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ABL GOVERNMENT SECURITIES FUND

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. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Farid Ahmed Khan	Chairman CEO
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. M. Shakeb Murad	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member 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:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400	
Bankers to the Fund:	Allied Bank Limited Bank Al- Falah Limited Standard Chartered Bank (Pakistan) Limited	
Auditor:	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawaney & Partners 3rd & 4th Floors, 68-C, Lane-13 Bokhari Commercial Area Phase-VI, DHA Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 – B, Lalazar, M. T. Khan Road, Karachi.	



ABL GOVERNMENT SECURITIES FUND

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Government Securities Fund (ABL-GSF), is pleased to present the Condensed Interim Financial Statements (un-audited) of ABL Government Securities Fund for the quarter ended September 30, 2014.

ECONOMIC PERFORMANCE REVIEW

Economic performance in 1QFY15 remained dismal due to prolonged political stalemate between the government and protesting political parties in the country. The talking point for the quarter was failure of the country to complete fourth review of the IMF program due to which disbursement of USD550 million tranche was delayed. In addition the country had to delay its USD1 billion international Sukuk issue. Consequently, PKR depreciated by 3.9% during the quarter and CAD swelled to USD1.37 billion in 2MFY15, 1.37x higher than USD0.58 billion during the same period of last year, due to mounting trade deficit. Delay in foreign funds coupled with widening CAD took its toll on the FX reserve position, which dropped by 6% to USD13.21 billion during 1QFY15.

Inflation, as measured by CPI, remained soft as average inflation stood at 7.52% during the quarter due to high base effect and lower than expected food inflation (6.6%YoY in 1QFY15). Despite lower than expected inflation, SBP kept DR unchanged in Sept-14 MPS, emphasizing the need to remain vigilant and monitor movement in economic indicators as vulnerabilities in external sector and other macros indicators still remain unaddressed. The performance on fiscal front remained slightly below par during 1QFY15 as FBR collected PKR563 billion (up 12.6% YoY) and missed its quarterly target by PKR20. Government borrowing on the other hand, continued unabated as it raised PKR20 billion and PKR104 billion from SBP and commercial banks respectively.

Looking ahead, the outlook for FY15 remains hazy in the backdrop of continued political uncertainty and inertia in the economic reform process. The expected receipt of combined IMF tranches of USD1.1 billion in December 2014 and declining international oil prices (Brent crude down 24% FY15TD) as a result of weak global oil are potential economic positives that can give much needed boost to market sentiment. However, current political turmoil will make reform implementations an uphill task for the government and could be the key factor affecting capital markets in the short term.

MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of open end mutual funds increased by 2% in 1QFY15 (from PKR415 billion to PKR423 billion), mainly on account of substantial flows in conventional fixed income funds. Fixed Income category which improved by 7.89% during the quarter to PKR71 billion compared to PKR65 billion in June-14, primarily due to launch of new funds in this category. On cumulative basis, the fixed income category (comprising of Income, Aggressive Income and Money Market funds) registered cumulative increase of 3.02% in 1QFY15 from PKR194 billion in June 2014 to PKR200 billion in September 2014. Islamic income funds however, lost their size by 13.21% during the quarter to PKR32 billion, as low returns from Islamic financial products compelled investors to shift to more rewarding categories. Despite political uncertainty and rather volatile movement of the equity market during the quarter, both conventional and Islamic equity categories posted a healthy growth of 2.68% and 5.88% respectively with AUMs clocking at PKR92 billion and PKR29 billion.

FUND PERFORMANCE

During the quarter under review, ABL Government Securities Fund delivered an outstanding return of 10.82% p.a. verses the benchmark return of 9.17%, thus showing an outperformance of 165 bps. The performance can be attributed to active portfolio management as well as valuation and trading gains on bond holdings. Moreover, bank placement at higher rate at quarter end also helped the fund to maintain stability in returns. During the quarter, fund size of ABL GSF increased by 6.87% to closed at PKR4,697 million from PKR4,395 million in June 2014.

ABL GSF primarily invests in a mix of short to long term Government Securities and debt instruments. During the period under review, we reshuffled PIB portfolio by swapping long duration bonds with short duration to minimize volatility in returns due to which WAM of the fund fell from 949 days to 507 days. At the end of the period, investment in government securities remained unchanged at 70.73% (PIBs – 68.03% and T-Bills – 2.70%) of assets as compared to 69.17% (PIBs – 68.95% and T-Bills – 0.22%) in June 2014. Cash at bank accounted for 27.58% of total assets in September compared to 27.08% in June 2014.

FUTURE OUTLOOK

The government was dilly dallying on the reform process even in the best of times. With the on-going political noise, its willingness to address the key issues of governance, revenue generation and development spending are now even more doubtful. Hence financial markets will seek direction from economic data rather than policies and actions from Islamabad. We expect inflation to remain under control due to high base effect, subdued money supply growth and sharp decline in international commodity prices. On the other hand, rupee is expected to come under pressure owing to delay in OGDC privatization and IMF tranches. However, realization of USD1 billion Sukuk in international market will bring much needed support to foreign reserves. Successful disbursement of IMF tranche, improvements in external account position and controlled inflation will set the tone of monetary policy going forward.

In short term, we believe SBP will take a cautious stance on discount rate and maintain the status quo at least in 1HFY15. In this scenario, we intend to actively play the yield curve and alter our portfolio allocation by anticipating the macro datapoints. We may increase fund's duration through higher exposure in PIBs to benefit from any downward shift in yield curve. Moreover, placements in banks at higher rate are likely to support returns in short term.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2015 for ABL Government Securities Fund (ABL-GSF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on August 13, 2014, reaffirmed the Fund Stability Rating of 'A+ (f)' (Single A plus (f)) to ABL Government Securities Fund (ABL-GSF).

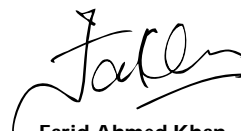
MANAGEMENT QUALITY RATING

On June 21 2013, JCR-VIS Credit Rating Company Limited upgraded the Management Quality Rating of ABL Asset Management Limited (ABL AMC) from to 'AM Two Minus' (AM2-) to '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 & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, October 28, 2014



ABL GOVERNMENT SECURITIES FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

		September 30, 2014	June 30, 2014
	Note	-----Rupees in '000-----	
		(Un-audited)	(Audited)
ASSETS			
Balances with banks	4	1,297,048	1,227,836
Investments	5	3,325,971	3,135,885
Profit receivable		77,225	167,775
Prepayments		37	-
Preliminary expenses and floatation costs		2,162	2,414
Total assets		4,702,443	4,533,910
LIABILITIES			
Payable to ABL Asset Management Company Limited-Management Company	6	15,230	14,144
Payable to the Central Depository Company of Pakistan Limited - Trustee		321	340
Payable to the Securities and Exchange Commission of Pakistan		784	1,782
Accrued expenses and other liabilities	7	130,309	121,626
Payable against redemption of units		554	1,116
Total liabilities		147,198	139,008
NET ASSETS		4,555,245	4,394,902
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,555,245	4,394,902
CONTINGENCIES AND COMMITMENTS			
	8		
		-----Number of units-----	
NUMBER OF UNITS IN ISSUE		441,611,759	437,687,599
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		10.3150	10.0412
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 13 form an integral part of these condensed interim financial Statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR

ABL GOVERNMENT SECURITIES FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	For the quarter ended September 30, 2014	For the quarter ended September 30, 2013
INCOME		
Capital loss on sale of government securities - net	(12,651)	(10,232)
Income from government securities	111,487	39,668
Income from term deposit receipts	-	7,215
Income from letters of placements	1,133	1,013
Profit on deposits with banks	10,477	6,917
	110,446	44,581
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	24,001	(4,504)
Total Income	134,447	40,077
EXPENSES		
Remuneration of ABL Asset Management Company Limited - Management Company	13,075	6,932
Sindh Sales Tax on remuneration of the Management Company 6.1	2,277	1,110
Federal Excise Duty on remuneration of the Management Company 6.2	2,092	1,110
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	974	605
Annual fee - Securities and Exchange Commission of Pakistan	785	416
Brokerage and securities transaction costs	187	173
Bank charges	91	98
Auditors' remuneration	89	85
Amortization of preliminary expenses and floatation costs	252	252
Printing charges	38	38
Listing fee	13	13
Rating fee	47	47
Other expenses	-	176
Total operating expenses	19,920	11,055
Net income from operating activities	114,527	29,022
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	9,040	(1,140)
Provision for Workers' Welfare Fund	(2,471)	(558)
Net income for the period before taxation	121,096	27,324
Taxation	9	-
Net income for the period after taxation	121,096	27,324
Other comprehensive income for the period	-	-
Total comprehensive income for the period	121,096	27,324

The annexed notes 1 to 13 form an integral part of these condensed interim financial Statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR



ABL GOVERNMENT SECURITIES FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	For the quarter ended September 30, 2014	For the quarter ended September 30, 2013
-----Rupees in '000-----		
Undistributed Income / (loss) brought forward comprising of:		
- realised income	19,819	286
- unrealised (loss) / income	(1,880)	1,337
	17,939	1,623
Interim distribution: (2013: Class -B Re 0.0580 per unit on July 30, 2013) Issue of Nil bonus units(2013:1,533,506)	-	(15,335)
Interim distribution: (2013: Class -B Re 0.0454 per unit on August 29, 2013) Issue of Nil bonus units(2013: 857,417)	-	(8,574)
Interim distribution: (2013: Class -B units Re 0.0286 per unit on September 27, 2013) Issue of Nil bonus units(2013: 457,525)	-	(4,575)
	-	(28,484)
Net income for the period	121,096	27,324
Undistributed income carried forward	139,035	463
Undistributed income / (loss) carried forward comprising of:		
- realised income	115,034	4,967
- unrealised income / (loss)	24,001	(4,504)
	139,035	463

The annexed notes 1 to 13 form an integral part of these condensed interim financial Statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR

ABL GOVERNMENT SECURITIES FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	For the quarter ended September 30, 2014	For the quarter ended September 30, 2013
	-----Rupees in '000-----	
Net Assets at the beginning of the period	4,394,902	1,839,432
Issue of 138,837,890 units (2013: 128,921,536 units)	1,420,160	1,292,598
Redemption of 134,913,730 units (2013: 159,619,283units)	(1,371,873)	(1,600,717)
	48,287	(308,119)
Issue of Nil bonus units (2013:2,848,448 units)		
- Interim distribution units	-	28,484
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	(9,040)	1,140
Other net income for the period	109,746	42,060
Capital loss on sale of government securities - net	(12,651)	(10,232)
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	24,001	(4,504)
	121,096	27,324
Interim distribution: (2013:Class -B Re 0.0580 per unit on July 30, 2013)		
Issue of Nil bonus units(2013:1,533,506)	-	(15,335)
Interim distribution: (2013: 'Class -B Re 0.0454 per unit on August 29, 2013)		
Issue of Nil bonus units(2013: 857,417)	-	(8,574)
Interim distribution: (2013: Class -B units Re 0.0286 per unit on September 27, 2013)		
Issue of Nil bonus units(2013: 457,525)	-	(4,575)
	-	(28,484)
Net assets as at the end of the period	4,555,245	1,559,777

The annexed notes 1 to 13 form an integral part of these condensed interim financial Statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR



ABL GOVERNMENT SECURITIES FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	For the quarter ended September 30, 2014	For the quarter ended September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES	Note	-----Rupees in '000-----
Net income for the period before taxation	121,096	27,324
Adjustment for non-cash charges and other items;		
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(24,001)	4,504
Federal excise duty on remuneration of Management Company	2,092	1,110
Amortisation of preliminary expenses and floatation costs	252	252
Provision for Workers' Welfare Fund	2,471	558
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(9,040)	1,140
	92,870	34,888
(Increase) / decrease in assets		
Investments	(166,085)	(457,642)
Profit receivable	90,550	(6,901)
Prepayments	(37)	(38)
	(75,572)	(464,581)
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited -Management Company	1,086	1,495
Payable to Central Depository Company of Pakistan Limited - Trustee	(19)	5
Payable to Securities and Exchange Commission of Pakistan	(998)	(22,793)
Accrued expenses and other liabilities	4,120	(858)
	4,189	(22,151)
Net cash generated / (used) from operating activities	21,487	(451,844)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of units	1,420,160	1,292,598
Payment against redemption of units	(1,372,435)	(1,601,533)
Net cash generated / (used) in financing activities	47,725	(308,935)
Net increase / (decrease) in cash and cash equivalents	69,212	(760,779)
Cash and cash equivalents at the beginning of the period	1,227,836	1,222,333
Cash and cash equivalents at the end of the period	4.2 1,297,048	461,554

The annexed notes 1 to 13 form an integral part of these condensed interim financial Statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR

ABL GOVERNMENT SECURITIES FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Government Securities Fund (the Fund) was established under a Trust Deed executed on November 01, 2011 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. NBFC-II/ABLAMC/439/2011 dated October 31, 2011 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 mutual fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

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

The objective of the Fund is to deliver optimal risk adjusted returns by investing mainly in a mix of short to long term government securities and other debt instruments.

The JCR-VIS Credit Rating Company Limited 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 August 13, 2014.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. 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 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 IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim



financial statements 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 financial statements of the Fund for the year ended June 30, 2014.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied 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, 2014.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2014.

4	BALANCES WITH BANK	Note	September 30, 2014	June 30, 2014
			(Un-audited)	(Audited)
	Saving accounts	4.1	1,297,048	1,227,836

4.1 These saving accounts carry mark-up at rates ranging from 7.00% to 10.35% per annum (2014: 7.00% to 10.75%). Deposits in saving accounts include Rs. 1,196 thousand (2014: Rs. 1,705 thousand) maintained with Allied Bank Limited, a related party and carry mark up at rate of 9.30% (2014: 9.30%).

4.2	CASH AND CASH EQUIVALENTS	Note	September 30, 2014	June 30, 2014
			(Un-audited)	(Audited)
	Balances with banks		1,297,048	1,227,836

5 INVESTMENTS

Financial assets at fair value through profit or loss-net

Government Securities

-Market Treasury Bills	5.1	126,836	9,901
-Pakistan Investment Bonds	5.2	3,199,135	3,125,984
		<u>3,325,971</u>	<u>3,135,885</u>

5.1 Government Securities-Market Treasury Bills

Issue date	Tenor	Face Value				Balance as at September 30, 2014			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2014	Purchased during the period	Disposed / matured during the period	As at September 30, 2014	Cost	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
May 15, 2014	3 Months	10,000	-	10,000	-	-	-	-	-	-
July 10, 2014	3 Months	-	1,050,000	1,050,000	-	-	-	-	-	-
July 24, 2014	3 Months	-	1,150,000	1,150,000	-	-	-	-	-	-
August 7, 2014	3 Months	-	90,000	-	90,000	89,304	89,282	(22)	1.96%	2.68%
May 15, 2014	6 Months	-	196,000	158,000	38,000	37,564	37,554	(10)	0.82%	1.13%
April 17, 2014	12 Months	-	301,000	301,000	-	-	-	-	-	-
May 2, 2014	12 Months	-	21,000	21,000	-	-	-	-	-	-
Total - September 30, 2014		10,000	2,808,000	2,690,000	128,000	126,868	126,836	(32)	2.78%	3.81%

Market treasury bills carry effective interest rate of 9.96% per annum.

5.2 Government Securities-Pakistan Investment Bonds

Issue date	Coupon rate in % / Tenor	Face Value				Balance as at September 30, 2014			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2014	Purchased during the period	Disposed / matured during the period	As at September 30, 2014	Cost	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
August 18, 2011	11.25 / 3 Years	-	70,000	70,000	-	-	-	-	-	-
July 18, 2013	11.25 / 3 Years	2,322,500	1,045,000	710,000	2,657,500	2,626,147	2,646,009	19,862	58.09%	79.56%
July 17, 2014	11.25 / 3 Years	-	1,298,000	730,000	568,000	550,834	553,126	2,292	12.14%	16.63%
July 19, 2012	12.00 / 10 Years	875,000	-	875,000	-	-	-	-	-	-
Total - September 30, 2014		3,197,500	2,413,000	2,385,000	3,225,500	3,176,981	3,199,135	22,154	70.23%	96.19%

Pakistan investment bonds carry effective interest rates ranging from 11.75% to 12.57% per annum.

6	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY	Note	September 30, 2014	June 30, 2014
			(Un-audited)	(Audited)
-----Rupees in '000-----				
	Remuneration of the Management Company		4,330	4,637
	Sindh sales tax on remuneration of the Management Company	6.1	1,751	1,528
	Federal excise duty on remuneration of the Management Company	6.2	7,017	4,925
	Preliminary expenses and floatation costs		2,000	3,000
	Sales load		132	54
			15,230	14,144

6.1 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 15% (2013: 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 6.2, 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 Honourable 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 7.017 million (including 2.092 million for the current year). Had the provision not been made the net asset value per unit of the Fund as at Sep 30, 2014 would have been higher by Re 0.0159 per unit.

7	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30,	June 30,
			2014	2014
			-----Rupees in '000-----	
			(Un-audited)	(Audited)
	Auditors' remuneration		354	265
	Brokerage		147	134
	Rating Fee		47	-
	Printing charges		97	59
	Withholding tax		848	24
	Provision for Workers' Welfare Fund	7.1	123,616	121,144
	Advance against issuance of units		5,200	-
			130,309	121,626

7.1 Provision for workers' welfare fund

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 has been filed by certain CISs through their trustees in the Honourable 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. In a recent judgement, Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. 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 123.616 million (including Rs 2.471 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at Sep 30, 2014 would have been higher by Re 0.2799 per unit.

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2014.

9 TAXATION

The Fund's income 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 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains 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 these condensed interim financial statements.

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.

10 EARNINGS PER UNIT (EPU)

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

11 TRANSACTIONS WITH CONNECTED PERSONS

11.1 Details of transactions with connected persons are as follows;

For the **For the**
Quarter ended **Quarter ended**
September 30, **September 30,**
2014 **2013**
-----Rupees in '000-----
------(Un-audited)-----

ABL Asset Management Company Limited - Management Company

Bonus of Nil units(2013: 87,317 units)	-	873
Redemption of 7,168,383 units(2013: Nil units)	72,852	-
Preliminary expenses and floatation costs	252	252
Remuneration for the period	13,075	6,932
Sindh Sales Tax on Management Company's Remuneration	2,277	1,110
Federal Excise Duty on remuneration of Management Company	2,092	1,110

Central Depository Company of Pakistan Limited-Trustee

Remuneration for the period	974	605
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Allied Bank Limited-Holding Company of the Management Company

Mark up accrued on bank deposits	1,311	1,152
Amount placed in term deposits receipt	-	150,000
Mark up on Term Deposits Receipt	-	3,781
Bank charges	52	82

Island Textile Mills Limited-Connected Person**

Issue of Nil units(2013: 11,972,916units)	-	120,000
Bonus of Nil units (2013: 344,953 units)	-	3,450



For the
Quarter ended
September 30,
2014

For the
Quarter ended
September 30,
2013

-----Rupees in '000-----

----- (Un-audited) -----

Kohinoor Textile Mills Limited (Raiwand Division)*-Connected Person
Redemption of 17,000,487 units(2013: Nil units)

175,099 -

DIRECTORS OF THE MANAGEMENT COMPANY

Khawaja Muhammad Almas

Issue of 105,186 units (2013: 99,971 units)

1,069 1,000

Bonus of Nil units (2013: 1,444 units)

- 14

Redemption of 105,356 units (2013: 3,101,202 units)

1,071 31,153

M. Jawaid Iqbal

Issue of 99,364 units (2013: Nil units)

1,000 -

KEY MANAGEMENT PERSONNEL

Chief Executive Officer

Issue of 2,192,319 units (2013: Nil units)

22,500 -

Bonus of Nil units(2013: 5,858 units)

- 59

September 30,
2014

June 30,
2014

-----Rupees in '000-----

(Un-audited) (Audited)

11.2 Amounts outstanding as at period end / year end

ABL Asset Management Company Limited - Management Company

Outstanding Nil units (2014: 7,168,383 units)

- 71,979

Preliminary expenses and floatation costs payable

2,000 3,000

Remuneration payable

4,330 4,637

Sindh sales tax on remuneration of the Management Company

1,751 1,528

Federal excise duty on remuneration of the Management Company

7,017 4,925

Sales load

132 54

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable

321 340

Allied Bank Limited-Holding Company of the Management Company

Balances held in saving accounts

1,196 1,705

Mark-up accrued on deposits with banks

648 90

CFA Association of Pakistan*-Connected Person

Outstanding 287,112 units (2014: 287,112 units)

2,962 2,883

Ibrahim Agencies (Private) Limited*-Connected Person

Outstanding 16,678,977units (2014: 16,678,977 units)

172,044 167,477

	September 30, 2014	June 30, 2014
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
Pioneer Cement Limited*-Connected Person		
Outstanding 53,386,694 units (2014: 53,386,694 units)	550,684	536,066
Kohinoor Textile Mills Limited (Raiwand Division)*-Connected Person		
Outstanding 80,000,000 units (2014: 97,000,486 units)	825,200	974,001
DIRECTORS OF THE MANAGEMENT COMPANY		
Khawaja Muhammad Almas		
Outstanding 105,682 units (2014: 105,852 units)	1,090	1,063
M. Jawaid Iqbal		
Outstanding 255,995 units (2014: 156,631 units)	2,641	1,573
KEY MANAGEMENT PERSONNEL OF THE MANAGEMENT COMPANY		
Chief Executive Officer		
Outstanding 2,413,247 units (2013: 220,928 units)	24,893	2,218

* Prior year comparatives have not been presented as the entity was not classified as a related party / connected person as at Sep 30, 2013.

** Current year figure has not been presented as the entity is not classified as a related party / connected person of the fund as at Sep 30, 2014.

12 GENERAL

12.1 Figures have been rounded to the nearest thousand rupees.

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 28, 2014 by the Board of Directors of the Management Company.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR

