



ABL Islamic Income Fund

2015 ANNUAL REPORT



ABL Asset Management

Discover the potential

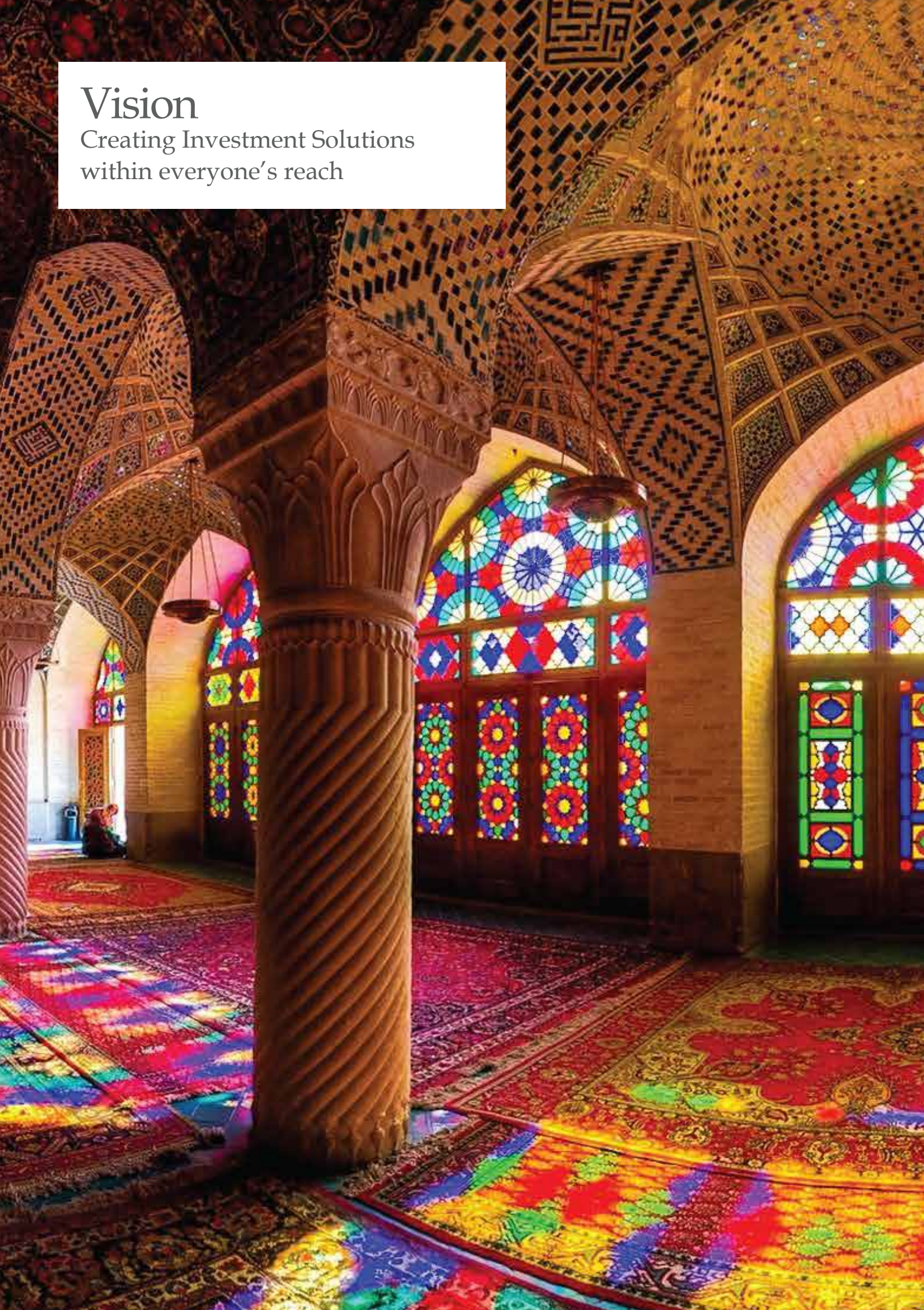


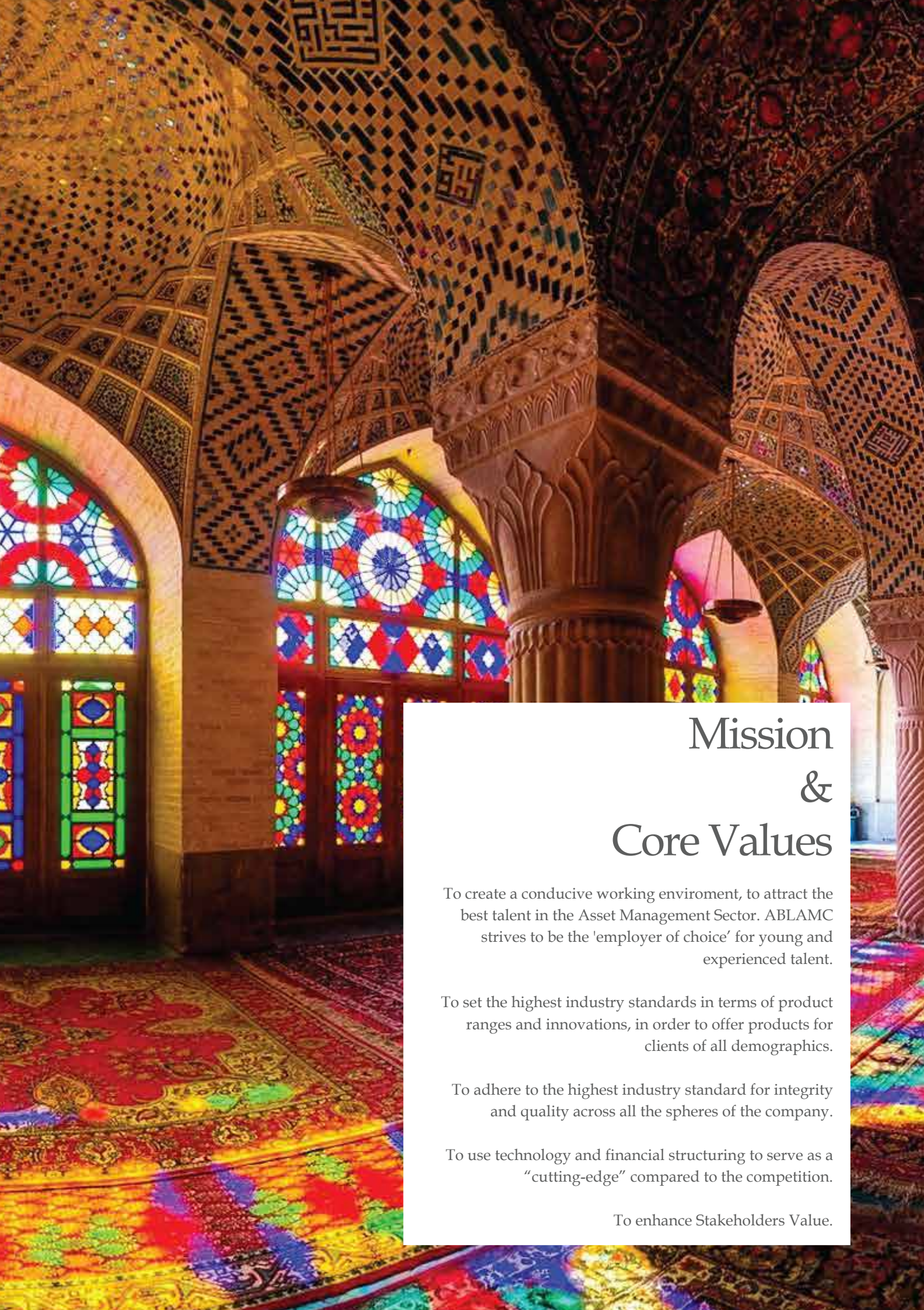
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Vision

Creating Investment Solutions
within everyone's reach





Mission & Core Values

To create a conducive working environment, to attract the best talent in the Asset Management Sector. ABLAMC strives to be the 'employer of choice' for young and experienced talent.

To set the highest industry standards in terms of product ranges and innovations, in order to offer products for clients of all demographics.

To adhere to the highest industry standard for integrity and quality across all the spheres of the company.

To use technology and financial structuring to serve as a "cutting-edge" compared to the competition.

To enhance Stakeholders Value.



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. Muhammad Kamran Shehzad Mr. Farid Ahmed Khan	Chairman CEO/Director
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Muhammad Kamran Shehzad	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Mubeen Ashraf Bhimani	
Trustee:	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	
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.	



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 Audited Financial Statements of ABL Islamic Income Fund for the year ended June 30, 2015.

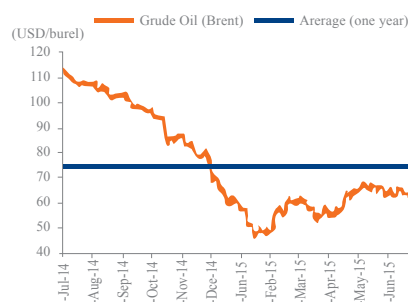
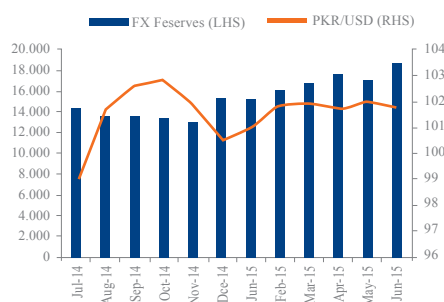
ECONOMIC PERFORMANCE REVIEW

The story of Pakistan's economic revival continued throughout FY15 underpinned mainly by free-fall in international oil prices (Brent Crude plummeted by 45.2% in FY15) due to surging US production and insipid global economic growth. The effects of this oil price crash were profound on oil importers such as Pakistan and distinctly discernible on its key macroeconomic indicators like CPI and CAD.

Despite reduction in import bill and positive developments on macro front, Pakistan's GDP clocked-in at a modest 4.2%, below the target of 5.1% envisaged at the start of the year. Subpar growth in GDP can be attributed to persistent energy crisis prevailing in the country which hampered industrial output as well as lack of developmental spending due to budgetary constraints. This, combined with floods, law & order situation and political upheaval (sit-ins in the capital) remained the major cause behind lower than expected economic output. Encouragingly, IMF program, albeit with some hitches, went smoothly and government, by and large, managed to meet its performance criteria in each quarter which resulted into timely disbursements of EFF tranches. Moreover, progress on Pak-China Economic Corridor (CPEC) and rising foreign exchange reserves strengthened conviction of credit agencies (S&Ps and Moody's) who responded by upgrading Pakistan's credit rating.

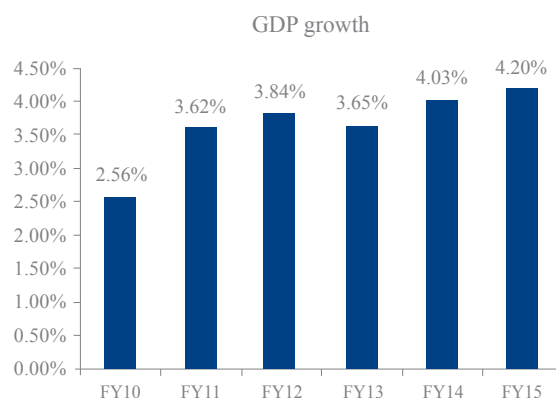
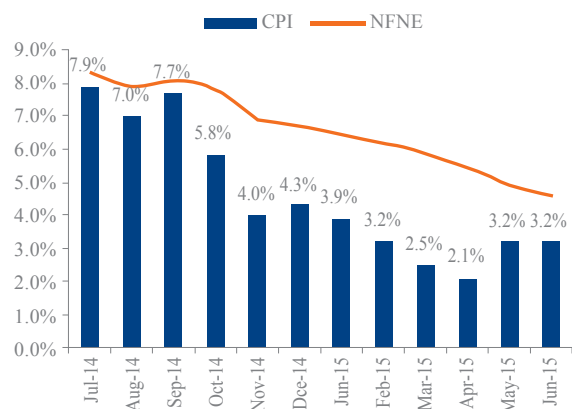
Windfall benefits of oil prices were also visible in import bill of the country which declined by 1.1%YoY to USD 41.1bn. However, weak commodity prices and overall weak global economy (especially the Eurozone) and sharp appreciation of the PKR against the Euro during FY15 (+15.9%YoY) resulted into a decline of 3.75%YoY in exports. Helped by lower import bill, trade deficit was contained at USD 17.03bn vis-à-vis USD 16.59bn recorded in FY14.

Subdued trade deficit along with lower services deficit (down 5.01%YoY on account of CSF inflows of USD 1.5bn) and a staggering 16.5%YoY growth in foreign remittances to USD 18.5bn, helped in reducing CAD by 27%YoY to USD 2.28bn. The effect of lower CAD, steady growth in workers' remittances, inflows from IMF and privatization proceeds strengthened FX reserves from USD 14.1bn to USD 18.7bn in FY15. Marked improvement in FX reserves also helped the country in restricting PKR depreciation to just 3%YoY and end the year at PKR 101.77/USD.



Taking cue from a benign inflationary outlook and strengthening external account, SBP slashed Discount Rate by a cumulative 300bps in FY15 to a 42-year low of 7% to support economic growth. The effect of this large cut will take some time to translate into numbers as fresh private sector credit offtake stood at PKR 208.7bn only (down ~44% YoY) during FY15.

Although challenges still remain on fiscal and energy fronts, the recent measures taken by the government should help control the bleeding. Government managed to curtail fiscal deficit at 5% of GDP against IMF's target of 4.9% for FY15. However recent initiatives such as imposition of 0.3% tax on all banking transactions for non-filers and plans to abolish SROs should help in broadening the tax base and expand the tax base. Therefore, we expect investment spending and overall economic activity to pick up in coming months due to 1) increase in investment spending in response to recent monetary easing, 2) fast-track work on CPEC, 3) government's focus on infrastructure spending (PKR 1.5trn PSDP budgeted for FY16), 4) improvement in tax collection, and 5) Government's efforts to solve energy circular debt.



MUTUAL FUND INDUSTRY REVIEW

Improvement in economic landscape together with low interest rate environment kept open-end mutual fund industry in lime light throughout the year until Government spoiled the party by raising the tax rates in FY16 budget, particularly for banking and corporate sector on investments in mutual funds. Consequently, significant outflows at year end pulled industry AUM growth down to just 6% YoY to close FY15 at PKR402 billion. AUMs of conventional fixed Income funds (Income Fund, Aggressive Fixed Income and Money Market) declined by PKR34 billion during FY15 to close the year at PKR146 billion led by 43% YoY dip in Money Market category to PKR65 billion. Drop in AUMs was largely due to SBP's aggressive monetary easing stance (300bps cut in DR in FY15) especially in 2HFY15 that made short tenor portfolios less attractive.

Dearth of investment avenues dragged Islamic Fixed Income category by 18% YoY to PKR34 billion in FY15 compared to PKR42 billion a year ago. Islamic Income Funds felt the jolt with AUM dropping by a whopping 42% to close the year at PKR 21 billion. Islamic Money Market Funds, on the other hand, saw an inflow of PKR 8 billion, a massive 151% YoY increase, largely due to additional investment from CPPI based funds. Going forward, industry growth amidst unfavorable taxes regime particularly for corporate sector is likely to remain the key challenge; however, flow of funds in riskier asset classes like aggressive income and equities is anticipated due to attractive returns, higher risk appetite of investors and improvement in economic land scape.

MONEY MARKET REVIEW

FY15 turned out to be an eventful year for money markets as SBP pursued an aggressive monetary easing policy by slashing the discount rate by a cumulative 300 bps (from 10.00% to 7.00%). SBP's stance was based on improving macroeconomic conditions, particularly an 11 years low inflation and decent FX inflows which provided ample fiscal space. Declining energy prices and muted uptick in food prices had a significant impact on inflation figures and CPI dropped from 7.9%YoY in July 2014 to 3.16%YoY in June 2015. Along with reduction in DR, SBP also narrowed the interest rate corridor by 50bps to 200bps and introduced a Target Rate which was 50bps below the ceiling of the

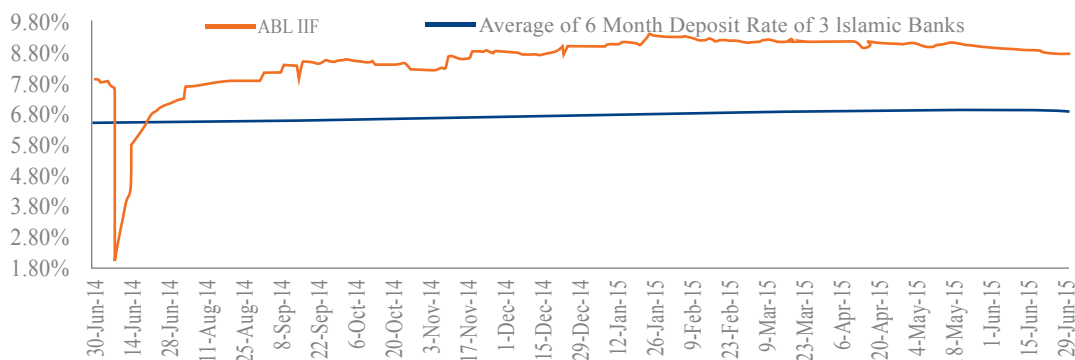
corridor. Hence, this target rate effectively became the discount or policy rate since FIs were able to get liquidity from SBP at this rate.

Share of Islamic banks in overall banking industry increased to 12.2% by March end compared to 11.5% in June 2014. SBP introduced Islamic Version of Open Market Operations (OMO) last year against GoP Ijarah Sukuk (under Bai Muajjal Structure) for Islamic Banks in order to help Islamic Banks in deploying their excess liquidity. Despite this facility from central bank, Islamic banks remained liquid due to massive deposit growth of 28.7% (July14-Mar15) and high demand for sukuks pushed short maturity government security rates to a very unattractive 4.5% (around 2.5% below current discount rate). A few banks were also short on SLR eligible instruments which further exacerbated the demand situation. New Corporate Sukuks launched during the years (K-Electric & Engro Fertilizer Sukuk) were heavily oversubscribed due to limited availability of Shariah compliant instruments at attractive rate.

FUND PERFORMANCE

ABL IIF was ranked as the best performing fund in Islamic income category in FY15 by posting an annualized return of 8.69% compared to the benchmark return of 6.61%, thus showing an outperformance of 208 bps. The outperformance was largely attributed to trading & valuation gains on Government and Corporate Sukuks. Moreover, higher accrual income from KIBOR linked instruments along with timely placements at high rates also helped the fund to beat the benchmark and peer returns by a huge margin (peers average = 7.02%). During FY15, ABL Islamic Income Fund's AUM increased by 44.3% to PKR1.832 billion from PKR1.270 billion as on June 30, 2015.

During the year, we offloaded major inventory of GoP Ijarah Sukuk on premium prices as yields on these instruments had become unattractive compared to other investment avenues. At the end of the period, the fund was holding GoP Ijarah Sukuk, Corporate Sukuks, TDRs and bank deposits at 6.17%, 22.89%, 10.53% and 59.53% of total assets respectively. The tilt towards bank deposits was due to better rates offered by banks due to year end demand.



DIVIDENDS

The Chief Executive Officer of ABL Asset Management Company Limited (ABL AMCL) on behalf of the Board of Directors, on June 12, 2015 has approved and declared interim dividend distribution of Re.0.8662 per unit (8.66% of the par value of Rs.10) for the year ending June 30, 2015.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;
2. Proper books of accounts of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;

4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. Performance table of the Fund is given on page # 13 of the Annual Report;
9. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statement as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees retirement benefits expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse excepts as disclosed below and in notes to the financial statements;

S. No	Name	Designation	Units Issued	Units Redeemed	Bonus Units
1	Mr. M. Shakeb Murad	Director	-	49,928	-
2	Mr. Farid Ahmed Khan	CEO	659,452	4,899	-
3	Mr. Saqib Matin	CFO & CS	499	-	-
4	Mr. Mubeen Ashraf Bhimani	CIA	515,139	98,001	-

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year five meeting were held. The 38th, 39th, 40th, 41st, and 42nd Board of Directors meetings were held on August 26, 2014, October 28, 2014, December 22, 2014, February 06, 2015 and April 29, 2015 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No.	Name of Director	Number of meetings		Leave granted	Meetings not attended
		Held	Attended		
1	Sheikh Mukhtar Ahmed	5	4	1	38th
2	Mohammad Naeem Mukhtar	5	2	3	38th, 39th, 42nd
3	Muhammad Waseem Mukhtar	5	5	-	-
4	Tariq Mahmood	5	5	-	-
5	Kamran Nishat	5	5	-	-
6	M. Shakeb Murad*	4	2	2	40th, 41st
7	M. Jawaid Iqbal*	4	2	2	38th, 41st
8	Muhammad Kamran Shehzad**	1	1	-	-
9	Tahir Yaqoob Bhatti***	1	1	-	-
10	Farid Ahmed Khan****	5	5	-	-

*Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

**Elected as new director in the 7th AGM.

***Elected as new director in the 7th AGM and retired on June 30, 2015.

****Appointed as new director on June 30, 2015.

13. Meeting of the Board's Human Resource and Remuneration of the Management Company needs to be held at least three times in year. During the year three meeting were held. The 15th, 16th and 17th meetings of the Board's Human Resource and Remuneration Committee were held on March 20, 2015, April 13, 2015 and June 24, 2015 respectively. Information in respect of attendance by directors in the meetings is given below:

S. No.	Name of Director	Number of meetings		Leave granted	Meetings not attended
		Held	Attended		
1	Mr. Muhammad Waseem Mukhtar	3	3	-	-
2	Mr. Kamran Nishat	3	3	-	-
3	M. Jawaid Iqbal*	1	-	1	15th
4	Mr. Farid Ahmed Khan	3	3	-	-

*Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

14. Meeting of the Board's Audit Committee of the Management Company are held at least once in every quarter. During the year four meeting were held. The 29th, 30th, 31st, and 32nd meetings of the Board's Audit Committee were held on August 26, 2014, October 28, 2014, February 06, 2015 and April 29, 2015 respectively. Information in respect of attendance by directors in the meetings is given below:

S. No.	Name of Director	Number of meetings		Leave granted	Meetings not attended
		Held	Attended		
1	Mr. Kamran Nishat	4	4	-	-
2	Mr. Muhammad Waseem Mukhtar	4	4	-	-
3	Mr. M. Shakeb Murad*	2	1	1	31st

*Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

15. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL Islamic Income Fund, is given hereunder:

S. No.	Particulars	Units Held on June 30, 2015
1	Associated Companies, undertakings and related parties	
	• ABL AMCL Staff Provident Fund	1,007,534
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	975,142
4	Executives	436,947
5	Public Sector Companies and corporations	Nil
6	Others Corporates	14,814,094
7	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	39,153,418
8	Shareholders holding five percent or more voting rights in the listed company	Not Applicable

AUDITORS

M/s. Deloitte Yousuf Adil (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors being eligible for re-appointment have been appointed as auditors for the year ending June 30, 2016 for ABL Islamic Income Fund (ABL-IIF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company LTD. (JCR-VIS) on October 16, 2014 has revised the Fund Stability of ABL Islamic Income Fund from 'A+(f)' (Single A Plus (f)) to 'A(f)' (Single A (f)).

MANAGEMENT QUALITY RATING

On December 31, 2014, JCR-VIS Credit Rating Company Limited reaffirmed the Management Quality Rating of ABL Asset Management Limited (ABL AMC) at 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

OUTLOOK AND STRATEGY

The strong foundation laid in FY15 provides a launching pad for a strong economic recovery in FY16 as we still foresee low single digit inflation in FY16 mainly on account of low oil prices. In addition FX reserves are expected to rise further with improving current account position and inflows from IMF, CSF, donor agencies and Euro Bond Issuance. Furthermore, reforms in energy sector like reduction in power subsidies and circular debt should alleviate the energy crisis which has been restraining economic growth. In this regard, CPEC and realization of IP gas pipeline can kick start the long awaited growth era in Pakistan.

With low inflation, particularly in 1H FY16, we cannot rule out the possibility of another 50bps cut in discount rate. The government has thus far stuck to its fiscal targets and borrowings have been under targeted limits. In this scenario, we are expecting ABL IIF to post stable returns with a high probability of further gains on our Sukuk portfolio due to heavy demand for Shariah Compliant Islamic instruments. Further, we will continue to add high quality Sukuks of corporate sector in order to support underlying yields without compromising on the risk profile of the fund.

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, August 27, 2015



FUND MANAGER REPORT – ABL ISLAMIC INCOME FUND

OBJECTIVE

To provide investors with an opportunity to earn higher income over medium to long-term by investing in a diversified portfolio consisting of different money market and debt instruments permissible under the shariah principles.

FUND PERFORMANCE

During the period under review, ABL Islamic Income Fund (ABL IIF) performed exceptionally well and ranked as the best performing fund in Islamic Income Fund category. On YTD basis, ABL IIF posted an annualized return of 8.69% against the benchmark (Average of 6 Month Deposit Rate of 3 Islamic Banks) performance of 6.61%. The fund outperformed the benchmark significantly by 208 bps due to active asset reallocation and heavy trading gains on corporate and Government Sukuks. Moreover, higher accruals from bank placements and deposits also helped the fund to beat the peer average return of 7.02% by 106 bps. As on June 30, 2015 net assets under management of ABL IIF were PKR 1,832.4 million, an increase of 44.29% YoY due to strong return performance.

During the period under review, SBP introduced Islamic Version of Open Market Operations (OMO) against GoP Ijarah Sukuk (under Bai Muajjal Structure) for Islamic Banks in order to help Islamic Banks in deploying their excess liquidity. Despite this facility from central bank, Islamic banks remained liquid due to massive deposit growth of 28.7% (July14-Mar15) and high demand for sukuks pushed short maturity government security rates to a very unattractive 4.5% (around 2.5% below current discount rate). A few banks were also short on SLR eligible instruments which further exacerbated the demand situation.

At the end of the period, we placed TDRs with Islamic banks (10.53% of total assets) in order to take advantage of higher deposit rates offered by the banks on account of June closing. Moreover, we also added new corporate Sukuks in our portfolio to diversify and enhance base line yield. Allocations at year end in GoP Ijarah Sukuk, Corporate Sukuks and cash balances were at 6.17%, 22.89% and 59.53% of total assets respectively. WAM of the portfolio stood at 423 days.

The Scheme has maintained the provisional asset against Workers' welfare Fund's Liability to the tune of Rs. 9.812million, Had the same not been made, the NAV per unit of the scheme would have been higher by Rs. 0.0537 per unit.

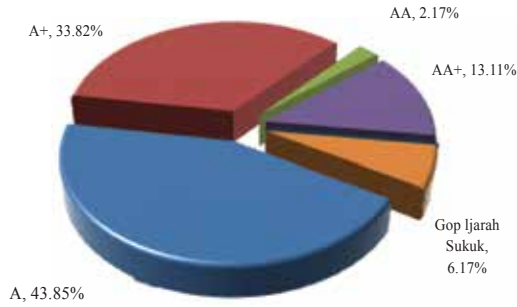
FUTURE OUTLOOK AND STRATEGY

With low inflation, particularly in 1HFY16, we cannot rule out the possibility of another 50bps cut in discount rate. The government has thus far stuck to its fiscal targets and borrowings have been under targeted limits. The recent upgrades by international rating agencies also point out towards tightening of spreads and could fuel bullish sentiment in the fixed income markets. However, reversal in oil prices, challenging security situation, political instability and persistent energy shortages are the key risk to potential economic revival of the country.

Given the shortage of and poor yield on GoP Ijarah Sukuks, we will increase our exposure in corporate sukuks in order to support daily accrual of the fund. Furthermore, we will continue to explore trading opportunities and deposits at attractive rates in order to improve returns going ahead.

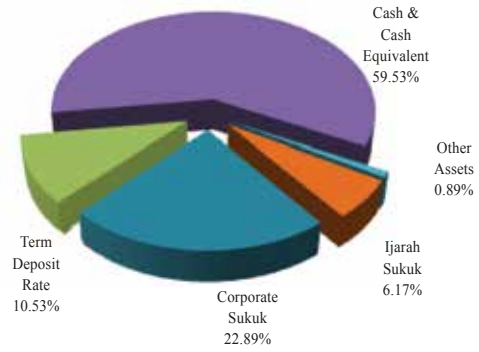
Yield	8.69%
Benchmark (Average of 6 Months Deposit Rate of 3 Islamic Banks)	6.61%
Weighted Average Time to Maturity of Net Assets	423 days
Asset under management as at June 30,2015 (PKR mn)	1,832.42
Closing NAV per unit as on June 30,2015 (PKR) (Ex-Dividend)	10.0282

Credit Quality of Portfolio (% of Assets)



Other assets account for 0.89 % of Total Assets

Asset Allocation as a % of Total Assets





PERFORMANCE TABLE

	June 2015	June 2014	June 2013	June 2012	June 2011
	(Rupees in '000)				
Net Assets	1,832,477	1,270,261	1,172,065	1,059,763	816,606
Net Income	140,976	102,044	108,078	81,995	47,735
	(Rupees per unit)				
Net Assets value	10.0282	10.0253	10.0086	10.0245	10.0163
Interim distribution*	-	0.7997	0.7246	0.8040	0.6311
Final distribution	0.8662	0.0426	0.1835	0.2458	0.2546
Final distribution date	June 12, 2015	June 23, 2014	June 28, 2013	June 25, 2012	June 29, 2011
Closing offer price	10.1786	10.1757	10.0086	10.0245	10.0163
Closing repurchase price	10.0282	10.0253	10.0086	10.0245	10.0163
Highest offer price	11.0292	10.3824	10.2789	10.2674	10.2607
Lowest offer price	10.1513	10.1518	9.9985	10.0027	10.0027
Highest repurchase price per unit	10.8662	10.2290	10.2789	10.2674	10.2607
Lowest repurchase price per unit	10.0013	10.0018	9.9985	10.0027	10.0027
	Percentage				
Total return of the fund					
- capital growth	0.03%	0.46%	0.14%	0.48%	1.34%
- income distribution	8.66%	8.42%	9.08%	10.50%	8.86%
Average return of the fund					
First Year	8.69%	8.88%	9.22%	10.98%	10.20%
Second Year	9.17%	9.46%	10.61%	11.13%	
Third Year	9.75%	10.65%	11.14%		
Fourth Year	10.86%	11.30%			
Fifth Year /Since Inception	11.56%				
Weighted average Portfolio duration in days	36	9	38	710	30

*Interim distribution

2014			2013		
Date	Rate Per Unit		Date	Rate Per Unit	
September 27, 2013	Re 0.1868		September 24, 2012	Re 0.2788	
December 30, 2013	Re 0.2231		December 27, 2012	Re 0.2789	
March 27, 2014	Re 0.2290		March 22, 2013	Re 0.1669	
May 30, 2014	Re 0.1608				
2012			2011		
Date	Rate Per Unit		Date	Rate Per Unit	
September 27, 2011	Re 0.2733		September 29, 2010	Re 0.1418	
December 26, 2011	Re 0.2665		December 30, 2010	Re 0.2326	
March 26, 2012	Re 0.2642		March 30, 2011	Re 0.2567	

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ABL ISLAMIC INCOME FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of ABL Islamic Income Fund (the Fund) are of the opinion that ABL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 08, 2015



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Aug 20, 2015

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transaction and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2015 comply with the provided Shariah guidelines. Therefore it is resolved that investments in ABL Islamic Income Fund (ABL-IIF) are halal and in accordance with Shariah principles.

May Allah (swt) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

Mufti Irshad Ahmad Aijaz
Shariah Advisor

Faraz Younus Bandukda
Chief Executive

Fortune Islamic Services (Pvt) Limited
Corporate Office :
3rd Floor, Razi Tower, BC-13, Block No 9, KDA Scheme No. 5, Clifton, Karachi.
PABX: +92(21) 35309101-09, Fax: +92(21) 35309155

INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We have performed an independent assurance engagement of **ABL Islamic Income Fund**, (the Fund) to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the year ended June 30, 2015. Our engagement was carried out as required under clause 3A.3 of the Trust Deed of the Fund.

Management Company's responsibility

The Management Company of the Fund is responsible for the preparation of the annexed statement (the subject matter) and for compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control to ensure that the operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

Responsibility of an independent assurance provider

Our responsibility is to express a conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE) 3000, 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the annexed statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor (criteria).

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with the Shariah Principles.

In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Amongst others, our scope included procedures to:

- Check compliance of specific guidelines for making investments of the Fund.
- Check that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the year ended June 30, 2015 are in compliance with the Shariah Principles.

Conclusion

In our opinion, the annexed statement, in all material respects, present fairly the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2015.

A. Ferguson & Co
Chartered Accountants

Dated: September 16, 2015

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of ABL Asset Management Company Limited, the Management Company of **ABL Islamic Income Fund** (the Fund) for the year ended June 30, 2015 to comply with Regulation 5.19 of the Karachi Stock Exchange Limited Regulations, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (ABL Asset Management Company Limited) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2015.


Chartered Accountants

Karachi

Dated: September 19, 2015

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STATEMENT OF COMPLIANCE BY ABL ISLAMIC INCOME FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (“the Code”) contained in Regulation No. 5.19 of the listing regulations of the Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Board of Directors (“the Board”) of ABL Asset Management Company Limited (“the Management Company”), an un-listed public company, manages the affairs of ABL Islamic Income Fund (“the Fund”). The Fund, being a unit trust open ended scheme, does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Karachi Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent, non-executive directors. At June 30, 2015 the Board includes:

Category	Names
Executive Director	Mr. Farid Ahmed Khan
Independent Directors	Mr. Kamran Nishat Mr. Muhammad Kamran Shehzad
Non-Executive Directors	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood

Mr. Farid Ahmed Khan, Chief Executive Officer, has been appointed as an executive director as at June 30, 2015 in place of casual vacancy due to resignation of Mr. Tahir Yaqoob Bhatti. His appointment has been approved by the SECP on July 28, 2015.

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year a casual vacancy occurred on the Board which has been simultaneously filled by the Board on June 30, 2015.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board. There is no executive director of the Management Company other than the CEO.
8. The meetings of the Board were presided over by the Chairman except for the meeting held on August 26, 2014, which was presided by Mr. Waseem Mukhtar and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As required by the code, all the directors of the Management Company are required to attend the training program for directors by the year 2016 and at least one director will attend the training program each year during the period from June 30, 2012 to June 30, 2016. During the year, no director on the Board attended training as required under the Code. However, two directors have obtained certification under the 'Board Development Series' program conducted by Institute of Corporate Governance. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As per the Code, Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from directors' training program. One Board members of the Company qualify for exemption under the provision of the Code. The Company will however, arrange training program for remaining directors by 2016.
10. The Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit continued their services and no change in these positions were made during this financial year.
11. The Directors' Report of the Fund for the year ended June 30, 2015 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors' Report, pattern of unit holding and notes to the financial statements.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. The Board has formed Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the Committee is a non-executive director.

18. The Board has set up an effective internal audit function within the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim / final results, and business decisions, which may materially affect the NAV of the Fund's units, was determined and intimated to directors, employees and the Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.
24. As per the Code, a mechanism was required to be put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e., April 2014. The mechanism is in place and annual evaluation of the Board has been done accordingly.

For & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 27, 2015



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ABL Islamic Income Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2015, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company (**ABL Asset Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2015 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: September 19, 2015

Karachi

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ABL ISLAMIC INCOME FUND

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2015

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
ASSETS			
Balances with banks	4	1,201,777	1,076,800
Investments	5	808,496	202,376
Security deposit	6	100	100
Profit receivable	7	18,128	9,460
Preliminary expenses and floatation costs	8	-	645
Total assets		2,028,501	1,289,381
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	9	7,637	4,961
Payable to Central Depository Company of Pakistan Limited - Trustee	10	202	164
Payable to Securities and Exchange Commission of Pakistan	11	1,125	896
Dividend payable	12	11,397	-
Accrued expenses and other liabilities	13	17,387	10,257
Payable against redemption of units		158,276	2,842
Total liabilities		196,024	19,120
NET ASSETS		1,832,477	1,270,261
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,832,477	1,270,261
CONTINGENCIES AND COMMITMENTS			
	14	--- Total Number of units ---	
NUMBER OF UNITS IN ISSUE	15	182,731,960	126,706,000
-----Rupees-----			
NET ASSETS VALUE PER UNIT		10.0282	10.0253
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC INCOME FUND

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	For the year ended June 30, 2015	For the year ended June 30, 2014
-----Rupees in '000-----			
INCOME			
Capital gain on sale of government securities - net		6,133	12,868
Profit on deposits with banks		65,112	63,936
Income from term deposit receipts		11,749	6,161
Income from sukus		64,546	42,029
		147,540	124,994
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.3	5,002	184
Total income		152,542	125,178
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company	9.1	15,005	11,950
Sindh sales tax on remuneration of the Management Company	9.2	2,611	2,218
Federal excise duty on remuneration of the Management Company	9.3	2,401	1,912
Remuneration of the Central Depository Company of Pakistan Limited-Trustee	10.1	2,125	1,866
Annual fee - Securities and Exchange Commission of Pakistan	11.1	1,125	896
Auditors' remuneration	16	448	366
Amortisation of preliminary expenses and floatation costs	8	645	645
Printing charges		163	111
Annual rating fee		193	184
Listing fee		50	50
Legal and professional charges		100	-
Bank and settlement charges		175	144
Brokerage and securities transaction costs		295	169
Total operating expenses		25,336	20,511
Net income from operating activities		127,206	104,667
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		16,648	(540)
Provision for Workers' Welfare Fund	13.1	(2,877)	(2,083)
Net income before taxation		140,977	102,044
Taxation	17	-	-
Net income after taxation		140,977	102,044
Other comprehensive income		-	-
Total comprehensive income		140,977	102,044
Earnings per unit	18		

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC INCOME FUND

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	For the year ended June 30, 2015	For the year ended June 30, 2014
-----Rupees in '000-----		
Undistributed income brought forward comprising of:		
- realised income	3,012	4,337
- unrealised income / (loss)	184	(3,332)
	3,196	1,005
Net income after taxation	140,977	102,044
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	881	(33)
Distribution during the year		
- (2014: Re 0.1868 per unit on September 27, 2013)		
Cash distribution	-	(16)
Issue of Nil bonus units (2014: 2,115,115 bonus units)	-	(21,151)
- (2014: Re 0.2231 per unit on December 30, 2013)		
Cash distribution	-	(19)
Issue of Nil bonus units (2014: 2,379,015 bonus units)	-	(23,790)
- (2014: Re 0.2290 per unit on March 27, 2014)		
Cash distribution	-	(19)
Issue of Nil bonus units (2014: 2,866,574 bonus units)	-	(28,666)
- (2014: Re 0.1608 per unit on May 30, 2014)		
Cash distribution	-	(11)
Issue of Nil bonus units (2014: 2,012,648 bonus units)	-	(20,126)
- Re 0.8662 per unit on June 11, 2015 (2014: Re 0.0426 per unit on June 23, 2014)		
Cash distribution	(139,901)	(534)
Issue of Nil bonus units (2014: 548,772 bonus units)	-	(5,488)
	(139,901)	(99,820)
Undistributed income carried forward	5,153	3,196
Undistributed income carried forward comprising of:		
- realised income	151	3,012
- unrealised income	5,002	184
	5,153	3,196

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director


ABL Islamic Income Fund

 ABL Asset Management
Discover the potential

ABL ISLAMIC INCOME FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2015

	For the year ended June 30, 2015	For the year ended June 30, 2014
	-----Rupees in '000-----	
Net assets at the beginning of the year	1,270,261	1,172,065
Issue of 260,374,026 units (2014: 129,524,822 units)	2,705,898	1,306,426
Redemption of 204,348,066 units (2014: 129,846,891 units)	(2,128,110)	(1,310,215)
Issue of Nil bonus units (2014: 9,922,124 bonus units)	577,788	(3,789)
	-	99,221
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net		
- amount representing (income) / loss and capital (gains) losses - transferred to income statement	(16,648)	540
- amount representing (income) / loss and capital (gains) losses - transferred to distribution statement	(881)	33
	(17,529)	573
Capital gain on sale of government securities - net	6,133	12,868
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5,002	184
Other net income	129,842	88,992
	140,977	102,044
Distribution during the year		
- (2014: Re 0.1868 per unit on September 27, 2013)		
Cash distribution	-	(16)
Issue of Nil bonus units (2014: 2,115,115 bonus units)	-	(21,151)
- (2014: Re 0.2231 per unit on December 30, 2013)		
Cash distribution	-	(19)
Issue of Nil bonus units (2014: 2,379,015 bonus units)	-	(23,790)
- (2014: Re 0.2290 per unit on March 27, 2014)		
Cash distribution	-	(19)
Issue of Nil bonus units (2014: 2,866,574 bonus units)	-	(28,666)
- (2014: Re 0.1608 per unit on May 30, 2014)		
Cash distribution	-	(11)
Issue of Nil bonus units (2014: 2,012,648 bonus units)	-	(20,126)
- Re 0.8662 per unit on June 11, 2015 (2014: Re 0.0426 per unit on June 23, 2014)		
Cash distribution	(139,901)	(534)
Issue of Nil bonus units (2014: 548,772 bonus units)	-	(5,488)
	(139,901)	(99,820)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred to distribution statement - net	881	(33)
Net assets at the end of the year	1,832,477	1,270,261

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC INCOME FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	For the year ended June 30, 2015	For the year ended June 30, 2014
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	140,977	102,044
Adjustments for non-cash and other items		
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(5,002)	(184)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(16,648)	540
Amortisation of preliminary expenses and floatation costs	645	645
Provision for Workers' Welfare Fund	2,877	2,083
Federal excise duty on remuneration of the Management Company	2,401	1,912
	(15,727)	4,996
(Increase) / decrease in assets		
Security deposit	-	(100)
Profit receivable	(8,668)	17,320
	(8,668)	17,220
Increase / (decrease) in liabilities		
Remuneration payable to ABL Asset Management Company Limited - Management Company	2,676	1,885
Payable to Central Depository Company of Pakistan Limited - Trustee	38	18
Payable to Securities and Exchange Commission of Pakistan	229	(41)
Accrued expenses and other liabilities	1,852	960
	4,795	2,822
Net amount (paid) / received on purchase and sale of investments	(386,118)	535,943
Net cash (used in) / generated from operating activities	(264,741)	663,025
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	2,705,898	1,306,426
Payments against redemption of units	(1,972,676)	(1,309,573)
Cash distribution paid	(128,504)	(615)
Net cash generated from / (used in) financing activities	604,718	(3,762)
Net increase in cash and cash equivalents during the year	339,977	659,263
Cash and cash equivalents at the beginning of the year	1,076,800	417,537
Cash and cash equivalents at the end of the year	1,416,777	1,076,800

The annexed notes 1 to 29 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC INCOME FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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 the 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 categorized as an open-ended 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, 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 December 31, 2014 and a fund stability rating of A(f) to the Fund as at October 16, 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 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 IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

The following amendments to existing standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2014:

- Amendment to IAS 32, "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have significant effect on the financial statements of the Fund.
- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 "Provisions." The interpretation addresses the obligating event that give rise to pay a levy and when a liability should be recognised. The Fund has incorporated the impact of this amendment in the financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are therefore not detailed in these financial statements.

Further, the following new standard has been issued by the IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on 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 year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

- i) Classification and valuation of investment (notes 3.2 and 5)
- ii) Impairment of financial assets (note 3.2.5)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

b) Loans and receivables

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

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the related transaction costs are expensed out in the income statement.

3.2.4 Subsequent measurement

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

Subsequent to initial recognition, financial assets classified as "at fair value through profit or loss" and "available for sale" are valued as follows:

- Basis of valuation of debt securities

The investment of the Fund in debt securities (comprising any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes term finance certificates, bonds, debentures, sukuks and commercial papers etc.) is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates the MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The methodology also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

- Basis of valuation of government securities

The investments of the Fund in government securities are valued on the basis of rates published by MUFAP.

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

Net gains and losses arising from changes in the fair value of available for sale financial assets are taken to the other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in the other comprehensive income is shown as part of net income for the year.

b) Loans and receivables

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

Gain or loss is recognised in the 'income statement' when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets is impaired. The carrying values of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

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

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

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

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.6 Provisions

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

3.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of the 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 Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund does not account for deferred tax, if any, in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

3.8 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared.

3.9 Issue and redemption of units

Units issued are recorded at the offer price as per constitutive documents. The offer price is determined by the Management Company after realisation of subscription money.

The offer price represents the net asset value per unit as of the close of the business day. The Fund also recovers the allowance for sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, as per constitutive documents, applicable to units for which the distributors receive redemption requests during the business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable.

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

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year which pertains to unrealised gains / (losses) held in the unit holder's funds and undistributed income in a separate reserve account and any amount remaining in this reserve account at the end of an accounting year (whether gain or loss) is included in the amount available for distribution to the unit holders.

The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year is recognised in the income statement.

3.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Unrealised appreciation / (diminution) in the value of investments classified as 'Financial assets at fair value through profit or loss' is included in the income statement in the year in which they arise.
- Income on government securities, debt securities, bank deposits and placements is recognised on an accrual basis, using the effective interest rate.
- Profit on bank deposits and on investments is recognised on an accrual basis.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
4 BALANCES WITH BANKS			
Saving accounts	4.1	1,201,220	1,074,197
Current account	4.2	557	2,603
		<u>1,201,777</u>	<u>1,076,800</u>

4.1 These saving accounts carry profit at rates ranging from 5.00% to 7.00% per annum (June 30, 2014: 6.00% to 9.35% per annum).

4.2 Balance in current accounts is maintained with Allied Bank Limited, a related party.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
4.3 Cash and cash equivalents			
Balances with banks		1,201,777	1,076,800
Term deposit receipts	5	215,000	-
		<u>1,416,777</u>	<u>1,076,800</u>

5 INVESTMENTS

Financial assets at fair value through profit or loss - net

- GoP Ijara Sukuks	5.1(a)	125,922	-
- Other Sukuks	5.1(b)	467,574	202,376
		<u>593,496</u>	<u>202,376</u>
Loans and receivables			
- Term deposit receipts	5.2	215,000	-
		<u>808,496</u>	<u>202,376</u>

5.1 a) GoP Ijara Sukuks

Issue date	Coupon rate in % Tenor	Face Value				Balance as at June 30, 2015			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at July 1, 2014	Purchased during the year	Disposed off / matured during the year	As at June 30, 2015	Carrying value	Market value	Appreciation/ (diminution)		
-----Rupees in '000-----										
December 26, 2011	6.94 / 4 Years	-	1,904,700	1,831,700	73,000	73,488	73,584	96	4.02%	9.10%
June 28, 2012	6.94 / 4 Years	-	114,700	64,700	50,000	50,325	50,325	-	2.75%	6.22%
March 2, 2012	8.34 / 3.5 Years	-	20,300	20,300	-	-	-	-	-	-
March 28, 2013	7.59 / 3 Years	-	2,000	-	2,000	2,012	2,013	1	0.11%	0.25%
Total - June 30, 2015		-	2,041,700	1,916,700	125,000	125,825	125,922	97	6.88%	15.57%
Total - June 30, 2014										

b) Other Sukuks

Particulars of the issue / issue date	Coupon rate in % Tenor	Face Value				Balance as at June 30, 2015			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at July 1, 2014	Purchased during the year	Disposed of / matured during the year	As at June 30, 2015	Carrying value	Market value	Appreciation/ (diminution)		
-----Rupees in '000-----										
WAPDA / October 14, 2013	11.19 / 8 years	-	92,500	92,500	-	-	-	-	-	-
K-Electric / March 19, 2014	8.94 / 13 months	95,000	5,000	100,000	-	-	-	-	-	-
K-Electric / March 19, 2014	9.09 / 3 years	105,000	-	11,000	94,000	96,773	96,440	(333)	5.26%	11.93%
K-Electric / June 17, 2015	7.84 / 7 years	-	154,435	-	154,435	154,435	154,435	-	8.43%	19.10%
Engro Fertilizer / July 9, 2014	11.21 / 5 years	-	193,970	29,000	164,970	165,641	170,950	5,309	9.33%	21.14%
Engro Fertilizer / September 6, 2007	9.76 / 8 years	-	5,000	2,500	2,500	2,520	2,496	(24)	0.14%	0.31%
Engro Rupiya / July 11, 2014	13 / 3 years	-	65,000	25,000	40,000	43,300	43,253	(47)	2.36%	5.35%
Total - June 30, 2015		200,000	515,905	260,000	455,905	462,669	467,574	4,905	25.52%	57.83%
Total - June 30, 2014						202,192	202,376	184		

5.2 These term deposit receipts carry profit rate of 7.25% per annum and will mature on September 25, 2015.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
5.3 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net			
Market value of securities		593,496	202,376
Less: carrying value of securities		(588,494)	(202,192)
		5,002	184
6 SECURITY DEPOSIT			
Central Depository Company of Pakistan Limited - trustee		100	100
7 PROFIT RECEIVABLE			
Profit accrued on bank deposits and on term deposit receipts		5,918	8,680
Profit accrued on GoP Ijara Sukuks and on other Sukuks		12,210	780
		18,128	9,460
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		645	1,289
Less: amortised during the year		(645)	(644)
Closing balance	8.1	-	645

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
9	PAYABLE TO ABL ASSET MANAGEMENT COMPANY - LIMITED MANAGEMENT COMPANY		
	9.1	1,553	1,103
		645	1,290
	9.2	912	496
	9.3	4,399	1,998
		128	74
		<u>7,637</u>	<u>4,961</u>

9.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent per annum of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent per annum of such assets of the Fund. During the financial year ended June 30, 2015, the Management Company has charged remuneration at the rate of 1 percent per annum (2014:1 percent per annum) of the average annual net assets of the Fund. The amount of remuneration is paid monthly in arrears.

9.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 15% (2014:16%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.3 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 9.2, 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 4.399 million (including charge for the current year of Rs 2.401 million). Had the provision not been made the net asset value per unit of the Fund as at June 30, 2015 would have been higher by Re 0.0241 (2014 : Re. 0.0158) per unit.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	10.1	202	164

10.1 The Trustee is entitled to a monthly remuneration for the services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund as at June 30, 2015 and June 30, 2014 was as follows:

Net Assets	Tariff per annum
Upto Rs 1 billion	0.17 percent per annum of net asset value
Rs 1 billion to Rs 5 billion	Rs 1.7 million plus 0.085 percent per annum of net assets exceeding Rs 1 billion
Over Rs 5 billion	Rs 5.1 million plus 0.07 percent per annum of net assets exceeding Rs 5 billion

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	11.1	<u>1,125</u>	<u>896</u>
11.1	Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as 'income scheme' is required to pay, as an annual fee to the SECP, an amount equal to 0.075% per annum (2014 : 0.075% per annum) of the average annual net assets of the scheme.		
	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
12	DIVIDEND PAYABLE		
	12.1	<u>11,397</u>	<u>-</u>
12.1	This includes amounts of Rs 3.082 million which have not been settled on account of certain matters relating to taxation. This amount has been transferred to the Unit Holders' Fund subsequent to the year end and the units issued there against have also been kept as frozen.		
	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
13	ACCRUED EXPENSES AND OTHER LIABILITIES		
		280	263
		95	95
	13.1	9,813	6,936
		7,037	13
		100	-
		-	2,950
		62	-
		<u>17,387</u>	<u>10,257</u>
13.1	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 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 judgement of May 2014, Peshawar High Court (PHC) had also held these amendment 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 9.813 million (including charge of Rs 2.877 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 June 30, 2015 would have been higher by Re 0.0537 (2014: Re 0.0547) per unit.

- 13.2** The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under WWF Ordinance, 1971. The provision made till June 30, 2015 has not been reversed as the above law suit is still pending in the SHC. This amendment is however applicable prospectively i.e. from tax year 2016.

14 CONTINGENCIES AND COMMITMENTS

- 14.1** There were no contingencies and commitments outstanding as at June 30, 2015 and June 30, 2014.

	June 30, 2015	June 30, 2014
	-----Number of units-----	
15	NUMBER OF UNITS IN ISSUE	
Total units in issue at the beginning of the year	126,706,000	117,105,945
Add: units issued during the year	260,374,026	129,524,822
Add: bonus units issued during the year	-	9,922,124
Less: units redeemed during the year	(204,348,066)	(129,846,891)
Total units in issue at the end of the year	<u>182,731,960</u>	<u>126,706,000</u>
	June 30, 2015	June 30, 2014
	-----Rupees in '000-----	

16 AUDITORS' REMUNERATION

Annual audit fee	220	183
Half yearly review fee	100	67
Other certifications	60	60
Out of pocket expenses	68	56
	<u>448</u>	<u>366</u>

17 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 has already distributed 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 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.

18 EARNINGS PER UNIT

Earnings per unit (EPU) 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.

19 TRANSACTIONS WITH CONNECTED PERSONS

Connected person / related parties include ABL Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Allied Bank Limited, retirement funds of Allied Bank Limited, Ibrahim Fibres Limited, Ibrahim Agencies (Pvt.) Limited, Arabian Sea Country Club, Cyan Limited, Muller and Phipps Pakistan (Private) Limited, Bench Matrix (Pvt.) Limited, National Management Foundation - LUMS being entities under common control and / or directorship, directors and key management personnel of the Management Company and any person or Company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and at 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 payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

	For the year June 30, 2015	For the year June 30, 2014
	-----Rupees in '000-----	
19.1 Details of transactions with connected persons are as follows:		
ABL Asset Management Company Limited - Management Company		
Redemption of 7,278,218 units (2014: Nil units)	73,746	-
Bonus of Nil units (2014: 582,496 bonus units)	-	5,825
Remuneration for the year	15,005	11,950
Sindh sales tax on remuneration of the Management Company	2,611	2,218
Federal excise duty on remuneration of the Management Company	2,401	1,912
Preliminary expenses and floatation costs paid	645	645
Sales load paid	558	1,177
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,125	1,866

	For the year June 30, 2015	For the year June 30, 2014
-----Rupees in '000-----		
Allied Bank Limited		
Bank charges	52	32
Issue of Nil units (2014: 12,472,062 units)	-	125,000
Redemption of 3,986,064 units (2014: 8,485,998 units)	40,143	85,000
Cash distribution	-	531
ABL Asset Management Company Limited - Staff Provident Fund		
Issue of 407,494 units (2014: 620,334 units)	4,330	6,300
Bonus of Nil units (2014: 16,993 bonus units)	-	170
Redemption of Nil units (2014: 37,287 units)	-	380
Cash distribution	803	-
DIRECTORS OF THE MANAGEMENT COMPANY		
M. Shakeb Murad		
Bonus of Nil units (2014: 4,133 bonus units)	-	41
Redemption of 49,929 units (2014: 4,218 units)	514	43
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Issue of 659,453 units (2014: 199,190 units)	7,054	2,000
Bonus of Nil units (2014: 10,496 bonus units)	-	105
Redemption of 4,898 units (2014: Nil units)	49	-
Cash distribution	784	-
Executives		
Issue of 515,638 units (2014: 638,270 units)	5,396	6,440
Bonus of Nil units (2014: 29,508 units)	-	295
Redemption of 98,001 units (2014: 1,011,554 units)	1,007	10,143
Cash distribution	351	-
	As at June 30, 2015	As at June 30, 2014
-----Rupees in '000-----		

19.2 Details of amounts outstanding as at the year end

ABL Asset Management Company Limited - Management Company		
Outstanding Nil units (2014: 7,278,218 units)	-	72,966
Preliminary expenses and floatation costs	645	1,290
Remuneration payable to the Management Company	1,553	1,103
Sindh sales tax on remuneration of the Management Company	912	496
Federal excise duty on remuneration of the Management Company	4,399	1,998
Sales load payable	128	74
Allied Bank Limited		
Balance in current accounts	557	2,603
Outstanding Nil units (2014: 3,986,064 units)	-	39,961

Central Depository Company of Pakistan Limited - Trustee Remuneration payable	202	164
ABL Asset Management Company Limited - Staff Provident Fund Outstanding 1,007,534 units (2014: 600,040 units)	10,104	6,016
DIRECTORS OF THE MANAGEMENT COMPANY		
M. Shakeb Murad Outstanding Nil units (2014: 49,929 units)	-	501
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer Outstanding 975,142 units (2014: 320,587 units) Dividend payable	9,779 46	3,214 -
Executives Outstanding 436,947 units (2014: 19,310 units) Dividend payable	4,382 21	194 -

20 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Farid Ahmed Khan	Chief Executive Officer	21	CFA & MBA
2	Muhammad Imran	Chief Investment Officer	16	MBA
3	Syed Abid Ali	Head of Research	7	MBA
4	Kamran Aziz	Fund Manager	7	CFA
5	Faizan Saleem	Fund Manager	8	MBA

20.1 Kamran Aziz is the Fund Manager of the Fund. He is also managing the following other funds:

- ABL Stock Fund
- ABL AMC Capital Protected Fund
- ABL Islamic Stock Fund

21 TRANSACTIONS WITH BROKERS / DEALERS

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2015

S. No.	Particulars	Percentage
1	JS Global Capital Limited	26.10%
2	C & M Management (Private) Limited	21.36%
3	Next Capital Limited	11.19%
4	Arif Habib Limited	6.78%
5	Invest One Markets Limited	6.78%
6	Elixir Securities Pakistan (Private) Limited	5.02%
7	BMA Capital Management Limited	5.08%
8	Optimus Markets (Pvt.) Limited	4.07%
9	Summit Capital (Private) Limited	3.39%
10	Global Securities Pakistan Limited	3.39%

List of brokers by percentage of commission charged during the year ended June 30, 2014

S. No.	Particulars	Percentage
1	JS Global Capital Ltd	46.23%
2	KASB Securities Limited	29.13%
3	Invest Capital Markets Limited	20.49%
4	Global Securities Pakistan Ltd	2.97%
5	Elixir Securities Pakistan (Private) Limited	0.59%
6	Vector Capital (Private) Limd	0.59%

22 PATTERN OF UNIT HOLDING

As at June 30, 2015				
Category	No. of Unit holders	No. of units held	Net asset value of the amount invested	Percentage of total investment
Rupees in '000				
Individuals*	1,049	126,781,772	1,271,397	69.38%
Associated Companies / Directors	1	975,142	9,779	0.53%
Insurance Companies	1	11,887,709	119,212	6.51%
Bank / DFIs	1	9,540,208	95,671	5.22%
Retirement Funds**	14	18,733,035	187,859	10.25%
Others	7	14,814,094	148,559	8.11%
	<u>1,073</u>	<u>182,731,960</u>	<u>1,832,477</u>	<u>100.00%</u>

* This include 436,947 units of related parties.

** This include 1,007,534 units of a related party.

As at June 30, 2014				
Category	No. of Unit holders	No. of units held	Net asset value of the amount invested	Percentage of total investment
Rupees in '000				
Individuals*	928	92,231,930	924,649	72.79%
Associated Companies / Directors	4	11,634,798	116,642	9.18%
Insurance Companies	4	627,734	6,293	0.50%
Bank / DFIs	-	-	-	0.00%
Retirement Funds**	12	12,387,474	124,188	9.78%
Others	6	9,824,064	98,489	7.75%
	<u>954</u>	<u>126,706,000</u>	<u>1,270,261</u>	<u>100.00%</u>

* This include 19,310 units of related parties

** This include 600,040 units of a related party.

23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 38th, 39th, 40th, 41st and 42nd Board of Directors meetings were held on August 26, 2014, October 28, 2014, December 22, 2014, February 06, 2015 and April 29, 2015 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
Directors					
1	Sheikh Mukhtar Ahmed	5	4	1	38th
2	Mohammad Naeem Mukhtar	5	2	3	38th, 39th, 42nd
3	Muhammad Waseem Mukhtar	5	5	-	-
4	Tariq Mahmood	5	5	-	-
5	Kamran Nishat	5	5	-	-
6	M. Shakeb Murad*	4	2	2	40th, 41st
7	M. Jawaid Iqbal*	4	2	2	38th, 41th
8	Muhammad Kamran Shehzad**	1	1	-	-
9	Tahir Yaqoob Bhatti***	1	1	-	-
10	Farid Ahmed Khan****	5	5	-	-
Other persons					
11	Saqib Matin*****	5	5	-	-

* Retired in the 7th AGM held on March 31, 2015.

** Elected as new director in the 7th AGM.

*** Elected as new director in the 7th AGM and retired on June 30, 2015.

**** Appointed as new director on June 30, 2015.

***** Attended the BOD meetings as the Company Secretary.

24 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2015, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities at amortised cost.

-----As at June 30, 2015-----

Particulars	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
-------------	-----------------------	---	-------

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

Financial assets			
Balances with banks	1,201,777	-	1,201,777
Investments	215,000	593,496	808,496
Profit receivable	18,128	-	18,128
Security deposits	100	-	100
	1,435,005	593,496	2,028,501

-----As at June 30, 2015-----

Particulars	Liabilities 'at fair value through profit or loss'	Other financial liabilities at amortised cost	Total
-------------	---	---	-------

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

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company	-	7,637	7,637
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	202	202
Payable against redemption of units	-	158,276	158,276
Dividend payable	-	11,397	11,397
Accrued expenses and other liabilities	-	537	537
	-	178,049	178,049

-----As at June 30, 2014-----

Particulars	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
-------------	--------------------------	--	-------

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

Financial assets

Balances with banks	1,076,800	-	1,076,800
Investments	-	202,376	202,376
Profit receivable	9,460	-	9,460
Security deposits	100	-	100
	1,086,360	202,376	1,288,736

-----As at June 30, 2015-----

Particulars	Liabilities 'at fair value through profit or loss'	Other financial liabilities at amortised cost	Total
-------------	---	---	-------

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

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company	-	4,961	4,961
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	164	164
Payable against redemption of units	-	-	2,842
Accrued expenses and other liabilities	-	3,308	3,308
	-	11,275	11,275

25 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

25.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and the investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

25.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

25.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to cash flow interest rate risk.

b) Sensitivity analysis for variable rate instruments

As at June 30, 2015, the Fund holds GoP Ijara sukuks and other sukuks which exposes the Fund to interest rate risk. In case of increase / decrease in the average coupon rates through out the year, with all other variables held constant, the income on these sukuks will fluctuate. In case of 100 basis points increase / decrease in the average coupon rates through out the year the net income for the year and the net assets as at June 30, 2015 would have been higher / lower by Rs. 0.645 million.

As at June 30, 2015 the Fund holds balance in saving accounts the interest rate of which in certain circumstances is 5% to 7%.

The composition of the Fund's investment portfolio and the MUFAP rates are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2015 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

Yield / interest rate sensitivity position for the financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2015					Total
	Interest Rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		

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

On-balance sheet financial instruments

Financial assets

Balances with banks	5.00% - 7.00%	1,201,220	-	-	557	1,201,777
Investments	6.94% - 13.00%	808,496	-	-	-	808,496
Profit receivable		-	-	-	18,128	18,128
Security deposit		-	-	-	100	100
Sub total		2,009,716	-	-	18,785	2,028,501

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	7,637	7,637
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	202	202
Dividend payable		-	-	-	11,397	11,397
Accrued expenses and other liabilities		-	-	-	537	537
Payable against redemption of units		-	-	-	158,276	158,276
Sub total		-	-	-	178,049	178,049

On-balance sheet gap (a)

		2,009,716	-	-	(159,264)	1,850,452
--	--	------------------	----------	----------	------------------	------------------

Off-balance sheet financial instruments

		-	-	-	-	-
--	--	---	---	---	---	---

Off-balance sheet gap (b)

		-	-	-	-	-
--	--	---	---	---	---	---

Total interest rate sensitivity gap (a+b)

		2,009,716	-	-	(159,264)	1,850,452
--	--	------------------	----------	----------	------------------	------------------

Cumulative interest rate sensitivity gap

		2,009,716	2,009,716	2,009,716		
--	--	------------------	------------------	------------------	--	--

Particulars	As at June 30, 2014					Total
	Interest Rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		

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

On-balance sheet financial instruments

Financial assets

Balances with banks	6.00% - 9.35%	1,074,197	-	-	2,603	1,076,800
Investments	11.23% - 12.42%	202,376	-	-	-	202,376
Profit receivable		-	-	-	9,460	9,460
Security deposit		-	-	-	100	100
Sub total		1,276,573	-	-	12,163	1,288,736

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	4,961	4,961
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	164	164
Dividend payable		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	3,308	3,308
Payable against redemption of units		-	-	-	2,842	2,842
Sub total		-	-	-	11,275	11,275

On-balance sheet gap (a)

		1,276,573	-	-	888	1,277,461
--	--	------------------	----------	----------	------------	------------------

Off-balance sheet financial instruments

		-	-	-	-	-
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Off-balance sheet gap (b)

		-	-	-	-	-
--	--	---	---	---	---	---

Total interest rate sensitivity gap (a+b)

		1,276,573	-	-	888	1,277,461
--	--	------------------	----------	----------	------------	------------------

Cumulative interest rate sensitivity gap

		1,276,573	1,276,573	1,276,573		
--	--	------------------	------------------	------------------	--	--

25.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2015, the Fund holds GoP Ijara sukuks and other sukuks which exposes the Fund to price risk. In case of increase / decrease in the average MUFAP rates (being used by the Fund for the valuation of these securities) on June 30, 2015, with all other variables held constant, the fair value of these sukuks will fluctuate. In case of 100 basis points increase / decrease in the average rates published by MUFAP on June 30, 2015 the net income for the year and the net assets as at June 30, 2015 would have been higher / lower by Rs. 5.935 million.

25.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments and balances with banks. The Fund does not foresee any credit risk with respect to investment in government securities as these represent the interest of the Government of Pakistan. The credit risk on the remaining financial assets is limited because the counter parties are companies / financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

25.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2015:

Balances with banks by rating category

Name of Bank	Rating Agency	Latest available published rating	Percentage of Bank Balance
Burj Bank Limited Main Branch	JCR-VIS	A-	40.97%
Albaraka Islamic Bank Limited	JCR-VIS	A	33.52%
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A+	25.14%
United Bank Limited	JCR-VIS	AA+	0.21%
Bank Alfalah Limited	PACRA	AA	0.05%
Allied Bank Limited	PACRA	AA+	0.05%
Askari Bank Limited	JCR-VIS	AA	0.03%
Bank Islami Pakistan Limited	PACRA	A+	0.03%

Term deposit receipts by rating category

Name of the Bank / Investee Company	Rating of Agency	Latest available published rating of the instrument	Percentage of term deposit receipts
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A+	100.00%

Sukkuks other than GoP ijarah sukkuks by rating category

Name of the issuer / issue date	Rating of Agency	Latest available published rating of the instrument	Percentage of Sukkuks
K-Electric / March 19, 2014	MUFAP	AA	16.25%
K-Electric / June 17, 2015	MUFAP	AA+	26.02%
Engro Fertilizer / July 9, 2014	MUFAP	A+	28.80%
Engro Fertilizer / September 6, 2007	MUFAP	A+	0.42%
Engro Rupiya / July 11, 2014	MUFAP	AA	7.29%

There are no financial assets that are past due or impaired as at June 30, 2015.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of the financial instruments is mainly held with various banks, securities issued by the State Bank of Pakistan on behalf of the Government of Pakistan and certain privately placed sukkuks.

The Fund's bank balances and certain sukkuks are mainly held with three banks / issuers. The management believes that these are credit-worthy counter parties.

25.2.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on the terms that are materially disadvantageous to the Fund.

The Fund is mainly exposed to daily cash redemptions at the option of unit holders. The Fund's approach to manage liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised or are considered readily realisable.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

25.2.3 The table below indicates the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

-----As at June 30, 2015-----

Particulars	Upto three months	Over three months and upto one year	Over one year	Total
----- Rupees in '000 -----				
Financial Liabilities				
Payable to ABL Asset Management Company Limited - Management Company	6,992	645	-	7,637
Payable to the Central Depository Company of Pakistan Limited - Trustee	202	-	-	202
Accrued expenses and other liabilities	537	-	-	537
Dividend payable	11,397	-	-	11,397
Payable against redemption of units	158,276	-	-	158,276
	<u>177,404</u>	<u>645</u>	<u>-</u>	<u>178,049</u>

-----As at June 30, 2014-----

Particulars	Upto three months	Over three months and upto one year	over one year	Total
----- Rupees in '000 -----				
Financial Liabilities				
Payable to ABL Asset Management Company Limited - Management Company	3,671	645	645	4,961
Payable to the Central Depository Company of Pakistan Limited - Trustee	164	-	-	164
Accrued expenses and other liabilities	3,308	-	-	3,308
Payable against redemption of units	2,842	-	-	2,842
	<u>9,985</u>	<u>645</u>	<u>645</u>	<u>11,275</u>

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the close of trading on the year end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or the liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

-----As at June 30, 2015-----				
Leave 1	Leave 2	Leave 3	Total	
----- Rupees in '000 -----				
Assets				
Investment in securities - financial assets at fair value through profit or loss	-	593,496	-	593,496
-----As at June 30, 2014-----				
Leave 1	Leave 2	Leave 3	Total	
----- Rupees in '000 -----				
Assets				
Investment in securities - financial assets at fair value through profit or loss	-	202,376	-	202,376

27 UNIT HOLDER'S FUND RISK MANAGEMENT

The unit holder's fund is represented by the net assets attributable to unit holders / redeemable units. The unit holders of the Fund are entitled to distribution and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Fund has no restrictions or specific funding requirements on the subscription and redemption of units.

The Fund's objectives when managing funds received are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by short-term borrowings or disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 27, 2015 by the Board of Directors of the Management Company.

29 GENERAL

29.1 Figures have been rounded to the nearest thousand rupees.

29.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangement or reclassification were made in these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer









MUHAMMAD KAMRAN SHEHZAD
Director



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