



# CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2014



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## FUND'S INFORMATION

<b>Management Company:</b>	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
<b>Board of Directors</b>	Sheikh Mukhtar Ahmed Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas Mr. Farid Ahmed Khan	Chairman       CEO
<b>Audit Committee:</b>	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Khawaja Muhammad Almas	Chairman Member Member
<b>Human Resource Committee:</b>	Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member Member
<b>Chief Executive Officer of the Management Company</b>	Mr. Farid Ahmed Khan	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Chief Internal Auditor:</b>	Mr. Mubeen Ashraf Bhimani	
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi - 74400	
<b>Bankers to the Fund:</b>	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
<b>Auditor:</b>	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor:</b>	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
<b>Registrar:</b>	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Income Fund (ABL-IIF), is pleased to present the un-audited Condensed Interim Financial Information of ABL-IIF for the nine months ended March 31, 2014.

### ECONOMIC PERFORMANCE REVIEW

3QFY14 reflected a major turnaround in the fortunes of Pakistan's economic landscape with key economic indicators depicting significant improvement. The talking point for the quarter was the remarkable 6.7% appreciation of the rupee vs. the US dollar after the rupee hit an all-time low against the greenback of Rs108.63. Release of IMF tranches (USD550mn for 3QFY14), Coalition support funds (USD352mn) and an unexpected USD1.5bn inflow through Pakistan Development Fund pushed the FX reserves near the USD10bn mark at quarter end. Improvement in reserves, coupled with solid current account numbers (USD263mn deficit for 2MCY14, USD2,020mn for 8MFY14) and a steady stream of foreign inflows lined up for the next few quarters' (3G/4G licenses auction, Eurobond issue, Etisalat payments, and more funds expected through Pakistan Development Funds) has renewed the optimism in Pak Rupee, resulting in a significant bounce back.

Inflationary pressures also receded over the past quarter as food inflation remained largely under control. Overall CPI inflation averaged 8.1% for 3QFY14, remaining well below the 10% mark. Significant decline in inflation (9.73% for 2QFY14) resulted in SBP aborting its monetary tightening stance with the policy rate remaining unchanged at 10% during the last quarter. In fact, there was market chatter of a possible rate cut before the March MPS. However, SBP kept rates unchanged giving more weight to challenges on the external account front while noting the improvement in FX reserves as one off inflows. On the fiscal front, Government borrowing from SBP eased (PKR133bn at March 31st, 2014, vs. PKR612bn at December 31st, 2013) as banks participated heavily in PIB auctions (PKR982bn raised for 3QFY14), sighting a stable or dovish monetary stance for the next few quarters. Tax collection remained commendable at PKR1573bn, +16% YoY, however, though still short of target by 210bn.

As we move to the last quarter of the current fiscal year, all eyes will be on the upcoming FY15 budget. Removal of subsidies, enhancing tax to GDP ratio and resolving the circular debt issue, are expected to be the core focus areas for the FY15 budget. With key IMF prescribed targets (FX reserves, Central Bank Borrowing, fiscal deficit) seemingly achievable and inflationary pressures expected to ease further on account of rupee appreciation, a pro-growth monetary easing stance cannot be ruled out in the near term. Despite significant recovery in the LSM segment (6.05% growth in 7MFY14), GDP growth is expected to clock in well below 5% for FY14. As economic indicators stabilize and energy related issues get priority handling, we anticipate policy makers to gradually shift focus towards a more growth oriented strategy.

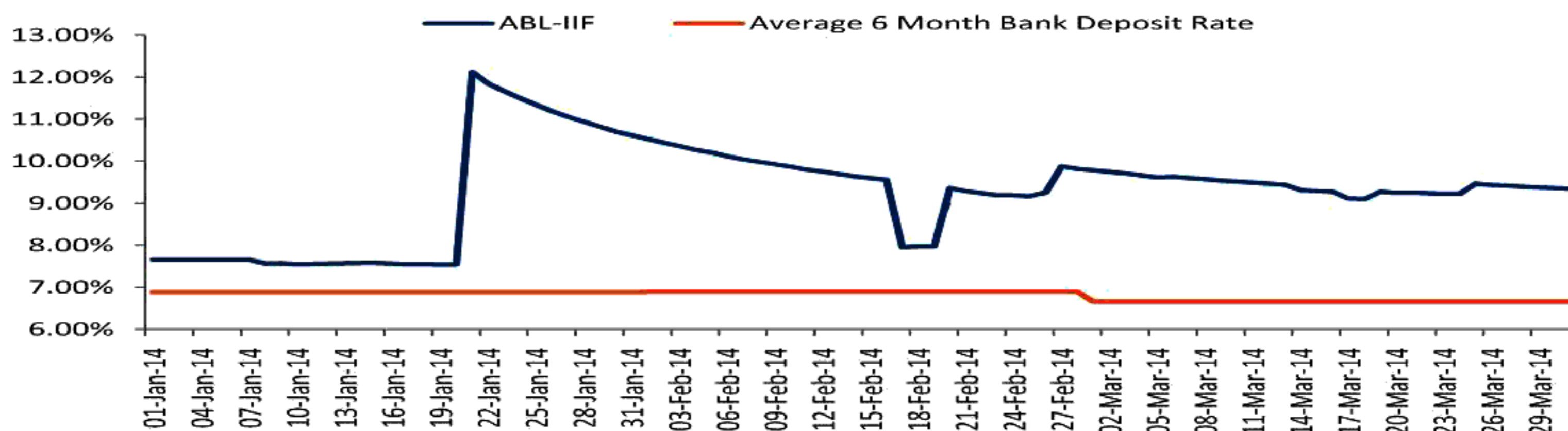
### MUTUAL FUND INDUSTRY REVIEW

The fixed income category (comprising of Income, Aggressive Income and Money Market funds) registered an increase of 3.5% in 3QFY14 from PKR199 billion in December 2013 to PKR206 billion in March 2014. Within the conventional fixed income segment, the Income fund category posted the highest AUM growth in percentage terms at 6.9% while in absolute terms, the AUMs of Income Fund category increased to PKR51 billion as at March 31st 2014 compared to PKR48 billion as at December 31st 2013. During the period under review, Islamic Income Fund category increased to PKR39 billion as at March 31st 2014 compared to PKR35 billion as at December 31st 2013. The Islamic Money Market Fund category registered growth of 4% to close at PKR7 billion from PKR7.3 billion in December 2013.

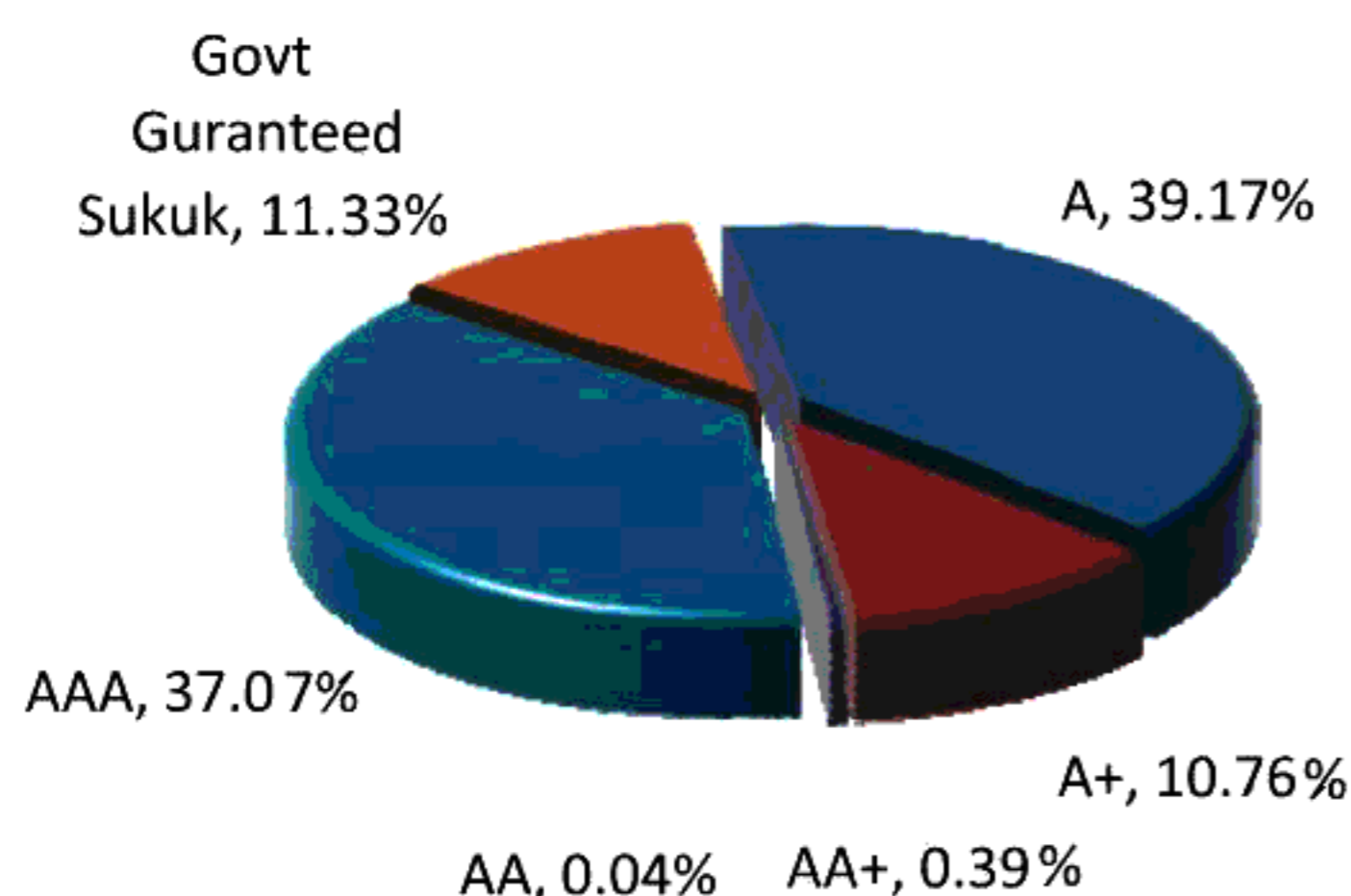
### FUND PERFORMANCE

Strong performance by WAPDA sukuks helped ABL IIF to deliver a stellar performance during the last quarter. The unit price of the fund increased by 2.394% to close at 10.2394 (cum dividend) resulting in an annualized yield of 9.35% as compared to its benchmark (Average 6 month Bank Deposit rate) yield of 6.81%, which shows an impressive outperformance of 254 bps. Apart from trading gains related to GoP Guaranteed WAPDA Sukuk, higher accruals on enhanced allocation in corporate Sukuks also helped returns. ABL IIF performance has remained consistent on YTD basis with an annualized return of 8.72% versus the benchmark yield of 6.67% - an outperformance of 205 bps.

The quarter under review observed sharp appreciation in prices of all Islamic instruments on the back of liquidity driven demand as supply of fresh GoP Ijarah Sukuk was further delayed. We have maintained our stance and remained invested in bank deposits as yields of all issued GoP Ijarah Sukuks were significantly below the discount rate. At the end of the period, the fund comprised of Corp Sukuks, Govt. Guaranteed Sukuks and bank deposits at 10.76%, 11.33% and 76.66% of assets respectively. The size of ABL Islamic Income Fund (ABL IIF) increased from PKR 1,083 million to PKR 1,278 million during the period, showing healthy growth of 18.02%.

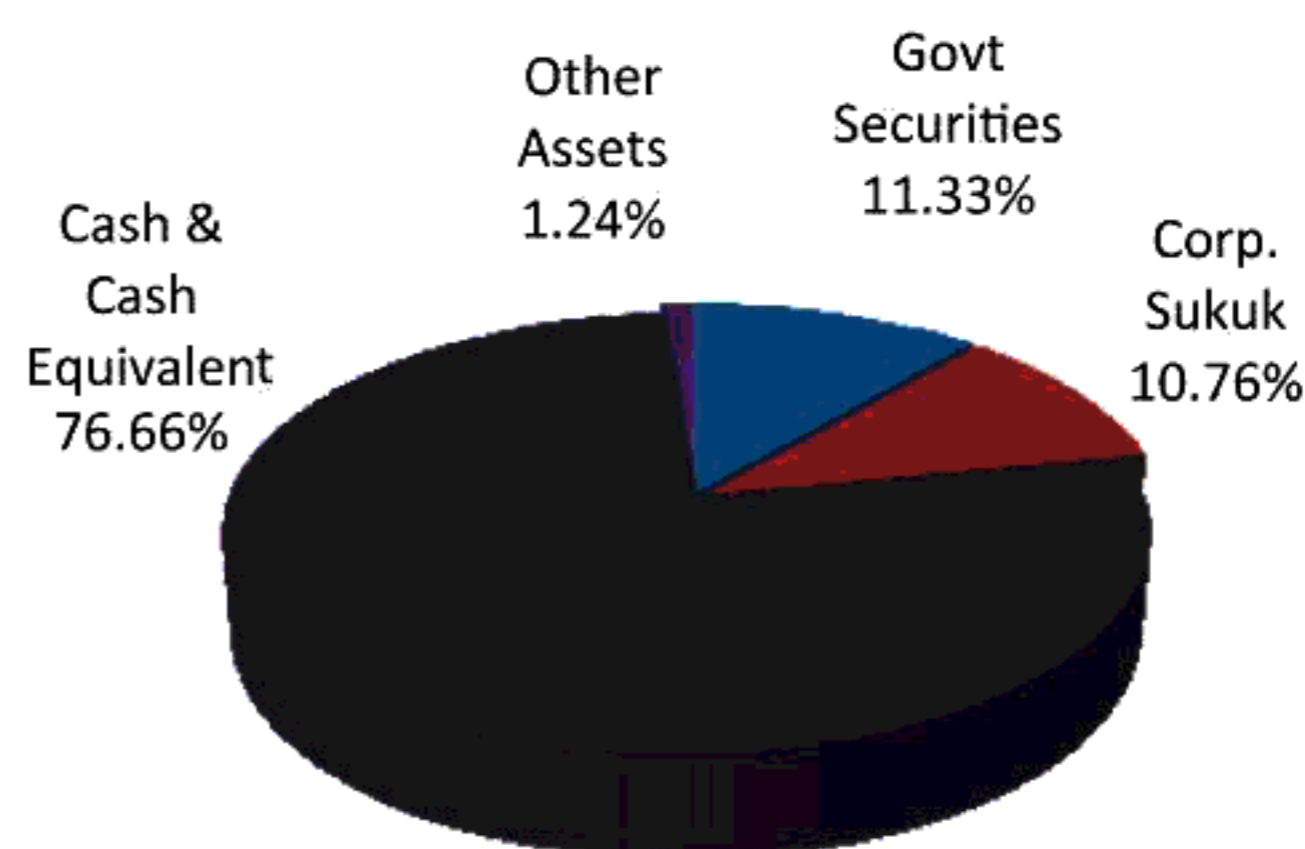


**Credit Quality of Portfolio (% of Assets)**



Other assets account for 1.24% of Total Assets

**Asset Allocation (% of Total Assets)**



## FUTURE OUTLOOK

Recent developments on the external account front have renewed the optimism over Pakistan's economic outlook. Monetary authorities are expected to adopt a stable monetary stance until a significant portion of expected foreign inflows materialize. However, a monetary easing stance during the next MPS cannot be ruled out, especially if inflation continues to trend downwards and FX reserves grow at a fast pace.

Until fresh supply of Ijarahsukuk hits the market, ABL IIF will continue to maintain current allocation. Dearth of good quality instruments will pose a significant challenge to Islamic income funds in the coming months.

## DISTRIBUTION

Total interim dividend of Rs.0.6389 per unit (6.39% on the face value of Rs.10 per unit) has been distributed during the nine months ended March 31, 2014.

## AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2014 for ABL Islamic Income Fund (ABL-IIF).

## **FUND STABILITY RATING**

JCR-VIS Credit Rating Company LTD. (JCR-VIS) on January 17, 2013 has reaffirmed the Fund Stability of ABL Islamic Income Fund at 'A+(f)' (Single A Plus (f)).

## **MANAGEMENT QUALITY RATING**

The Management Quality Rating of ABL Asset Management Limited (ABL AMC) is 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

## **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 (Central Depository Company of Pakistan Limited) and the management of Karachi Stock Exchange Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board



**FARID AHMED KHAN**  
**(Chief Executive Officer)**

**Karachi, April 22, 2014**

**ABL ISLAMIC INCOME FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2014**

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- Rupees -----	
<b>ASSETS</b>			
Balances with banks	4	997,557,334	417,536,479
Investments	5	287,490,203	738,135,279
Security deposit and prepayments		158,031	-
Profit receivable		15,192,826	26,779,734
Preliminary expenses and floatation costs		805,395	1,289,402
<b>Total assets</b>		<b>1,301,203,789</b>	<b>1,183,740,894</b>
<b>LIABILITIES</b>			
Payable to ABL Asset Management Company Limited - Management Company	6	4,362,981	3,076,244
Payable to Central Depository Company of Pakistan Limited - Trustee		162,222	146,232
Payable to the Securities and Exchange Commission of Pakistan		645,221	936,804
Accrued expenses and other liabilities	7	12,751,737	5,302,166
Payable against redemption of units		5,566,350	2,199,906
Dividend payable		18,590	14,896
<b>Total liabilities</b>		<b>23,507,101</b>	<b>11,676,248</b>
<b>NET ASSETS</b>		<b>1,277,696,688</b>	<b>1,172,064,646</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,277,696,688</b>	<b>1,172,064,646</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		-----Number of Units -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>127,636,386</b>	<b>117,105,945</b>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>10.0104</b>	<b>10.0086</b>
<b>FACE VALUE PER UNIT</b>		<b>10.0000</b>	<b>10.0000</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**For ABL Asset Management Company Limited  
(Management Company)**

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

**ABL ISLAMIC INCOME FUND  
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

		For the Nine Months ended March 31, 2014	For the Nine Months ended March 31, 2013	For the quarter ended March 31, 2014	For the quarter ended March 31, 2013
	Note	----- Rupees -----			
<b>INCOME</b>					
Capital gain / (loss) on sale of government securities - net		6,289,089	8,351,794	1,754,618	(1,605,055)
Profit on deposits with banks		38,894,130	26,674,611	18,591,477	8,356,843
Income from term deposit receipts		6,160,602	12,546,027	3,085,150	6,753,698
Income from sukus		34,717,386	59,933,020	5,650,401	19,606,919
		86,061,207	107,505,452	29,081,646	33,112,405
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net		3,434,085	(2,351,729)	3,392,585	(2,638,716)
<b>Total income</b>		<b>89,495,292</b>	<b>105,153,723</b>	<b>32,474,231</b>	<b>30,473,689</b>
<b>EXPENSES</b>					
Remuneration of ABL Asset Management Company Limited - Management Company		8,602,950	9,638,785	2,886,996	3,640,839
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,369,333	1,456,870	454,984	519,061
Sindh sales tax on remuneration of Management Company	6.1	1,596,708	1,542,198	536,160	582,571
Federal excise duty on remuneration of Management Company	6.2	1,376,472	-	462,204	-
Amortization of preliminary expenses and floatation costs		484,007	484,007	158,980	158,980
Annual fee - Securities and Exchange Commission of Pakistan		645,221	722,909	216,524	273,063
Auditors' remuneration		269,559	221,450	81,369	72,739
Bank and settlement charges		80,578	103,329	33,060	35,514
Annual rating fee		137,937	131,370	45,307	43,150
Printing charges		73,316	112,603	31,987	36,986
Brokerage and securities transaction cost		97,330	222,200	16,000	45,675
Listing fee		37,781	22,520	12,329	7,397
<b>Total operating expenses</b>		<b>14,771,192</b>	<b>14,658,241</b>	<b>4,935,900</b>	<b>5,415,975</b>
<b>Net income for the period from operating activities</b>		<b>74,724,100</b>	<b>90,495,482</b>	<b>27,538,331</b>	<b>25,057,714</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		804,021	995,125	2,102,988	(3,539,567)
Provision for Workers' Welfare Fund	7.1	(1,510,561)	(1,829,812)	(592,825)	(430,363)
<b>Net income for the period before taxation</b>		<b>74,017,560</b>	<b>89,660,795</b>	<b>29,048,494</b>	<b>21,087,784</b>
Taxation	8	-	-	-	-
<b>Net income for the period after taxation</b>		<b>74,017,560</b>	<b>89,660,795</b>	<b>29,048,494</b>	<b>21,087,784</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>74,017,560</b>	<b>89,660,795</b>	<b>29,048,494</b>	<b>21,087,784</b>
<b>Earnings per unit</b>	10				

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**For ABL Asset Management Company Limited  
(Management Company)**

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR



**ABL ISLAMIC INCOME FUND  
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

**For the Nine Months ended  
March 31, 2014**      **For the Nine Months ended  
March 31, 2013**  
----- Rupees -----

**Undistributed income brought forward comprising of:**

- realised income
- unrealised income

4,337,648	2,591,144
(3,332,339)	-
1,005,309	2,591,144

**Distribution during the period**

- Re 0.1868 per unit on September 27, 2013  
(2013 - Re 0.2788 per unit on September 24, 2012)  
Cash distribution  
Issue of 2,115,115 bonus units (2013: 2,945,055)
- Re 0.2231 per unit on December 30, 2013  
(2013 - Re 0.2789 per unit on December 27, 2012)  
Cash distribution  
Issue of 2,379,015 bonus units (2013: 3,905,674)
- Re 0.2290 per unit on March 27, 2014  
(2013 - Re 0.1669 per unit on March 22, 2013)  
Cash distribution  
Issue of 2,866,574 bonus units (2013: 2,187,407)

(15,827)	(22,381)
(21,151,148)	(29,450,550)
(18,903)	(22,939)
(23,790,145)	(39,056,738)
(19,402)	(14,141)
(28,665,740)	(21,874,072)
(73,661,165)	(90,440,821)

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

(32,614)	-
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Net income for the period after taxation

74,017,560	89,660,795
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Undistributed income carried forward

1,329,090	1,811,118
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**Undistributed income carried forward comprising of:**

- realised income
- unrealised income

(2,104,995)	4,162,847
3,434,085	(2,351,729)
1,329,090	1,811,118

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**For ABL Asset Management Company Limited  
(Management Company)**

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

**ABL ISLAMIC INCOME FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	<b>For the Nine Months ended March 31, 2014</b>	<b>For the Nine Months ended March 31, 2013</b>
	----- Rupees -----	
<b>Net assets at the beginning of the period</b>	1,172,064,646	1,059,763,164
Issue of 78,249,969 units (2013: 158,418,211 units)	791,216,528	1,603,714,966
Redemption of 75,080,232 units (2013: 153,501,853 units)	(758,743,893)	(1,553,556,310)
	32,472,635	50,158,656
Issue of 7,360,704 bonus units (2013: 9,038,136 units)	73,607,033	90,381,360
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses transferred to income statement	(804,021)	(995,125)
- amount representing (income) / loss and capital (gains) / losses transferred to distribution statement	32,614	-
	(771,407)	(995,125)
Capital gain on sale of government securities - net	6,289,089	8,351,794
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	3,434,085	(2,351,729)
Other net income	64,294,386	83,660,730
	74,017,560	89,660,795
<b>Distribution during the period</b>		
- Re 0.1868 per unit on September 27, 2013 (2013 - Re 0.2788 per unit on September 24, 2012) Cash distribution	(15,827)	(22,381)
Issue of 2,115,115 bonus units (2013: 2,945,055 units)	(21,151,148)	(29,450,550)
- Re 0.2231 per unit on December 30, 2013 (2013 - Re 0.2789 per unit on December 27, 2012) Cash distribution	(18,903)	(22,939)
Issue of 2,379,015 bonus units (2013: 3,905,674 units)	(23,790,145)	(39,056,738)
- Re 0.2290 per unit on March 27, 2014 (2013 - Re 0.1669 per unit on March 22, 2013) Cash distribution	(19,402)	(14,141)
Issue of 2,866,574 bonus units (2013: 2,187,407)	(28,665,740)	(21,874,072)
	(73,661,165)	(90,440,821)
Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed transferred to distribution statement	(32,614)	-
<b>Net assets as at the end of the period</b>	<u>1,277,696,688</u>	<u>1,198,528,029</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**For ABL Asset Management Company Limited  
(Management Company)**

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

**ABL ISLAMIC INCOME FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	For the Nine Months ended March 31, 2014	For the Nine Months ended March 31, 2013
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	74,017,560	89,660,795
<b>Adjustments for non-cash and other items:</b>		
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(3,434,085)	2,351,729
Amortization of preliminary expenses and floatation cost	484,007	484,007
Provision for Workers' Welfare Fund	1,510,561	1,829,812
Federal Excise Duty on Management Company's Remuneration	1,376,472	-
	<u>73,150,494</u>	<u>93,331,218</u>
<b>(Increase) / decrease in assets</b>		
Profit receivable	(158,031)	(1,106,337)
Security deposits and prepayments	11,586,908	(51,110)
Investments	454,079,161	35,647,243
	<u>465,508,038</u>	<u>34,489,796</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	1,286,737	(360,234)
Payable to Central Depository Company of Pakistan Limited - Trustee	15,990	23,367
Payable to Securities and Exchange Commission of Pakistan	(291,583)	141,973
Accrued expenses and other liabilities	4,562,538	23,847
	<u>5,573,682</u>	<u>(171,047)</u>
<b>Net cash generated from operating activities</b>	<u>544,232,214</u>	<u>127,649,967</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(50,438)	(59,461)
Receipts from issuance of units	791,216,528	1,603,714,966
Payments against redemption of units	(755,377,449)	(1,553,556,310)
<b>Net cash generated from financing activities</b>	<u>35,788,641</u>	<u>50,099,195</u>
<b>Net increase in cash and cash equivalents</b>	<u>580,020,855</u>	<u>177,749,162</u>
Cash and cash equivalents at the beginning of the period	417,536,479	269,492,693
<b>Cash and cash equivalents at the end of the period</b>	4.3 <u>997,557,334</u>	<u>447,241,855</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

**For ABL Asset Management Company Limited  
(Management Company)**

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

## **1 LEGAL STATUS AND NATURE OF BUSINESS**

ABL Islamic Income Fund (the Fund) was established under a Trust Deed executed between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 11, 2010 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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

The Fund is an open-ended fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered for public subscription on a continuous basis.

The Fund has been categorised as an open-end shariah compliant (Islamic) income scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to invest in liquid shariah compliant instruments like shariah compliant government securities and cash and near cash instruments.

JCR-VIS Credit Rating Company has assigned Management Quality Rating of AM2 (stable outlook) to the Management Company as at June 21, 2013 and a fund stability rating of A+(f) to the Fund as at January 17, 2013.

The assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the 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 this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2013.

## **3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN**

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended June 30, 2013.

The preparation of this condensed interim financial information 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 historical 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 significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2013.

The financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Fund for the year ended June 30, 2013.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2013. None of these amendments are expected to have a significant effect on this condensed interim financial information.

	Note	(Un-audited)	(Audited)
		March 31, 2014	June 30, 2013
		----- Rupees -----	
<b>4 BALANCES WITH BANKS</b>			
Current account	4.1	3,604,368	3,608,597
Savings accounts	4.2	993,952,966	413,927,882
		<u>997,557,334</u>	<u>417,536,479</u>

4.1 Balance in current account is maintained with Allied Bank Limited, a related party.

4.2 These savings accounts carry profit at rates ranging from 6.50% to 9.28% (June 30, 2013: 6.00% to 9.25%) per annum.

## 5 INVESTMENTS

Financial assets at fair value through profit or loss

- GoP Ijarah sukus	5.1	-	588,135,279
- Other sukus	5.2	287,490,203	150,000,000
		<u>287,490,203</u>	<u>738,135,279</u>

### 5.1 GoP Ijarah sukus:

Issue date	Coupon rate in % / tenor	Face Value			Balance as at March 31, 2014			Market value as a percentage of total net assets	Market value as a percentage of total market value of investments
		As at July 01, 2013	Purchased during the period	Disposed of / matured during the period	As at March 31, 2014	Carrying Value	Market value		
----- Rupees -----									
20-Dec-10	9.22 / 3 Years	-	20,000,000	20,000,000	-	-	-	-	-
7-Mar-11	9.34 / 3 Years	-	100,000,000	100,000,000	-	-	-	-	-
16-May-11	9.43 / 3 Years	-	164,500,000	164,500,000	-	-	-	-	-
2-Mar-12	8.99 / 3 Years	581,900,000	110,000,000	691,900,000	-	-	-	-	-
30-Apr-12	9.46 / 3 Years	5,000,000	-	5,000,000	-	-	-	-	-
18-Sep-12	9.05 / 3 Years	-	443,000,000	443,000,000	-	-	-	-	-
		<u>586,900,000</u>	<u>837,500,000</u>	<u>1,424,400,000</u>	-	-	-	-	-

### 5.2 Other sukus:

Issue	Coupon rate in % / tenor	Face Value			Balance as at March 31, 2014			Market value as a percentage of total net assets	Market value as a percentage of total market value of investments
		As at July 01, 2013	Purchased during the period	Disposed of / matured during the period	As at March 31, 2014	Carrying Value	Market value		
----- Rupees -----									
HUBCO	10.70 / 6 months	150,000,000	-	150,000,000	-	-	-	-	-
WAPDA	10.56 / 8 Years	-	215,000,000	72,000,000	143,000,000	144,056,118	147,490,203	3,434,085	11.54%
k-Electric	11.19 / 13 Months	-	95,000,000	-	95,000,000	95,000,000	95,000,000	-	7.44%
k-Electric	12.31 / 3 Years	-	45,000,000	-	45,000,000	45,000,000	45,000,000	-	3.52%
		<u>150,000,000</u>	<u>355,000,000</u>	<u>222,000,000</u>	<u>283,000,000</u>	<u>284,056,118</u>	<u>287,490,203</u>	<u>3,434,085</u>	<u>22.50%</u>
									<u>100.00%</u>

	Note	(Un-audited) March 31, 2014	(Audited) June 30, 2013
		----- Rupees -----	
<b>6</b>	<b>PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY</b>		
	Remuneration of Management Company	1,059,374	898,661
	Sindh sales tax on remuneration of Management Company	6.1 403,127	157,515
	Federal excise duty on remuneration of Management Company	6.2 1,461,990	85,810
	Preliminary expenses and floatation costs	1,289,506	1,934,258
	Sales load	148,984	-
		<u>4,362,981</u>	<u>3,076,244</u>

**6.1** The Provincial Government of Sindh has levied Sindh sales tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

**6.2** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 6.1, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED effective June 13, 2013 aggregating to Rs 1,461,990. Had the provision not been made the net asset value per unit of the Fund as at March 31, 2014 would have been higher by Re 0.0115 per unit.

	Note	(Un-audited) March 31, 2014	(Audited) June 30, 2013
		----- Rupees -----	
<b>7</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration	166,905	247,789
	Printing charges	83,279	147,885
	Provision for Workers' Welfare Fund	7.1 6,363,771	4,853,210
	Withholding tax payable	28,256	38,282
	Advance against issuance of units	6,099,526	-
	Brokerage payable	10,000	15,000
		<u>12,751,737</u>	<u>5,302,166</u>

**7.1** 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 connection, a constitutional petition had 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.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 6.363 million (including Rs 1.510 million for the current period) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at March 31, 2014 would have been higher by Re 0.0499 per unit.

## **8 TAXATION**

The income of the Fund is exempt from income tax as per 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 to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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

## **9 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2014 and as at June 30, 2013.

## **10 EARNINGS PER UNIT**

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

## **11 TRANSACTIONS WITH CONNECTED PERSONS**

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, Allied Bank Limited - Staff Provident Fund, Cyan Limited, Cyan Limited - Employees Provident Fund and CFA Association of Pakistan being entities under common management and / or directorship, the Central Depository Company of Pakistan limited being the Trustee of the Fund and the directors and officers of the Management Company.

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

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

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

**11.1 Details of transactions with connected persons / related parties during the period are as follows:**

	---- (Un-audited) ----	
	For the Nine Months ended March 31, 2014	For the Nine Months ended March 31, 2013
	----- Rupees -----	
<b>ABL Asset Management Company Limited - Management Company</b>		
Bonus of 436,929 units (2013: 454,064 units)	4,369,290	4,540,640
Remuneration for the period	8,602,950	9,638,785
Sindh sales tax on remuneration of Management Company	1,596,708	1,542,198
Federal excise duty on remuneration of Management Company	1,376,472	-
<b>ABL AMCL -Staff Provident Fund</b>		
Issue of 127,863 units (2013: NIL units)	1,300,000	-
Bonus of 4,992 units (2013: NIL units)	49,920	-
Redemption of 37,287 units (2013: NIL units)	380,000	-
<b>Allied Bank Limited</b>		
Bank charges	19,202	37,267
<b>DIRECTOR OF THE MANAGEMENT COMPANY</b>		
<b>M. Shakeb Murad</b>		
Issue of NIL units(2013: 20,456 units)	-	205,000
Bonus of 3,128 units (2013: 3,558 units)	31,280	35,580
Redemption of 3,132 units (2013: 3,561 units)	31,762	35,965
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Chief Executive Officer</b>		
Bonus of 7,237 units (2013: 7,522 units)	72,370	75,220
<b>Executives</b>		
Issue of 521,927 units (2013: 253,946 units)	5,269,925	2,570,000
Bonus of 22,761 units (2013: 10,124 units)	227,610	101,240
Redemption of 661,907 units (2013: Nil units)	6,642,837	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	1,369,333	1,456,870
CDS Charges	5,804	-



**11.2 Amounts outstanding with connected persons / related parties as at the period end:**

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
	----- Rupees -----	
<b>ABL Asset Management Company Limited - Management Company</b>		
Outstanding 7,132,651 units (June 30, 2013: 6,695,722 units)	71,400,690	67,014,801
Preliminary expenses and floatation costs payable	1,289,506	1,934,258
Remuneration payable	1,059,374	898,661
Sindh sales tax payable on remuneration of Management Company	403,127	157,515
Federal excise duty payable on remuneration of Management Company	1,461,990	85,810
Sales load payable	148,984	-
<b>ABL AMCL Staff Provident Fund</b>		
Outstanding 95,568 units (June 30, 2013: NIL units)	956,674	-
<b>Allied Bank Limited</b>		
Bank balances held	3,604,368	3,608,597
<b>DIRECTOR OF THE MANAGEMENT COMPANY</b>		
<b>M. Shakeb Murad</b>		
Outstanding 50,010 units (June 30, 2013: 50,014 units)	500,620	500,570
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Chief Executive Officer</b>		
Outstanding 118,138 units (June 30, 2013: 110,901 units)	1,182,609	1,109,964
<b>Executives</b>		
Outstanding 245,867 units (June 30, 2013: 363,086 units)	2,461,227	3,633,983
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	162,222	146,232
Security deposit receivable	100,000	-

**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 22, 2014.

**13 GENERAL**

13.1 Figures have been rounded off to the nearest rupee.

13.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

**For ABL Asset Management Company Limited  
(Management Company)**

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR



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