



ABLM
Stock Fund

CONDENSED INTERIM
FINANCIAL
STATEMENTS

FOR THE HALF YEAR ENDED 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, CivilLines, Karachi.	
Bankers:	Allied Bank Limited Bank Al-Falah Limited United Bank Limited	
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 Stock Fund (ABL-SF), is pleased to present the un-audited Condensed Interim Financial Statements of ABL Stock Fund (ABL-SF) for the half year 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 backburner 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.

MARKET OVERVIEW

Equities, which remained sluggish in 1QFY10, bounced back sharply with renewed interest from both local and foreign participants in 2QFY10. The benchmark KSE-100 consequently closed at 12,022 points in 1HFY10, up 3.7% during period under review. Foreign flows continued to be the key driving factor across the emerging and frontier markets. Pakistan equity market fetched around USD 249 million during the period with USD 144 million alone coming in the second quarter of FY11. Appointment of SECP Chairman, election of the new KSE Board, acquisition of BP's assets in Pakistan by United Energy Group for a base price of \$775mn, record increase in urea prices by Rs.190/bag amidst severe gas shortage and signing of share purchase agreement between Best way Holding and Abu Dhabi Group to acquire 20% of latter's stake in UBL were other important developments during the period that helped benchmark KSE-100 crossing the psychological barrier of 12,000 after almost two and a half years.

MUTUAL FUND INDUSTRY REVIEW

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 compared to Rs.198 billion at the end of June 2010 (an increase of Rs.26 billion in absolute term). Out of Rs.26 billion, Rs.20 billion has been raised by money market fund category followed by equity funds, which raised Rs.11 billion in 1HFY11 whereas other categories showed negative growth.

Open-end funds, which now contribute 88% of total mutual fund industry size, stood at Rs.197 billion till December 2010 compared with Rs.169 billion in June 2010, showing an increase of 17%; while closed-end funds stood at Rs.27.37 billion (-8.5% YoY). The drop in asset size of closed-end funds was due to conversion of JS Large

Capital Fund, Pakistan Strategic Allocation Fund & Pakistan Premier Fund into open-end funds which have added Rs.3.5 billion in open-end equity fund category. Nevertheless, the equity fund category was still able to grow 27% in 1HFY11, thanks to local bourse, which rose 23.6% (as measured by KSE-100) during the reported period.

FUND PERFORMANCE

During the period under review, ABL Stock Fund's AUM increased by 35% to Rs.507 million from Rs.376 million at June 30, 2010. The fund posted an absolute return of 23.5% against the benchmark return of 21.3%, an out performance of 220 bps during the half year. When measured from its inception date, ABL-SF maintained its position as the best performing fund in its category and posted a return of 63.5% as compared to benchmark return of 52.4%, depicting a significant outperformance of 1100 basis points.

ABL Stock Fund earned total income of Rs.97.55 million for the half year ended December 31, 2010 mainly out of which Rs.29.33 million was net capital gain on sales of securities, Rs.12.62 million was dividend income and Rs.51.61 million was unrealized appreciation on re-measurement of financial assets at fair value through profit or loss-'held for trading'. After accounting for expenses of Rs.8.31 million (comprising mainly of the management fee of Rs.5.97 million) net income from operating activities for the half year ended December 31, 2010 stood at Rs.89.23 million.

With the net element of income and capital gains of Rs.11.60 million included in the prices of units issued less those in units redeemed and Rs.1.98 million was provision for workers welfare fund, the net income for the half year ended December 31, 2010 stood at Rs.98.85 million.

FUND STABILITY RATING

On July 29, 2010, JCR-VIS assigned MFR 5-Star to ABL-SF, which denotes 'very good performance'.

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-ThreePlus), which denotes 'good management quality.'

OUTLOOK

2QFY11 was a recovery phase for the economy after the flood related slowdown witnessed in the previous quarter and sentiment should improve as we draw closer to corporate result season from January onward. Investors are also betting on an early introduction of leverage product as the incoming SECP Chairman and incumbent KSE board put their acts together. All these factors can help the index to maintain its positive drive in upcoming months. Subject to some improvement in Government's fiscal discipline, we believe the KSE can scale 14,000 mark in CY11 even without re-rating, based on ~15-20% estimated EPS growth in 2011. Our strategy going forward will be to build higher exposure in cash rich bluechips stocks and undervalued, deeply discounted quality mid-tier companies, which have lagged in performance in the recent 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, 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 exemplary commitment and hard work.

Karachi, February 18, 2011

For and on behalf of the Board


FARID AHMED KHAN
CEO

CENTRAL DEPOSITORY COMPANY**Head Office**

CDC House, 99-B, Block 'B'
 S. M. C. H. S. Main Shahr-e-Faisal
 Karachi - 74400, Pakistan.
 Tel: (92-21) 111-111-500
 Fax: (92-21) 34326020 - 23
 URL: www.cdc-pakistan.com
 Email: info@cdcpak.com

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 six months period ended 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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PricewaterhouseCoopers

A.F. Ferguson & Co
Chartered Accountants
Scale 15 Building No. 1-C
LIC Chundrigar Road, P.O. Box 4716
Karachi-74000, Pakistan
Telephone: +92(0) 32426683-6 / 32426711-5
Facsimile: +92(0) 32415007 / 32427938

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

Introduction

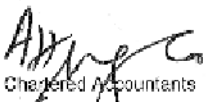
We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Stock Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half-year ended 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 quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 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 half-year ended 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. Jafar
Date: February 18, 2011
Karachi

Lahore Office: 21-C Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 18, Lahore, Pakistan. Tel: (92-42) 35215014-271 Fax: (92-42) 35215107
Kuala Lumpur Office: House No. 1516, Street No. 7, Midland District, Jln Ampang, Kuala Lumpur, Malaysia. Tel: +60 3 2799 3151-120, +60 3 2799 31522

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 **ABL Stock Fund**

ABL STOCK FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2010

	Note	(Unaudited) December 31, 2010	(Audited) June 30, 2010
Rupees			
ASSETS			
Bank balances	4	54,659,153	6,937,666
Investments - at fair value through profit or loss	5	455,390,563	395,731,515
Dividend and profit receivable	6	293,376	482,796
Security deposits and prepayments	7	2,614,912	2,600,000
Receivable against sale of investments		16,982,177	51,960,297
Receivable against sale of units		5,174	-
Preliminary expenses and floatation costs	8	2,505,417	2,866,609
Total assets		532,450,772	460,578,883
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	9	4,653,159	4,596,263
Payable against purchase of investments		17,456,469	-
Payable to Central Depository Company of Pakistan Limited - Trustee	10	88,591	67,096
Payable to Securities and Exchange Commission of Pakistan		189,046	360,521
Payable against redemption of units		370,923	-
Dividend payable		-	78,463,823
Accrued expenses and other liabilities	11	3,097,823	932,981
Total liabilities		25,856,011	84,420,684
NET ASSETS		506,594,761	376,158,199
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		506,594,761	376,158,199
CONTINGENCIES AND COMMITMENTS			
12			
.....Number of Units.....			
NUMBER OF UNITS IN ISSUE		40,972,943	37,565,305
.....Rupees.....			
NET ASSET VALUE PER UNIT		12.3641	10.0134
FACE VALUE PER UNIT		10.0000	10.0000

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


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD YASEEN
DIRECTOR

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ABL STOCK FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Note	For the half year ended December 31, 2010	For the Period From June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
INCOME					
Rupees					
Net capital gain on sale of investments		29,337,232	66,203,356	27,136,401	18,531,088
Income from Government Securities		2,418,683	-	1,442,914	-
Dividend income		12,614,708	5,915,510	6,561,725	3,385,260
Profit on bank accounts		1,570,125	2,163,843	654,209	966,178
		45,940,748	74,282,709	35,795,249	22,882,526
Unrealised appreciation / (diminution) on remeasurement of financial assets at fair value through profit or loss - 'held for trading'	5.3	51,606,510	7,310,798	42,524,834	(23,293,251)
		97,547,258	81,593,507	78,320,083	(410,725)
EXPENSES					
Remuneration of ABL Asset Management Company Limited - Management Company		5,969,871	5,193,812	3,130,404	2,989,544
Remuneration of Central Depository Company of Pakistan Limited - Trustee		397,991	386,091	208,693	199,302
Annual fee - Securities and Exchange Commission of Pakistan		189,046	164,469	99,130	94,669
Brokerage expense and other transaction costs		902,347	3,392,957	651,694	1,394,739
Auditors' remuneration		176,456	166,336	88,228	83,168
Amortisation of preliminary expenses and floatation costs		361,192	361,270	180,596	180,398
Printing charges		100,832	76,296	50,416	37,536
Annual rating fee		45,448	85,744	22,724	42,872
Listing fee		15,088	40,520	7,544	20,056
Settlement and bank charges		155,829	207,891	82,281	102,498
Other expenses		-	2,500	-	-
Total operating expenses		8,314,100	10,077,886	4,521,710	5,144,782
Net income / (loss) from operating activities		89,233,158	71,515,621	73,798,373	(5,555,507)
Net element of income and capital gains included in prices of units issued less those in units redeemed		11,504,800	18,748,436	10,364,084	18,358,435
Provision for Workers' Welfare Fund	11.1	(1,976,361)	-	(1,652,205)	-
Net income for the period before taxation		98,761,597	90,264,057	82,510,252	12,802,928
Taxation	13	-	-	-	-
Net income for the period after taxation		98,761,597	90,264,057	82,510,252	12,802,928
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		98,761,597	90,264,057	82,510,252	12,802,928
Earnings per unit	14				

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KILAN
CEO


MUIHAMMAD YASEEN
DIRECTOR

ABL STOCK FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	For the half year ended December 31, 2010	For the Period From June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees			
Opening undistributed income comprising:				
- Realised income	6,040,511	-	7,647,073	46,857,080
- Unrealised income / (loss)	(5,534,477)	-	9,081,676	30,604,049
	506,034	-	16,728,749	77,461,129
Net income for the period	98,761,597	90,264,057	82,510,252	12,802,928
Net element of income and capital gains included in prices of units issued less those in units redeemed	45,662	-	74,292	-
Undistributed income carried forward	99,313,293	90,264,057	99,313,293	90,264,057
Undistributed income comprising:				
Realised income	48,642,871	82,953,259	48,642,871	82,953,259
Unrealised income	50,670,422	7,310,798	50,670,422	7,310,798
	99,313,293	90,264,057	99,313,293	90,264,057

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


 FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
(Management Company)


 MUHAMMAD YASEEN
 DIRECTOR


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ABL STOCK FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	For the half year ended December 31, 2010	For the Period From June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees			
Net assets at the beginning of the period	376,158,199	-	368,638,725	417,783,169
Issue of 13,218,433 units (2009: 53,966,574 units) and 10,580,666 units (2009: 5,674,643 units) for half year and quarter ended respectively	151,404,154	583,613,663	123,585,107	75,823,441
Redemption of 9,810,795 units (23,309,225 units) and 5,036,424 units (2009: 6,856,208 units) for half year and quarter ended respectively	(108,224,389)	(258,291,737)	(57,775,240)	(91,213,556)
	43,179,765	325,321,926	65,809,867	(15,390,115)
Net element of income and capital gains included in prices of units issued less those in units redeemed				
- amount representing income and capital gains - transferred to Income Statement	(11,504,800)	(18,748,436)	(10,364,084)	(18,358,435)
- amount representing income and capital gains - transferred to Distribution Statement	(45,662)	-	(74,292)	-
	(11,550,462)	(18,748,436)	(10,438,376)	(18,358,435)
Other net income for the period	17,817,855	16,749,903	12,849,018	17,565,091
Net capital gain on sale of investments	29,337,232	66,203,356	27,136,401	18,531,088
Unrealised appreciation / (diminution) on remeasurement of financial assets at fair value through profit or loss - 'held for trading'	51,606,510	7,310,798	42,524,834	(23,293,251)
	98,761,597	90,264,057	82,510,253	12,802,928
Net element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement	45,662	-	74,292	-
Net assets at the end of the period	506,594,761	396,837,547	506,594,761	396,837,547

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


HARID AJIMED KILAN
CEO

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD YASEEN
DIRECTOR

ABL STOCK FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	For the half year ended December 31, 2010	For the Period From June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
	Rupees			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	98,761,597	90,264,057	82,510,252	12,802,928
Adjustments:				
Unrealised (appreciation) / diminution on remeasurement of investments classified as financial assets at fair value through profit or loss - 'held for trading'	(51,606,510)	(7,310,798)	(42,524,834)	23,293,251
Dividend income	(12,614,708)	(5,915,510)	(6,561,725)	(3,385,260)
Net element of income and capital gains included in prices of units sold less those in units redeemed	(11,504,800)	(18,748,436)	(10,364,084)	(18,358,435)
Amortisation of preliminary expenses and floatation costs	361,192	361,270	180,596	180,398
	<u>23,396,771</u>	<u>58,650,583</u>	<u>23,240,205</u>	<u>14,532,882</u>
(Increase) / decrease in assets				
Investments - net	(8,052,538)	(362,000,201)	(96,584,655)	(3,748,815)
Dividend and profit receivable	53,838	(89,817)	(31,873)	1,368,550
Security deposits and prepayment	(14,912)	(2,639,480)	7,544	20,650
Receivable against sale of investments	34,978,120	(10,775,787)	(16,982,177)	7,984,429
	<u>26,964,508</u>	<u>(375,505,285)</u>	<u>(113,591,161)</u>	<u>5,624,814</u>
Increase / (decrease) in liabilities				
Payable to ABL Asset Management Company Limited - Management Company	56,896	1,013,854	165,510	(196,075)
Payable to Central Depository Company of Pakistan Limited - Trustee	21,495	71,587	25,798	(18,981)
Payable to Securities and Exchange Commission of Pakistan	(171,475)	164,469	99,129	94,669
Payable against purchase of investments	17,456,469	30,261,298	17,456,469	(13,143,344)
Accrued expenses and other liabilities	2,164,842	600,922	1,907,367	(917,196)
	<u>19,528,227</u>	<u>32,112,130</u>	<u>19,654,273</u>	<u>(14,180,927)</u>
Dividend received	12,750,290	5,506,775	10,613,999	4,717,100
	<u>12,750,290</u>	<u>5,506,775</u>	<u>10,613,999</u>	<u>4,717,100</u>
Net cash generated from / (used in) operating activities	<u>82,639,796</u>	<u>(279,235,797)</u>	<u>(60,082,684)</u>	<u>10,693,869</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(78,463,823)	-	-	-
Receipts from issue of units	151,398,980	583,613,663	123,579,933	75,823,441
Payments on redemption of units	(107,853,466)	(258,291,737)	(57,404,317)	(91,213,556)
Net cash (used in) / generated from financing activities	<u>(34,918,309)</u>	<u>325,321,926</u>	<u>66,175,616</u>	<u>(15,390,115)</u>
Net increase / (decrease) in cash and cash equivalents	<u>47,721,487</u>	<u>46,086,129</u>	<u>6,092,932</u>	<u>(4,696,246)</u>
Cash and cash equivalents at the beginning of the period	6,937,666	-	48,566,221	50,782,375
Cash and cash equivalents at the end of the period	<u>54,659,153</u>	<u>46,086,129</u>	<u>54,659,153</u>	<u>46,086,129</u>

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


MUHAMMAD YASEEN
DIRECTOR

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

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 can be redeemed 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 being offered for public subscription on a continuous basis.

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.

The JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM3+' (positive outlook) to the Management Company and Fund Performance Rating of 'MFR 5-Star' to the Fund.

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 (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosure made in these condensed interim financial statements have, however, been limited based on the requirements of 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 Code of Corporate Governance.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. 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, improvements to International Financial Reporting Standards 2010 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.

	Note	(Unaudited) December 31, 2010	(Audited) June 30, 2010
Rupees			
4 BANK BALANCES			
Savings accounts	4.1	54,659,153	6,937,666
		<u>54,659,153</u>	<u>6,937,666</u>

4.1 These savings accounts carry mark-up at rates ranging from 5.00% to 13.50% per annum (June 30, 2010: 5.00% to 11.50%). Deposits in savings accounts include Rs. 22,759,290 (June 30, 2010: Rs. 6,813,708) maintained with Allied Bank Limited, a related party.

5 INVESTMENTS

At fair value through profit or loss - held for trading

Government securities	5.1	29,726,760	39,818,400
Quoted equity securities	5.2	425,663,803	355,913,115
		<u>455,390,563</u>	<u>395,731,515</u>

5.1 Government securities

Issue date	Tenor	Face Value				Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchases during the period	Disposed / Matured during the period	As at December 31, 2010	Cost	Market value	Appreciation / (diminution)		
Rupees										
April 22, 2010	3 Months	40,000,000	-	40,000,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	50,000,000	50,000,000	-	-	-	-	-	-
January 14, 2010	6 Months	-	60,000,000	60,000,000	-	-	-	-	-	-
July 30, 2009	1 Year	-	10,000,000	10,000,000	-	-	-	-	-	-
October 7, 2010	3 Months	-	40,000,000	40,000,000	-	-	-	-	-	-
October 21, 2010	3 Months	-	90,000,000	90,000,000	-	-	-	-	-	-
August 26, 2010	3 Months	-	50,000,000	50,000,000	-	-	-	-	-	-
October 22, 2010	3 Months	-	40,000,000	40,000,000	-	-	-	-	-	-
November 4, 2010	3 Months	-	30,000,000	-	30,000,000	29,735,645	29,726,760	(8,885)	5.87	6.53
As at December 31, 2010		<u>40,000,000</u>	<u>370,000,000</u>	<u>380,000,000</u>	<u>30,000,000</u>	<u>29,735,645</u>	<u>29,726,760</u>	<u>(8,885)</u>		
As at June 30, 2010		-	<u>65,000,000</u>	<u>25,000,000</u>	<u>40,000,000</u>	<u>39,815,223</u>	<u>39,818,400</u>	<u>3,177</u>		

5.2 Quoted equity securities

Name of the Investee Company	Number of Shares					Market value as at December 31, 2010	Market value as a percentage of net assets	Market value as a percentage of total investment	Market value as a percentage of paid-up capital of investee company
	As at July 1, 2010	Purchases during the period	Bonus	Sales during the period	As at December 31, 2010				

Rupees

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

BANKS									
Allied Bank Limited	537,055	20,055	-	436,199	120,911	8,481,907	1.67	1.86	0.11
MCB Bank Limited	135,000	200,000	-	188,360	146,640	33,513,106	6.62	7.36	0.44
Meezan Bank Limited	513,678	-	-	513,678	-	-	-	-	-
National Bank of Pakistan	190,000	269,000	-	248,500	210,500	16,170,610	3.19	3.55	0.12
United Bank Limited	190,000	245,450	-	261,000	174,450	11,902,724	2.35	2.61	0.10
PERSONAL GOODS									
Nishat (Chunian) Limited	-	232,500	-	75,000	157,500	3,578,400	0.71	0.79	0.22
Nishat Mills Limited	178,750	350,000	-	271,000	257,750	16,539,818	3.26	3.63	0.47
GENERAL INDUSTRIALS									
Thal Limited (Face value Rs. 5 each)	138,163	13,001	26,232	130,396	47,000	6,121,750	1.21	1.34	1.99
CONSTRUCTION AND MATERIALS									
D.G. Khan Cement Company Limited	-	357,190	-	140,000	217,190	6,552,622	1.29	1.44	0.18
Lucky Cement Limited	155,722	156,400	-	136,395	175,727	13,318,349	2.63	2.92	0.41
OIL AND GAS									
Attock Petroleum Limited	37,000	39,500	2,507	39,462	39,545	13,228,593	2.61	2.90	1.91
Pakistan State Oil Company Limited	106,500	122,950	-	114,500	114,950	33,930,941	6.70	7.45	1.98
Pakistan Oilfields Limited	151,711	139,809	-	148,000	143,520	42,476,179	8.38	9.33	1.80
Pakistan Petroleum Limited	164,692	139,500	28,938	147,500	185,630	40,309,555	7.96	8.85	0.34
National Refinery Limited	40,000	12,500	-	28,600	23,900	6,543,581	1.29	1.44	0.82
Oil & Gas Development Company Limited	263,803	61,810	-	182,000	143,613	24,533,409	4.84	5.39	0.06
ELECTRICITY									
Kot Addu Power Company Limited	105,000	100,000	-	105,000	100,000	4,068,000	0.80	0.89	0.05
The Hub Power Company Limited	1,143,450	100,000	-	577,722	665,728	24,904,884	4.92	5.47	0.22
Nishat Chunian Power Limited	-	655,000	-	246,587	408,413	6,571,365	1.30	1.44	0.18
Nishat Power Limited	-	600,000	-	300,000	300,000	4,869,000	0.96	1.07	0.14
CHEMICALS									
Dawood Hercules Chemicals Limited	-	34,233	-	-	34,233	6,790,458	1.34	1.49	0.56
Engro Corporation Limited	125,104	305,000	-	276,176	153,928	29,832,786	5.89	6.55	0.91
Fauji Fertilizer Company Limited	289,251	220,000	-	141,498	367,753	46,285,392	9.14	10.16	0.68
Fauji Fertilizer Bin Qasim Limited	-	245,636	-	100,000	145,636	5,203,574	1.03	1.14	0.06
ICI Pakistan Limited	-	97,500	-	10,000	87,500	12,621,000	2.49	2.77	0.91
Lotte Pakistan PTA Limited	-	534,000	-	-	534,000	7,315,800	1.44	1.61	0.05
Total as at December 31, 2010						<u>425,663,803</u>			
Total as at June 30, 2010						<u>355,913,115</u>			

5.3 Net unrealised appreciation / (diminution) on remeasurement of investments classified as fair value through profit or loss - held for trading

Market value of securities	5.1 & 5.2	455,390,563	355,913,115
Less: Carrying value of securities		<u>(403,784,053)</u>	<u>(361,450,769)</u>
		<u>51,606,510</u>	<u>(5,537,654)</u>

Note (Unaudited) (Audited)
December 31, 2010 June 30, 2010
Rupees

- 5.4 The investment in equity securities includes shares of Allied Bank Limited: 60,000 (June 30, 2010: Nil), Engro Corporation Limited: 50,000 (June 30, 2010: 50,000), Fauji Fertilizer Company Limited: 8,000 (June 30, 2010: 8,000), The Hub Power Company Limited: 300,000 (June 30, 2010: 300,000), Lucky Cement Limited: 25,000 (June 30, 2010: 25,000), MCB Bank Limited: 20,000 (June 30, 2010: 20,000), Pakistan Oilfields Limited: 23,000 (June 30, 2010: 23,000), Pakistan Petroleum Limited: 20,000 (June 30, 2010: 20,000), Pakistan State Oil Company Limited: 28,000 (June 30, 2010: 38,000) and United Bank Limited: 120,000 (June 30, 2010: 120,000), pledged with National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs. 60,197,650 (June 30, 2010: Rs. 49,569,760), for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan.

	(Unaudited) December 31, 2010	(Audited) June 30, 2010
	<u>Rupees</u>	
6 DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable	252,918	388,500
Profit accrued on savings accounts	40,458	94,296
	<u>293,376</u>	<u>482,796</u>
7 SECURITY DEPOSITS AND PREPAYMENTS		
National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
Prepaid annual listing fee	14,912	-
	<u>2,614,912</u>	<u>2,600,000</u>
8 PRELIMINARY EXPENSES AND FLOATATION COSTS		
Opening balance	2,866,609	3,583,261
Less: Amortisation during the period	<u>(361,192)</u>	<u>(716,652)</u>
Balance as at December 31, 2010	<u>2,505,417</u>	<u>2,866,609</u>
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. As per the requirement 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		
Management fee	1,201,065	981,886
Sales load	585,395	31,116
Preliminary expenses and floatation costs	2,866,699	3,583,261
	<u>4,653,159</u>	<u>4,596,263</u>
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Trustee fee	80,073	65,458
Settlement charges	8,518	1,638
	<u>88,591</u>	<u>67,096</u>

	Note	(Unaudited)	(Audited)
		December 31, 2010	June 30, 2010
Rupees			
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		176,706	264,000
Annual rating fee payable		45,448	90,000
Brokerage and federal excise duty payable		312,911	179,404
Workers' Welfare Fund	11.1	2,276,231	299,870
Withholding Tax deducted at source on capital gain		145,991	-
Other payables		140,536	99,707
		<u>3,097,823</u>	<u>932,981</u>

- 11.1** 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. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, 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 retain the provision for WWF amounting to Rs. 2.276 million in these condensed interim financial statements.

12 CONTINGENCIES AND COMMITMENTS

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

13 TAXATION

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

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 / 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, 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.

15.1 Detail of transactions with connected persons are as follows:

	(Unaudited)			
	For the half year ended December 31, 2010	For the period From June 28, 2009 to December 31, 2009	For the quarter ended December 31, 2010	For the quarter ended December 31, 2009
ABL Asset Management Company Limited - Management Company	Rupees			
Issue of 819,497 units (2009: 24,200,596)	9,982,952	278,000,000	9,982,952	59,000,000
Redemption of 6,339,485 units (2009: 15,380,702)	70,000,000	174,072,364	30,000,000	75,000,364
Remuneration for the period	5,969,871	5,193,812	3,130,404	2,989,812
Allied Bank Limited				
Issue of Nil units (2009: 10,000,000)	-	100,000,000	-	-
Markup income for the period	350,949	1,775,837	141,421	676,837
Bank charges	12,739	8,559	8,009	559
ABL AMCL - Staff Provident Fund				
Issue of Nil units (2009: 85,000)	-	850,000	-	-
Redemption of Nil units (2009: 85,000)	-	911,557	-	-
ABL Employees Superannuation (Pension) Fund				
Issue of Nil units (2009: 10,000,000) (Investment in seed capital of the fund)	-	100,000,000	-	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	397,991	386,091	208,693	199,091
Settlement charges and connection fee	26,094	81,862	13,097	26,862
Key Management personnel - Executives				
Issue of Nil units (2009: 24,496)	-	245,000	-	-
Redemption of 16,724 units (2009: 13,500)	179,495	166,606	179,495	29,000

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

	(Unaudited) December 31, 2010	(Audited) June 30, 2010
ABL Asset Management Company Limited - Management Company		
	Rupees	
Management fee payable	1,201,065	981,886
Preliminary expenses and floatation costs	2,866,699	3,583,261
Sales load payable	585,395	31,116
Units held 3,361,352 (June 30, 2010: 8,881,340)	41,560,090	88,932,410
Allied Bank Limited		
Markup accrued	-	94,171
Bank balances	22,759,290	6,813,708
Units held 10,000,000 (June 30, 2010: 10,000,000)	123,641,000	100,134,000
ABL Employees Superannuation (Pension) Fund		
Units held 10,000,000 (June 30, 2010: 10,000,000)	123,641,000	100,134,000
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	80,073	65,458
Settlement charges payable	8,518	1,638
Security deposit with CDC	100,000	100,000
Key Management personnel - Executives		
Units held 22,183 (June 30, 2010: 38,907)	274,276	389,591

16 GENERAL

Figures have been rounded off to the nearest rupees. Corresponding figures have been rearranged and reclassified where necessary for the purpose of comparison. No significant rearrangements or reclassifications to corresponding figures have been made in these condensed interim financial statements.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2011 by the Board of Directors of the Management Company.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


MUHAMMAD YASEEN
 DIRECTOR

 **ABL Asset Management**
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CONTACT US:

Helpline 0800 ABL-AM (0800 225 26)

UAN: (021) 111-ABL-AMC (111-225-262)

Email: contactus@ablmc.com

Website: www.ablmc.com



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