period from June 01, 2012 to September 30, 2012 Rupees |
|---|------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period before taxation | | 15,719,769 |
| Adjustments: | | |
| Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net | | (1,409,969) |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed | | 70,352 |
| Amortisation of preliminary expenses and floatation costs | | 469,093 |
| | | 14,849,245 |
| (Increase) / Decrease in assets | | |
| Investments - net | | (338,769,488) |
| Profit receivable & prepayments | | (7,443,289) |
| Preliminary expenses and floatation costs | | (2,902,938) |
| | | (349,115,715) |
| Increase in liabilities | | |
| Payable to ABL Asset Management Company Limited - Management Company | | 3,421,624 |
| Payable to MCB Financial Services Limited - Trustee | | 22,697 |
| Payable to Securities and Exchange Commission of Pakistan | | 85,252 |
| Payable against purchase of investments | | 510,458 |
| Accrued expenses and other liabilities | | 160,300 |
| | | 4,200,331 |
| Net cash used in operating activities | | (330,066,139) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts from issue of units | | 335,010,165 |
| Payments on redemption of units | | (3,613,626) |
| Net cash generated from financing activities | | 331,396,539 |
| Net increase in cash and cash equivalents during the period | | 1,330,400 |
| Cash and cash equivalents at the beginning of the period | | - |
| Cash and cash equivalents at the end of the period | 4 | 1,330,400 |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL AMC CAPITAL PROTECTED FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE PERIOD FROM JUNE 01, 2012 TO SEPTEMBER 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL AMC Capital Protected Fund (the Fund) was established under a Trust Deed executed on July 29, 2012 between ABL Asset Management Company Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Fund was executed in accordance with the Non-Banking Finance Companies and Notified Entities Regulation, 2008. The Fund has been categorized as Capital Protected scheme.

The Fund is an open ended fund with maturity of 2 years and is listed on the Islamabad Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 30, 2012 to May 31, 2012.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by SECP on December 7, 2007. The registered office of the Management Company is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

The Fund consist of two segments, a Capital & Return Protected Segment and an Investment Segment. The Capital Protected Segment aims at protecting investors' capital by investing a minimum of 94.75% of Fund property in bank deposits having at least long term credit rating 'AA-' (Double A minus). The remaining assets of the Fund will be invested in equity markets or any other permissible investment instrument allocated to the Investment Segment for enhancing the Fund's overall return.

This is the first year of operations of the Fund and JCR-VIS Credit Rating Company Limited has been appointed as the rating company. The rating company has assigned Management Quality Rating of 'AM2-' to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information has 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.

2.2 Accounting convention

This condensed interim financial information has 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

This condensed interim financial information has been prepared in Pak Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

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, 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

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

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.

3.2.2 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 out in the income statement.

3.2.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' and 'available for sale' are valued as follows:

- Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

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 other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously shown under other comprehensive income, is transferred to the income statement as capital gain / (loss).

- Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of closing market prices.

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

b) Loans and receivables

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

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.2.5 Impairment

The Fund assesses at each reporting 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 unit holders' fund to income statement. Impairment losses recognised on equity instruments are not reversed through income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

3.2.6 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.

3.2.7 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. They are initially recognised at fair value and subsequently stated at amortised cost.

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

3.4 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.

3.5 Provisions

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

3.6 Taxation

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

distributed 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 year.

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.

3.7 Proposed distributions

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

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company based on the applications received by the distributors before cut off timings on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable front end load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests before cut off timings 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. Back end loads are recorded as income of the Fund.

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

However, there is no element of income / (loss) and capital gain / (loss) relating to units issued and redeemed during the current accounting period which pertains to unrealized gains / (losses) held in

the Unit Holder's Fund as the Fund has not classified any investment as 'available for sale' during the period ended September 30, 2012.

3.10 Net assets value per unit

The net assets value (NAV) per unit, as disclosed in 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.

3.11 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 two years commencing from June 01, 2012, as per the requirement of the Trust Deed of the Fund.

3.12 Revenue recognition

- Dividend income on equity securities is recognised in the income statement when the right to receive dividend is established.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Profit on bank deposits and income from government securities is recognised on an accrual basis.
- Unrealised gains / (losses) arising on re-measurement 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.

| | | (Un audited) September 30, 2012 Rupees | |
|-----|---|---|--------------------|
| 4 | BALANCES WITH BANKS | Note | Rupees |
| | Saving accounts | 4.1 | <u>1,330,400</u> |
| 4.1 | These accounts carrying mark-up rates ranging from 6.00% to 10.50% per annum. | | |
| 5 | INVESTMENTS | | |
| | At fair value through profit or loss - held for trading | | |
| | Listed equity securities | 5.1 | 25,247,460 |
| | Government securities-Market treasury bills | 5.2 | - |
| | | | <u>25,247,460</u> |
| | Loans and receivables | | |
| | Term deposit receipt | 5.3 | 314,931,996 |
| | | | <u>340,179,456</u> |

5.1 Listed equity securities

Shares of listed companies - fully paid ordinary shares with a face value of Rs 10 each unless stated otherwise.

| Name of investee company | Number of Shares | | | | Balance as at September 30, | | Market value | Appreciation | Market value as a percentage of net assets | Market value as a total percentage of investment | Market value as a percentage of paid-up capital of investee company |
|-------------------------------------|-----------------------------|---------------------------------------|-------------------------|--------------------------|-----------------------------|--------------|--------------|--------------|--|--|---|
| | Purchases during the period | Bonus / right issue during the period | Sales during the period | As at September 30, 2012 | Carrying value | Market value | | | | | |
| -----Rupees----- | | | | | | | | | | | |
| Oil and gas | | | | | | | | | | | |
| Pakistan Oilfields Limited | 12,500 | - | - | 12,500 | 5,364,524 | 5,417,000 | 52,476 | 1.56% | 1.59% | 0.23% | |
| Pakistan Petroleum Limited | 13,000 | - | 13,000 | - | - | - | - | - | - | - | |
| | 25,500 | - | 13,000 | 12,500 | 5,364,524 | 5,417,000 | 52,476 | 1.56% | 1.59% | 0.23% | |
| Chemicals | | | | | | | | | | | |
| Fatima Fertilizer Company Limited | - | - | 170,000 | - | - | - | - | - | - | - | |
| Fauji Fertilizer Company Limited | 58,900 | - | 58,900 | - | - | - | - | - | - | - | |
| ICI Pakistan Limited | 35,019 | - | 35,019 | - | - | - | - | - | - | - | |
| | 263,919 | - | 263,919 | - | - | - | - | - | - | - | |
| Construction and materials | | | | | | | | | | | |
| Akzo Nobel Pakistan | 5,019 | - | 5,019 | - | - | - | - | - | - | - | |
| D.G. Khan Cement Company Ltd | 540,000 | - | 540,000 | - | - | - | - | - | - | - | |
| Fecto Cement Limited | 321,500 | - | 51,500 | 270,000 | 6,243,760 | 6,876,900 | 633,140 | 1.98% | 2.02% | 1.37% | |
| Kohat Cement Company Limited | 194,000 | - | 177,000 | 17,000 | 874,817 | 991,610 | 116,793 | 0.29% | 0.29% | 0.08% | |
| Maple Leaf Cement Factory Ltd | 222,500 | - | - | 222,500 | 2,002,465 | 2,024,750 | 22,285 | 0.58% | 0.60% | 0.04% | |
| | 1,283,019 | - | 773,519 | 509,500 | 9,121,042 | 9,893,260 | 772,218 | 2.85% | 2.91% | 1.49% | |
| Fixed line Telecommunication | | | | | | | | | | | |
| Pakistan Telecommunication | | | | | | | | | | | |
| Company Limited | 1,015,000 | - | 715,000 | 300,000 | 5,575,335 | 5,817,000 | 241,665 | 1.68% | 1.71% | 0.02% | |
| Telecard Limited | 1,260,000 | - | - | 1,260,000 | 3,776,590 | 4,120,200 | 343,610 | 1.19% | 1.21% | 0.14% | |
| | 2,275,000 | - | 715,000 | 1,560,000 | 9,351,925 | 9,937,200 | 585,275 | 2.86% | 2.92% | 0.15% | |
| Commercial Banks | | | | | | | | | | | |
| Bank Al Falah Limited | | | | | | | | | | | |
| | 150,000 | - | 150,000 | - | - | - | - | - | - | - | |
| | 150,000 | - | 150,000 | - | - | - | - | - | - | - | |
| | 3,997,438 | - | 1,915,438 | 2,082,000 | 23,837,491 | 25,247,460 | 1,409,969 | 7.27% | 7.42% | 1.87% | |

5.2 Government securities - Market Treasury Bills

| Issue date | Tenor | Face Value | | | Balance as at September 30, 2012 | | | Market value as a percentage of net assets | Market value as a percentage of total Investments |
|---------------------------------|-----------|-----------------------------|-------------------------------------|----------------------------------|----------------------------------|--------------|----------------------------|--|---|
| | | Purchases during the period | Disposed/ matured during the period | Balance as at September 30, 2012 | Cost | Market value | Appreciation/ (diminution) | | |
| May 31, 2012 | 12 Months | 4,700,000 | 4,700,000 | - | - | - | - | - | |
| Total September 30, 2012 | | 4,700,000 | 4,700,000 | - | - | - | - | - | |

5.3 Term Deposit Receipt carrying mark-up rate of 12.38% per annum and will mature on June 01, 2014.

| | Note | (Un audited) September 30, 2012 Rupees |
|--|------|---|
| 5.4 Unrealised appreciation on re-measurement of investments classified as fair value through profit or loss - 'held for trading' - net | | |
| Market value of securities | | 25,247,460 |
| Less: Carrying value of securities | | 23,837,491 |
| | | <u>1,409,969</u> |
| 6 PROFIT RECEIVABLE AND PREPAYMENTS | | |
| Profit receivable on term deposit account | | 7,370,444 |
| Profit receivable on saving accounts | | 65,362 |
| Prepaid listing fee | | 7,483 |
| | | <u>7,443,289</u> |
| 7 PRELIMINARY EXPENSES AND FLOATATION COSTS | | |
| Preliminary expense and floatation costs | | 2,902,939 |
| Less: amortised during the period | | (469,093) |
| Balance as at September 30, 2012 | | <u>2,433,846</u> |
| 8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY | | |
| Management fee | 8.1 | 425,593 |
| Sindh sales tax payable | | 68,092 |
| Preliminary expenses and floatation cost | | 2,927,939 |
| | | <u>3,421,624</u> |

8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent 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 remuneration at the rate of 1.5% of net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

| | | (Un audited) September 30, 2012 Rupees |
|-------------|--|---|
| 9 | PAYABLE TO MCB FINANCIAL SERVICES LIMITED-TRUSTEE | |
| | Trustee fee | 9.1 <u>22,697</u> |
| | | <u><u>22,697</u></u> |
| 9.1 | Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration consists of reimbursement of actual custodial expenses/charges plus the following tariff: | |
| | Tariff per annum | |
| | Rs. 250,000/- or 0.08% per annum of NAV whichever is higher. | |
| 10 | PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN | |
| | Annual fee | 10.1 <u>85,252</u> |
| 10.1 | Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, Capital Protected Funds are required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the scheme. The Fund has been categorized as an Capital Protected Scheme by the Management Company. | |
| | | (Un audited) September 30, 2012 Rupees |
| 11 | ACCRUED EXPENSES AND OTHER LIABILITIES | |
| | Auditors' remuneration | 77,224 |
| | Rating fee | 46,354 |
| | Brokerage and other charges | 4,371 |
| | Other payables | 32,351 |
| | | <u>160,300</u> |
| 12 | CONTINGENCIES AND COMMITMENTS | |
| | There were no contingencies and commitments outstanding as at September 30, 2012. | |
| 13 | NUMBER OF UNITS IN ISSUE | |
| | Units issued | 33,500,929 |
| | Bonus units issued | 116,075 |
| | Units redeemed | (354,327) |
| | Total units in issue at the end of the period | <u><u>33,262,677</u></u> |

14 EARNINGS PER UNIT (EPU)

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

15 TRANSACTIONS WITH CONNECTED PERSONS

15.1 Connected persons include ABL Asset Management Company Limited being the Management Company under common management and/ or directorships, MCB Financial Services Limited (MCBFSL) being the trustee of the Fund.

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

15.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

15.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

(Un audited)
For the period from
June 01, 2012
to September 30,
2012
Rupees

15.5 Detail of transactions with connected persons during the period are as follows:

ABL Asset Management Company Limited - Management Company

| | |
|--|-------------|
| Issue of 10,000,000 units | 100,000,000 |
| Bonus of 34,700 units | 347,000 |
| Remuneration of the Management Company | 1,705,036 |

TRUSTEE

MCB Financial Services Limited

| | |
|-----------------------------|--------|
| Remuneration for the period | 90,935 |
|-----------------------------|--------|

(Un audited)
September 30,
2012
Rupees

15.6 Detail of balances outstanding at the period end with connected persons are as follows:

ABL Asset Management Company Limited - Management Company

| | |
|--|-------------|
| Management fee payable | 425,593 |
| Preliminary expenses and floatation cost | 2,927,939 |
| 10,034,700 units held | 104,689,015 |

(Un audited)
September 30,
2012
Rupees

MCB Financial Services Limited - Trustee
Remuneration and CDC connection fee payable

22,697

16 **DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 25, 2012 by the Board of Directors of the Management Company.

17 **GENERAL**

Figures have been rounded off to the nearest rupee.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

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ABL Asset Management

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