



ABL Islamic Principal Preservation Fund II

CONDENSED INTERIM FINANCIAL INFORMATION
For The Period Ended December 31, 2015

HALF YEARLY REPORT



ABL Asset Management

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ABL ISLAMIC PRINCIPAL PRESERVATION FUND

FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. 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 half year ended December 31, 2015.

ECONOMIC PERFORMANCE REVIEW

Pakistan's macro-economic landscape got another boost from declining crude oil prices (down another 50% in 1HFY16), with all major macro indicators turning favorable during the period. CPI based inflation averaged at 2.2% YoY during 1HFY16 as opposed to 6.1% YoY in the same period last year. The low inflation reading was primarily a consequence of the global rout in oil prices. Second round impact of falling oil prices was also visible in falling food and transportation costs, which further eased inflationary pressures. Going ahead, the outlook for inflation remains soft with average for FY16 expected to stay in the range of 3%-3.5% YoY compared to 4.6% in FY15.

The decline in oil prices also proved a boon for the external account and the current account deficit fell by 48.6% to USD 1,267mn in 1HFY16 (-0.9% of GDP) compared to USD 2,463mn (-1.8% of GDP) in the corresponding period last year. Country's trade deficit further narrowed down to USD 9.1bn compared to USD 9.9bn as total imports dropped by 10.0% YoY to USD 19.8bn primarily due to global oil slump. However, lower commodity prices had a negative impact on Pakistan's exports which declined by 11.0% YoY to USD 10.8bn. Remittances continued to show a favorable trend, rising to USD 9.7bn from USD 9.2bn, showing a growth of 6.3% YoY in 1HFY16. Improving external sector account combined with some major FX inflows (clubbed IMF tranches of USD 1.1bn) helped country's FX reserves to reach an all-time high level of USD 21.1bn (import cover of 6months). Despite these developments, PKR depreciated by 2.8% during the period to reach Rs 103.73 against the greenback.

The situation on fiscal front remained challenging. Despite showing 16.9% YoY growth in revenue collection in 1HFY16, FBR yet again failed to meet its collection targets of PKR 1.39tn and managed to net only Rs 1.37tn. The government expects to bridge the revenue short fall through expanding the tax net by introducing a new tax amnesty scheme for traders. Efforts are also underway for removal of concessionary SROs and reduction in power subsidies amid falling oil prices. Despite the paucity of time and willingness, government seems confident about restricting fiscal deficit to 4.8% of GDP for FY16 compared to 5.3% in FY15.

SBP keeping the above developments into consideration further reduced the discount rate by 50bps in Sep-15, bringing it to an all-time low level of 6.5%. Going ahead, the outlook for 2HFY16 looks promising as (1) macroeconomic indicators like CPI and CAD continue to improve, (2) IMF program is progressing without major hurdles and (3) authorities reiterate their resolve and commitment to go forward with structural reforms. Icing on the cake is initiation of work on western route of CPEC which is expected to provide impetus to overall economic activity in the country. In the backdrop of these developments, stable policy environment can be expected going forward with focus mainly on internal reforms.

MARKET OVERVIEW

KMI-30 index dropped by 2.9% (1,667 points) to close the first half of FY16 at 55,604 points. Market woes were compounded by continued foreign selling to the tune of USD 241mn, pressure on regional markets, increase in FED's fund rate by 25bps and decline in international oil prices which put local energy plays under lot of pressure. Overseas investors off-loaded E&P, Fertilizer and Banking scrips from their portfolios worth USD 64mn, USD 57mn and USD 48mn, but showed interest in the food sector (FIPI net inflows of USD 9mn). In addition to these external factors, investigations against brokers by FIA further dampened the market sentiments. As a result, Pakistani equities closed the year with a measly gain of just 2.13% in CY15 as compared to stellar 27% return in CY14. Market turnover improved by 5% YoY to USD 96.9mn per day during 1HFY16 compared to USD 92mn a year back. Similarly average daily volume also jumped by 31% to 235mn shares in 1HFY16 compared to 179mn shares exchanging hands in 1HFY15.

The continuous slide in oil, exacerbated by OPEC's decision to repudiate any barriers to its production, dented investor confidence in the E&P scrips (dragging the market by 1,076 points), while cements and Food & Personal Care Products pulled down the market by 187 and 178 points, respectively during 1HFY16. On the positive end of the spectrum, pharmaceuticals, power and insurance remained major contributors to the index, adding 219, 159 and 98 points each. Due to the negative sentiment, the bourse ignored many positives that could have otherwise augured well for the performance. These included steady fundamentals, improved current account position, attractive dividend yield, record low interest rates and vastly improved political environment.

MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of Pakistan's open end mutual fund industry posted a decent double digit growth of 10% during 1HFY16 (from PKR 426 billion to PKR 469 billion), despite increase in taxes on corporate investors and subdued market performance. The Growth in AUMs was mainly contributed by fixed Income category which showed a jump of 43% during the period to PKR115 billion compared to PKR80 billion in June-15, as investors kept chasing PIBs gains in the last leg of monetary easing cycle. Persistent volatility, coupled with steep decline in KSE index, resulted in equity funds declining in size by PKR4 billion (-3.4% FYTD) to close the period at PKR104 billion. On the other hand, fund of funds category (Islamic & Conventional) managed to report a decent growth of 4% to end the period at PKR31bn, courtesy launch of new funds.

FUND PERFORMANCE

ABL-IPPF 2 decreased by 1.7% during period under review against 0.6% decrease in its benchmark, which reflects an under-performance of 110 basis points. This slight underperformance was mainly on account of steep decline in local bourse. We constantly altered the portfolio allocation towards equity and fixed-income investments under the CPPI methodology during the period to shield our fund from the bearish trend on the bourse while ensuring low risk to capital in times of uncertainty. Furthermore, to capitalize on the opportunity provided during the period, we had locked in a profit of 6% as at Dec 31, 2015.

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 2015, JCR-VIS Credit Rating Company Limited has reaffirmed the Management Quality Rating of ABL Asset Management Limited (ABL AMC) at 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

OUTLOOK

Stock market is likely to experience some volatility in the short term due to continued foreign selling, bearish outlook of global equities, as well as growing concerns over emerging market currencies. However, we believe that consistently improving macro indicators (decades low CPI & discount rate, improving external position, revival of growth) coupled with initiation of CPEC related projects point towards a healthy long term outlook. In addition, Pakistan's expected graduation to MSCI Emerging Markets is likely to not only put a lid on the unabated foreign selling, but also put local bourse on a bigger radar screen of fund managers, opening up the possibility of re-rating of the index, which is currently trading at FY16 PER of 7.7x while offering an attractive dividend yield of 6.8%.

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 Pakistan Stock Exchange Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

Karachi, February 8, 2016

For & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

ABL Islamic Principal Preservation Fund II, an open-end Scheme established under a Trust Deed dated February 13, 2014 executed between ABL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations on 31st March 2014.

1. ABL Asset Management Company Limited, the Management Company of ABL Islamic Principal Preservation Fund II has, in all material respects, managed ABL Islamic Principal Preservation Fund II during the period 31st December 2015 in accordance with the provisions of the following:
- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

For the purpose of information, the attention of unit holder's is drawn towards auditor's report and 1.1 to the condensed interim financial information which highlights that condensed interim financial information are not prepared on going concern basis as the fund will mature on 30th March 2016 in accordance with the constitutive documents of the fund. Accordingly, in preparing the condensed interim financial information the management has given due consideration to the fact that the measurement of assets and liabilities may be affected by changes in judgments that can arise when the going concern assumption ceases to be valid.



Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 15, 2016

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Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371
Website: <http://www.mcbfsl.com.pk>

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

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Islamic Principal Preservation Fund II** as at December 31, 2015 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2015. The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement for the quarters ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.1 which highlights that this condensed interim financial information has not been prepared on a going concern basis as the Fund will mature on March 30, 2016 in accordance with the constitutive documents of the Fund. Accordingly, in preparing this condensed interim financial information the management has given due consideration to the fact that the measurement of assets and liabilities may be affected by changes in judgments that can arise when the going concern assumption ceases to be valid. Our conclusion is not qualified in respect of this matter.



Chartered Accountants
Engagement Partner **Shahbaz Akbar**

Dated: February 25, 2016

Karachi

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ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2015

		(Un-Audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- Rupees in '000 -----	
ASSETS			
Balances with banks	4	600,383	490,089
Investments	5	515,787	661,247
Profit receivable		3063	4895
Prepayments		8	-
Preliminary expenses and floatation costs		255	777
Total assets		1,119,496	1,157,008
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	6	2,122	2,571
Payable to MCB Financial Services Limited - Trustee		87	76
Payable to the Securities and Exchange Commission of Pakistan		422	814
Accrued expenses and other liabilities	7	3,990	5,058
Total liabilities		6,621	8,519
NET ASSETS		1,112,875	1,148,489
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,112,875	1,148,489
CONTINGENCIES AND COMMITMENTS	8		
		-----Number of units-----	
NUMBER OF UNITS IN ISSUE		100,614,754	100,105,348
		-----Rupees-----	
NET ASSETS VALUE PER UNIT		11.0608	11.4728
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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 HALF YEAR ENDED DECEMBER 31, 2015

	For the half year ended December 31, 2015	For the half year ended December 31, 2014	For the quarter ended December 31, 2015	For the quarter ended December 31, 2014
INCOME				
----- Rupees in '000 -----				
Capital (loss) / gain on sale of investments - net	(11,286)	733	(5,203)	3,186
Profit on deposits with banks	14,952	21,534	7,990	8,691
Income from sukuks	-	2,659	-	2,659
Back - end load	-	124	-	105
Dividend income	1,822	-	-	-
	5,488	25,050	2,787	14,641
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(17,195)	47,656	6,573	46,324
Total income	(11,707)	72,706	9,360	60,965
EXPENSES				
Remuneration of ABL Asset Management Company Limited - Management Company	6.1 2,587	2,699	1,384	1,249
Sindh sales tax on remuneration of the Management Company	6.2 420	470	225	218
Federal excise duty on remuneration of the Management Company	6.3 414	432	222	200
Remuneration of MCB Financial Services Limited - Trustee	461	420	228	213
Sindh sales tax on remuneration of Trustee	65	-	32	-
Annual fee - Securities and Exchange Commission of Pakistan	422	395	204	200
Auditors' remuneration	168	126	84	63
Amortisation of preliminary expenses and floatation costs	522	523	261	261
Printing charges	50	38	30	19
Listing fee	17	13	9	7
Bank charges	6	9	2	5
Brokerage expense	-	38	-	37
Total expenses	5,132	5,163	2,681	2,472
Net (loss) / income for the period from operating activities	(16,839)	67,543	6,679	58,493
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	65	(745)	663	(717)
Provision for Workers' Welfare Fund	7.1 -	(1,323)	-	(1,143)
Net (loss) / income for the period before taxation	(16,774)	65,475	7,342	56,633
Taxation	9 -	-	-	-
Net (loss) / income for the period after taxation	(16,774)	65,475	7,342	56,633
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(16,774)	65,475	7,342	56,633
Earnings per unit	10			

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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 HALF YEAR ENDED DECEMBER 31, 2015

	For the half year ended December 31, 2015	For the half year ended December 31, 2014
	----- (Rupees in '000) -----	
Undistributed income brought forward comprising of :		
- realised income	99,652	555
- unrealised income	47,780	13,939
	147,432	14,494
Distribution during the period		
Re. 0.22 per unit on July 24, 2015	(21,991)	-
- Cash Dividend		
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	(1,943)	(312)
Net (loss) / income for the period after taxation	(16,774)	65,475
Undistributed income carried forward	106,724	79,657
Undistributed income carried forward comprising of:		
- realised income	123,919	32,001
- unrealised income	(17,195)	47,656
	106,724	79,657

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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 HALF YEAR ENDED DECEMBER 31, 2015

	For the half year ended December 31, 2015	For the half year ended December 31, 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 1,525,167 units (2014: 2,184,684 units)	(17,130)	(22,904)
	3,216	(22,904)
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	(65)	745
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	1,943	312
	1,878	1,057
Capital (loss) / gain on sale of investments - net	(11,286)	733
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(17,195)	47,656
Other net income for the period	11,707	17,086
	(16,774)	65,475
Distribution during the period		
Re. 0.22 per unit on July 24, 2015	(21,991)	-
- Cash Dividend		
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	(1,943)	(312)
Net assets at the end of the period	1,112,875	1,073,204

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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 HALF YEAR ENDED DECEMBER 31, 2015

	For the half year ended December 31, 2015	For the half year ended December 31, 2014
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(16,774)	65,475
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	17,195	(47,656)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(65)	745
Amortisation of preliminary expenses and floatation costs	522	523
Federal excise duty on remuneration of the Management Company	414	432
Provision for Workers' Welfare Fund	-	1,323
	1,292	20,842
(Increase) / decrease in assets		
Investments	128,265	(547,364)
Profit receivable	1,832	2,510
Prepayments	(8)	(12)
	130,089	(544,866)
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited - Management Company	(863)	(1,227)
Payable to MCB Financial Services Limited - Trustee	11	9
Payable to the Securities and Exchange Commission of Pakistan	(392)	244
Accrued expenses and other liabilities	(1,068)	(109)
	(2,312)	(1,083)
Net cash generated from / (used in) operating activities	129,069	(525,107)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividend Paid	(1,645)	-
Payment against redemption of units	(17,130)	(22,904)
Net cash used in financing activities	(18,775)	(22,904)
Net increase / (decrease) in cash and cash equivalents during the period	110,294	(548,011)
Cash and cash equivalents at the beginning of the period	490,089	557,419
Cash and cash equivalents at the end of the period	4 600,383	9,408

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

 ABL Asset Management
Discover the potential

ABLIPPF II
Islamic Principal Preservation Fund II

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008. 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 as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS). The units of the Fund are listed on the Islamabad Stock Exchange (now merged into Pakistan Stock Exchange Limited).

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 Schemes.

JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM2' (stable outlook) to the Management Company and Fund rating is CP2.

- 1.1 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 to the financial statements for the year ended June 30, 2015 and also further elaborated in note 3 of this condensed interim financial information. However, in preparing this condensed interim financial information the management has given due consideration to the fact that the measurement of assets and liabilities may be affected by changes in judgments that can arise when the going concern assumption ceases to be valid.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2015.

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

- 3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended June 30, 2015. The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2015.

- 3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in

application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

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

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

3.4.1 The following standard and amendments to published standards are mandatory for the financial year beginning on or after January 1, 2015 and is relevant to the Fund:

IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. As a result the fund has included additional disclosures in this regard in note 12 to the condensed interim financial information. Notwithstanding the above, the change had no significant impacts on the measurements of the Fund's assets and liabilities.

3.4.2 There are certain other amendments to approved accounting standards have been published and are mandatory for the Funds's accounting period beginning on or after July 1, 2015. None of those amendments have a significant effect on this condensed interim financial information.

	Note	December 31, 2015	June 30, 2015
----- (Rupees in '000) -----			
		(Un-Audited)	(Audited)
4. BALANCES WITH BANKS			
Current accounts	4.1	1,854	2,538
Savings accounts	4.2	598,529	487,551
		600,383	490,089

4.1 This balance is maintained with Allied Bank Limited - related party of the Fund.

4.2 These savings accounts carry profit at rates ranging from 5% to 5.76% (June 2015: 5% to 6.40%) per annum.

	Note	December 31, 2015	June 30, 2015
----- (Rupees in '000) -----			
		(Un-Audited)	(Audited)
5. INVESTMENTS			
Financial assets at fair value through profit or loss - Units of a Mutual Fund	5.2	515,787	661,247
		515,787	661,247

5.1 Units of a Mutual Fund

Name of the Fund	Name of Units				Amount			Market value as a percentage of net assets	Market value as a percentage of market value of investments
	As at July 1, 2015	Purchased during the period	Redeemed during the period	As at December 31, 2015	Carrying value	Market value	Appreciation / diminution		
ABL Islamic Stock Fund - a related party	51,026,468	20,102,674	30,080,909	41,048,233	532,982	515,787	(17,195)	46.35%	100.00%
					532,982	515,787	(17,195)		
Total as at December 31, 2015					613,467	661,247	47,780		

	Note	December 31, 2015	June 30, 2015
		----- (Rupees in '000) -----	
		(Un-Audited)	(Audited)
6 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	512	405
Sindh sales tax payable on remuneration of the - Management Company	6.2	270	201
Federal excise duty on the remuneration of the - Management Company	6.3	1,340	926
Preliminary expenses and floatation costs		-	1,039
		2,122	2,571

- 6.1 The Management Company charged 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 half year ended December 31, 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 30, 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 1.340 million. Had the provision not been made the net asset value per unit of the Fund as at December 31, 2015 would have been higher by Re 0.0133 per unit (June 30, 2015: Re. 0.0092 per unit).

	Note	December 31, 2015	June 30, 2015
		----- (Rupees in '000) -----	
		(Un-Audited)	(Audited)
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		164	240
Printing charges		10	60
Provision for Workers' Welfare Fund	7.1	3,775	3,775
Withholding tax payable		41	883
Legal Fee		-	100
		3,990	5,058

7.1 Provision for Workers' Welfare Fund

- 7.1.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year, had 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 was filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 3.775 million in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2015 would have been higher by Rs 0.0375 per unit.

- 7.1.2 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. Accordingly, no further provision of WWF has been made from July 1, 2015. However, provision made till June 30, 2015 has not been reversed as the above law suit is still pending in SHC.

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2015 and as at June 30, 2015.

9 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. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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.

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

Connected persons / related parties include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes MCB Financial Services Limited being the Trustee of the Fund and the directors and officers of the Management Company and any person or company beneficially owing directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

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

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

	Half Year ended December 31, 2015	Half Year ended December 31, 2014
	----- (Un-Audited) -----	
	----- (Rupees in '000) -----	
ABL Asset Management Company Limited - Management Company		
Remuneration for the period	2,587	2,699
Preliminary expenses and floatation costs paid during the period	522	1,039
Sindh sales tax on remuneration of the Management Company	420	470
Federal excise duty on remuneration of the Management Company	414	432
Investment in ABL Islamic Stock Fund		
20,102,674 units purchased	263,222	315,500
30,080,909 units sold	380,200	175,000
Dividend income received	1,822	-
Allied Bank Limited		
Bank Charges	-	3
Hamdard Laboratories (Waqf) Pakistan		
Issue of 253,087 units (2014: Nil Units)	2,531	-
Cash dividend paid	2,531	-
Trustees Karachi Electic Provident Fund		
Issue of 228,312 units (2014: Nil Units)	2,283	-
Cash Dividend Paid	2,283	-
MCB Financial Services Limited - Trustee		
Remuneration	461	420
Sindh Sales Tax on remuneration of Trustee Fee	65	-

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

	December 31, 2015	June 30, 2015
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
ABL Asset Management Company Limited - Management Company		
Remuneration payable	512	405
Preliminary expenses and floatation costs payable	-	1,039
Sindh sales tax payable on remuneration of the Management Company	270	201
Federal excise duty payable on the remuneration of the Management Company	1,340	926
Allied Bank Limited		
Bank balances held	1,854	2,538
ABL Islamic Stock Fund		
Investment of 4,1048,233 units (June 30, 2015: 51,026,468)	515,787	661,247
Hamdard Laboratories (Waqf) Pakistan		
Units held 15,591,668 (June 30, 2015: 15,338,581)	172,456	175,976
Trustees Karachi Electic Provident Fund		
Units held 10,606,142 (June 30, 2015:10,377,830)	117,312	119,063
MCB Financial Services Limited - Trustee		
Remuneration payable	76	76
Sindh sales tax payable on remuneration of Trustee Fee	1	-

12 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 traded in an open market are revalued at the market prices prevailing on the reporting 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.

Fair value of investments is determined as follows:

- The fair value of investments in units of open-end collective investment schemes are based on the net assets value quoted by the Company and Mutual Funds Association of Pakistan at each reporting date.

- The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

12.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' 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:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2015, the Fund held the following financial instruments measured at fair value:

Particulars	-----As at December 23, 2015-----			
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
ASSETS				
Investment - financial assets 'at fair value through profit or loss'				
- Units of Mutual Funds	515,787	-	-	515,787

Particulars	-----As at June 30, 2015-----			
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
ASSETS				
Investment - financial assets 'at fair value through profit or loss'				
- Units of Mutual Funds	661,247	-	-	661,247

13 GENERAL

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

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

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 08, 2016.


FARID AHMED KHAN
Chief Executive Officer

For ABL Asset Management Company Limited
(Management Company)


MUHAMMAD KAMRAN SHEHZAD
Director



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