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ABL ISLAMIC PRINCIPAL PRESERVATION FUND II

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:	MCB Financial Services Limited. 3rd Floor, Adamjee House, I.I Chundrigar Road, Karachi - 74400.	
Bankers to the Fund:	Allied Bank Limited Askari Bank Limited	
Auditor:	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawaney & Partners 3rd & 4th Floors, 68-C, Lane-13 Bokhari Commercial Area Phase-VI, DHA Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Principal Preservation Fund-II (ABL-IPPF-II), is pleased to present the Condensed Interim Financial Statements (un-audited) of ABL Islamic Principal Preservation Fund-II for the quarter ended September 30, 2015.

ECONOMIC PERFORMANCE REVIEW

New fiscal year started on a positive note for the economy with crude oil prices dropping a further 22.7% during the quarter after a steep 45.2% drop in FY15. Plummeting oil prices also had a soothing effect on inflation as the CPI average during the quarter nosedived to 1.64% YoY with September 2015 reading clocking-in at multi-year low of 1.32% YoY. In addition to contributing towards falling inflation, low oil prices further strengthened current account position with CAD dropping by 93% in 1QFY16 to USD 109mn compared to USD 1,631mn during the same quarter last year. During the period under review, Government of Pakistan closed another successful Eurobond issue of USD 500mn in the international market to refinance upcoming maturity of previous issue.

IMF's EFF program also continued smoothly with IMF granting waivers on fiscal and privatization benchmarks. Thanks to this forbearance, the country successfully completed the 8th review of the IMF program which paved way for another tranche of USD 500mn. As a result, foreign exchange reserves touched the highest ever tally of USD 20bn, translating into a comfortable import cover of more than five months. SBP, acknowledging of macroeconomic developments, further cut the policy rate by 50bps to 6% during the quarter setting a record low interest rates in the country.

The Rupee fell by 2.5% in 1QFY16 in response to a region-wide capitulation by almost all currencies triggered by Chinese Yuan devaluation. However, improving external account position helped stem this slide and by and large, Pak Rupee did well compared with its regional counterparts.

Government's fiscal performance remains a sore point amongst an otherwise positive macro scenario. Fiscal authorities, yet again, failed to meet their revenue collection target and fell short by PKR 48bn (PKR 600bn collected against target of PKR 648bn). In order to meet the deficit, government had to borrow a hefty amount of PKR 401bn from commercial banks, crowding private sector credit off-take.

In the backdrop of positive macroeconomic developments and continued economic reforms process, the economic outlook in the near to medium term remains stable. Govt. has assured IMF to achieve tangible results towards fulfilling its Indicative Targets (ITs) on privatization along with monetary Performance Criteria (PCs). Nonetheless, the government will have to walk the talk amidst ongoing war against terrorism, regional turmoil, and tensions with the neighbors apart from dull global economy. With almost halfway through its tenure, the government does not have much time to lose in taking politically tough decisions and carrying out economic reforms.

MARKET OVERVIEW

Pressure on regional markets in the aftermath of currency devaluations as well as rumors of joint investigation by SECP and NAB against KSE brokers had a telling effect on local equities with KSE-100 Index dropping 6.1% (2,111 points) to close the quarter at 32,287 points. As a result, return generated by Pakistan's equities during CY15 now stands at a meager 0.5% against 17.7% in the corresponding period last year. Despite a slew of positive macro news (50bps policy rate cut, below expectation CPI reading of 1.32% in September 2015, USD 500mn Eurobond, USD 502mn IMF tranche), local sentiment remained depressed. KMI 30 Index, the benchmark for Shariah Compliant Equities, wasn't much different either, as it posted a drop of 5.6% (3,186 points) during the quarter under review. More than half (1,744 points) of that decline was contributed by E&Ps followed by Fertilizers (771 points) and Oil & Gas Marketing Companies (649 points). Power Generation (207 points) and Pharmaceuticals (194 points) were the major positive contributors towards the Index in 1QFY16.

Foreign investors also continued to divest and we saw net selling of USD 103mn during the quarter (9MAY15 USD 176mn) at KSE as part of global sell-off in the equity markets as investors continued to shy away from risky assets. This overall flight towards safety, especially in the backdrop of uncertainty over FED's monetary policy decision during the quarter, kept foreign investors at bay. Consequently, lack of both foreign and local interest proved to be a double whammy for the market

as volumes dried up and pessimism prevailed during the latter part of the quarter. However, average traded volumes during the period under review improved by 12.6% QoQ to 312mn while average traded value shrunk by 2.5% QoQ to USD 117mn per day.

MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of open end mutual funds rebounded by 6% in 1QFY16 (from PKR425 billion to PKR450 billion), mainly on account of substantial flows in conventional fixed income funds. Fixed Income category improved by 29% during the quarter to PKR104 billion compared to PKR80 billion in June-15, as lucrative returns on PIBs gathered investors' attention towards government securities-oriented funds. On the other hand, both conventional and Islamic equity categories witnessed AUM decline of 6.7% and 1.3%, to PKR 100 billion and PKR 50 billion, respectively. Volatility in equities during the quarter was the main culprit behind this drop in AUMs. SECP's reservations on principal preservation funds based on CPPi methodology restricted the growth of the fund of funds category at a meager 1.4% to end the quarter at PKR33.5 billion compared to PKR33.1 billion in June this year.

FUND PERFORMANCE

Rout in equities during the quarter under review exerted pressure on the fund returns, which posted a drop of 2.33%. However, with active fund management and careful calibration of gradient, we were able to outpace the benchmark by 28 basis points as it yielded a negative return of 2.61%. Since inception, ABL-IPPF II has posted a healthy return of 15.91% against the benchmark return of 13.37%, reflecting an outperformance of 2.54%.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2016 for ABL Islamic Principal Preservation Fund-II (ABL-IPPF-II).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on August 31, 2015, has assigned initial capital protection rating of "CP2" to ABL Islamic Principal Preservation Fund (ABL-IPPF II – Dynamic Hedge Fund [DHF]) which denotes a high certainty of principal protection.

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

Looking ahead, improvement in domestic macroeconomic conditions (low interest rates, falling CPI reading and strengthening external account) as well as relative stability in regional markets should provide a breather to domestic equities. Moreover, the initiation of work on CPEC should propel overall economic activity and provide impetus for market performance. Furthermore, expected graduation of Pakistan into MSCI Emerging Markets from Frontier Markets should keep local bourse on the foreign investors' radar. With political dust settling post peaceful by-elections, the situation on political front also looks favorable going ahead. At quarter end, market was trading at 2016E P/E of 7.6x, with an attractive dividend yield of 6.7%.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (MCB Financial Services Limited) and the management of Islamabad Stock Exchange 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

Karachi, October 30, 2015




Farid Ahmed Khan
Chief Executive Officer

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2014
----- (Rupees in '000) -----			
ASSETS			
Balances with Banks	4	565,330	490,089
Investments	5	530,018	661,247
Profit receivable		2,588	4,895
Preliminary expenses and floatation costs		516	777
Receivable against investment		25,000	-
Prepayments		17	-
Others Receivable		1,734	-
Total assets		1,125,203	1,157,008
LIABILITIES			
Payable to ABL Asset Management Company Limited -Management Company	6	1,793	2,571
Payable to MCB Financial Services Limited -Trustee		85	76
Payable to the Securities and Exchange Commission of Pakistan		218	814
Accrued expenses and other liabilities	7	4,221	5,058
Total liabilities		6,317	8,519
NET ASSETS		1,118,886	1,148,489
UNIT HOLDER'S FUND (AS PER STATEMENT ATTACHED)			
		1,118,886	1,148,489
Contingencies and commitments	8	-	-
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		101,755,823	100,105,348
		----- (Rupees) -----	
NET ASSET VALUE PE UNIT		10.9958	11.4728
FACE VALUE PER UNIT		10.0000	10.0000

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
 Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
 Director

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	For the quarter ended September 30, 2015	For the quarter ended September 30, 2014
----- (Rupees in '000) -----			
INCOME			
Capital (loss) on sale of investments - net		(6,083)	(2,453)
Profit on deposits with banks		6,962	12,843
Dividend Income		1,822	-
Back-end load		-	19
		2,701	10,409
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.1	(23,768)	1,332
Total (Loss) / Income		(21,067)	11,741
EXPENSES			
Remuneration of ABL Asset Management Company Limited -Management Company		1,203	1,450
Sindh Sales Tax on remuneration of Management Company	6.2	195	252
Federal Excise Duty on remuneration of Management Company	6.3	192	232
Remuneration of MCB Financial Services Limited -Trustee		233	208
Sindh Sales Tax on remuneration of MCB Financial Services Limited- Trustee		33	-
Annual fee - Securities and Exchange Commission of Pakistan		218	195
Auditors' remuneration		84	63
Amortisation of preliminary expenses and floatation costs		261	262
Printing charges		20	19
Listing fee		8	6
Bank Charges		4	4
Total Expenses		2,451	2,692
Net (Loss) / Income from operating activities		(23,518)	9,050
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net		(598)	(28)
Provision for Workers' Welfare Fund	7.1	-	(180)
Net (Loss) / Income for the period before taxation		(24,116)	8,841
Taxation	9	-	-
Net (Loss) / Income for the period after taxation		(24,116)	8,841
Other comprehensive income for the period			-
Total comprehensive (Loss) / Income for the period		(24,116)	8,841
Earnings per unit	10		

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	For the quarter ended September 30, 2015	For the quarter ended September 30, 2014
	----- (Rupees in '000) -----	
Undistributed income at the beginning of the period		
Realized Income	99,652	555
Unrealized Income	47,780	13,939
	147,432	14,494
Net (loss) / income for the period after taxation	(24,116)	8,841
Distribution during the period		
Re. 0.24 per unit on July 24,2015		
- Cash Dividend	(21,991)	-
Undistributed income carried forward	101,325	23,335
Undistributed income carried forward comprising of:		
- Realised gain	125,093	22,003
- Unrealised loss / gain	(23,768)	1,332
	101,325	23,335

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
 Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
 Director

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

Note	For the quarter ended September 30, 2015	For the quarter ended September 30, 2014
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	1,148,489	1,029,888
Issue of 2,034,572 units (2014: Nil units)	20,346	-
Redemption of 384,096 units (2014: 377,415 units)	(4,439)	(1,905)
	15,907	(1,905)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed transferred to income statement - net - amount representing loss and capital losses transferred to income statement	598	28
Other net income for the period	5,735	9,962
Capital loss on sale of investment	(6,083)	(2,453)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(23,768)	1,332
Net income for the period	(24,116)	8,841
Distribution during the period		
Re. 0.24 per unit on July 24,2015 - Cash Dividend	(21,991)	-
Net assets at the end of the period	1,118,886	1,036,852

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

Note	For the quarter ended September 30, 2015	For the quarter ended September 30, 2014
	----- (Rupees in '000) -----	
Cash Flows From Operating Activities		
Net (loss) / income before taxation	(24,116)	8,841
Adjustments for non-cash and other items:		
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	23,768	(1,332)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	598	28
Amortisation of preliminary expenses and floatation costs	261	262
Federal excise duty on remuneration of the Management Company	192	232
Provision for Workers' Welfare Fund	-	(180)
	24,819	(990)
	703	7,851
(Increase) / decrease in assets		
Profit receivable	2,307	(325)
Other Receivables	(26,751)	242
	(24,444)	(83)
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited- Management Company	(970)	(1,113)
Payable to MCB Financial Services Limited- Trustee	9	5
Annual fee payable to Securities and Exchange Commission of Pakistan	(596)	44
Accrued expenses and other liabilities	(837)	306
	(2,394)	(758)
Amount received on sale of investments-net	107,461	11,453
Net cash generated from operating activities	81,326	18,463
Cash Flows From Financing Activities		
Amount received on issuance of units	20,346	
Amount paid on redemption of units	(4,439)	(1,905)
Cash Dividend Paid	(21,991)	
Net cash used in financing activities	(6,084)	(1,905)
Net increase in cash and cash equivalents during the period	75,241	16,559
Cash and cash equivalents at beginning of the period	490,089	557,419
Cash and cash equivalents at end of the period	565,330	573,978

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

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

ABL Islamic Principal Preservation Fund II (the Fund) was established under a Trust Deed executed between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 3, 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on February 13, 2014.

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 7 December 2007. Title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund. The registered office of the Management Company is situated at 11-B, Lalazar, MT Khan Road, Karachi.

The Fund has been categorised as an open-end Shariah Compliant Fund. The units of the Fund are listed on the Islamabad Stock Exchange.

The objective of the Fund is to provide higher risk adjusted return through investment in dynamic asset allocation between Shariah Compliant Equity Schemes and Shariah Compliant Income / Money Market Scheme.

JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM2' (stable outlook) to the Management Company as on December 31, 2014 and capital protection rating of CP2 to the fund as on August 31, 2015.

The Fund commenced its operations from March 31, 2014. The duration of the Fund is twenty four (24) months from the commencement of the life of the Fund and the Fund shall automatically be dissolved after the aforementioned period. Based on the above, the management has assessed and concluded that the Fund is not a going concern. The management has continued to measure the Fund's assets and liabilities principally in accordance with the basis of measurement disclosed in note 3 of these financial statements. However, in preparing these financial statements the management has given due consideration to the fact that the measurement of assets and liabilities may be affected by changes in judgements that can arise when the going concern assumption ceases to be valid.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These Condensed Interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the period ended June 30, 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2015.

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the period ended June 30, 2015.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the period ended June 30, 2015.

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----			
4	BANK BALANCES		
	- Current accounts	1,066	2,538
	- Saving accounts	564,264	487,551
		565,330	490,089
4.1	The balance is maintained with Allied Bank Limited (a related party of the Fund).		
4.2	These Saving accounts carries profit rates ranging from 5.00% to 6.00% per annum (June 2015: 5.00% to 6.40%)		
5	INVESTMENTS		
	Financial assets at 'fair value through profit or loss'		
	Units of a Mutual Fund	530,018	661,247

5.1 Units of a Mutual Fund

Number of Units					As at 30 September 2015			Market value as a % of net assets	Market value as a percentage of Market value of investment
Holding at the beginning of the period	Purchased during the period	Bonus received during the period	Redeemed during the period	Balance as at September 30 2015	Carrying value	Market value	Diminution		

----- (Rupees in '000) -----

ABL Islamic Stock Fund

- a related party

51,026,469	10,971,125	-	19,456,619	42,540,976	553,786	530,018	(23,768)	47%	100%
51,026,469	10,971,125	-	19,456,619	42,540,976	553,786	530,018	(23,768)	47%	100%

Note
(Un-audited)
September 30,
2015
(Audited)
June 30,
2015

----- (Rupees in '000) -----

6 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	444	405
Sindh Sales Tax Payable on remuneration of the Management Company	6.2	230	201
Federal excise duty on the remuneration of the Management Company	6.3	1,119	926
Preliminary expenses and floatation costs		-	1,039
		1,793	2,571

6.1 Under the provision of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the fund and thereafter of an amount equal to 2 percent of such assets of the fund. Further, as per the requirement of NBFC Regulations the Management Company shall not charge any fee if the funds makes investment in CIS managed by same Management Company. Management company charges remuneration at the rate of 1% per annum based on the daily net assets of the Fund after deducting the investment made in the CIS managed by the Management Company during the period ended September 30, 2015. The amount of remuneration is paid monthly in arrears.

6.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 14% (June 2015 : 15%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

6.3 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 6.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

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

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED amounting to Rs 1.119 million. (including 0.193 million for the current period). Had the provision not been made the net asset value per unit of the Fund as at September 30, 2015 would have been higher by Rs 0.0109 (June 2015 : 0.0092) per unit.

Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
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----- (Rupees in '000) -----

7 ACCRUED AND OTHER LIABILITIES

Auditors' remuneration		323	240
Printing Charges		80	60
Provision for Workers' welfare Fund	7.1	3,775	3,775
Legal Fee		-	100
Withholding Tax Payable		43	883
		4,221	5,058

7.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to 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 file its response against the constitutional petition requesting the court to dismiss the petition. According to the legal council 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 declaring the said amendments as unlawful and unconstitutional. In March 2013, a large bench of Sindh High Court (SHC) passed an order declaring that the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In a judgement of May 2014, the Peshawar High Court(PHC) had also held these amendments to the ultra vires as they lacked the essential mandate to be introduce and passed through the Money Bill under 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 3.775 million in these financial statements. Had the same not been made the net asset value per unit of the fund as at September 30,2015 would have been higher by 0.0371.(June 2015: 0.0377) .

The Finance Act, 2015 has excluded Mutual Funds and Collecive Investment Scheme from the definition of Industrial Establishment subject to WWF under WWF ordinance, 1971. Accordingly, no further provision of

WWF will be made from July 01, 2015, However provision made till June 30, 2015 has not been reversed as the above law suit is still pending SHC .

8 CONTINGENCIES AND COMMITMENTS

There are no other contingencies or commitments as at September 30,2015 and June 30,2015.

9 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The Fund has not recorded provision for taxation as the Management Company has distributed at least ninety percent of the Fund's accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders.

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

10 EARNINGS PER UNIT

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

11 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

11.1 Detail of transactions with related parties / connected persons are as follows:

	For the quarter ended September 30, 2015	For the quarter ended September 30, 2014
----- (Rupees in '000) -----		
ABL Asset Management Company Limited - Management Company		
Remuneration of the Management Company	1,203	1,450
Sindh Sales Tax on remuneration of Management Company	195	252
FED on remuneration of Management Company	192	232
Investment in ABL Islamic Stock Fund		
10,971,125 units purchased (2014:6,224,922 units)	145,822	66,000
19,456,618 units redeemed (2014 :7,419,412 units)	247,200	75,000
Dividend Income Received	1,822	-
Hamdard Laboratories (Waqf) Pakistan		
Issue of 253,087 units (2014: 14,780,142 units)	2,531	150,000
Cash Dividend Paid	2,531	-
Trustees Karachi Electric Provident Fund		
Issue of 228,312 units	2,283	-
Cash Dividend Paid	2,283	-

For the quarter ended September 30, 2015	For the quarter ended September 30, 2014
----- (Rupees in '000) -----	

MCB Financial Services Limited - Trustee
Remuneration for the period
Sindh Sales Tax on remuneration of Trustee Fee

233	208
33	-

11.2 Detail of amounts outstanding as at period end:

(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----	

ABL Asset Management Company Limited - Management Company

Remuneration payable to the Management Company
Sindh sales tax payable on remuneration of Management Company
FED payable on remuneration of Management Company
Preliminary expenses and floatation cost payable

444	405
230	201
1,119	926
-	1,039

Allied Bank Limited

Bank balances

2,134	2,538
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MCBFSL Trustee ABL Islamic Stock Fund

Investment of 42,540,976 units (June 30, 2015: 51,026,469)

530,018	661,247
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Hamdard Laboratories (Waqf) Pakistan

Outstanding of 15,591,668 units (June 30, 2015: 15,338,581)

171,443	175,976
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Trustee Karachi Electric Provident Fund

Units held 10,606,142 (June 30, 2015: 10,377,830)

116,623	119,063
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MCB Financial Services Limited - Trustee

Remuneration payable
Sindh Sales Tax payable on remuneration of Trustee Fee

75	76
10	

12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim Financial statements were authorised for issue on October 30, 2015 by the Board of Directors of the Management Company.

13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director