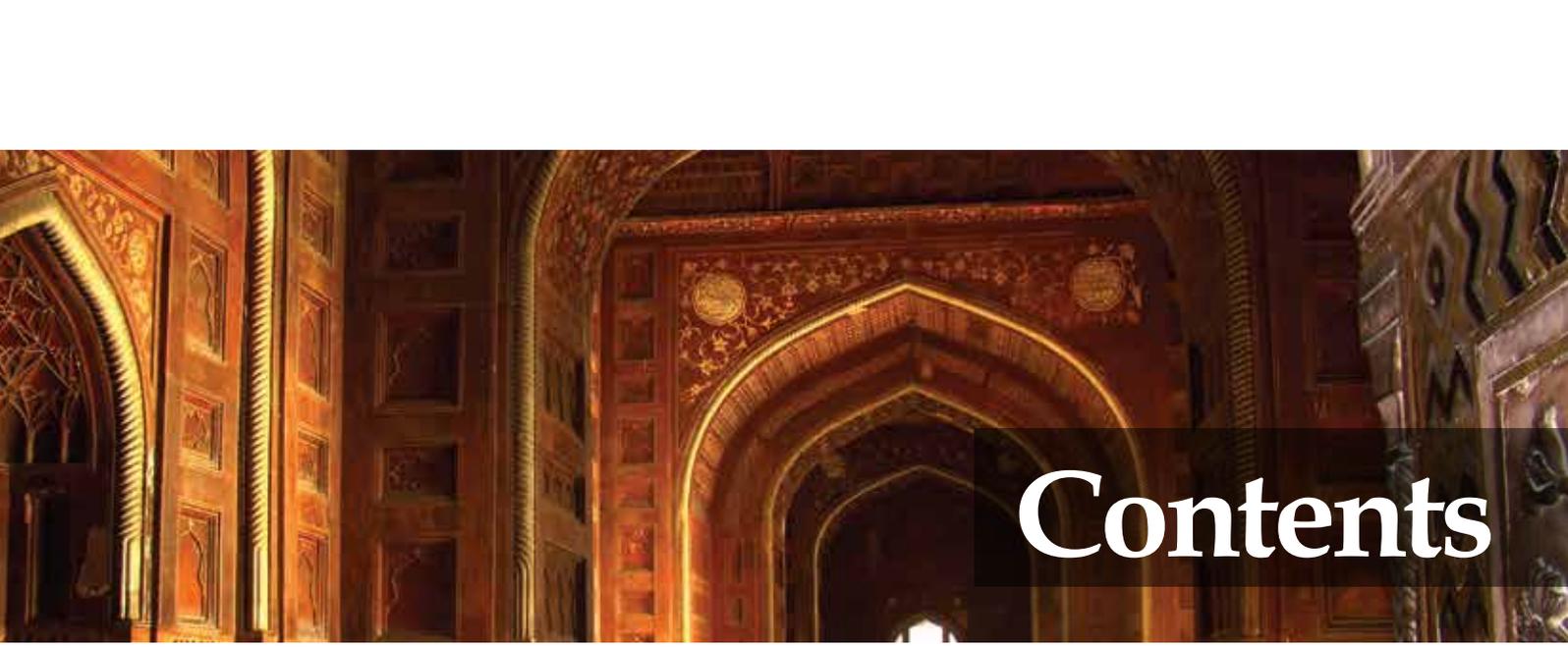


2015 ANNUAL REPORT



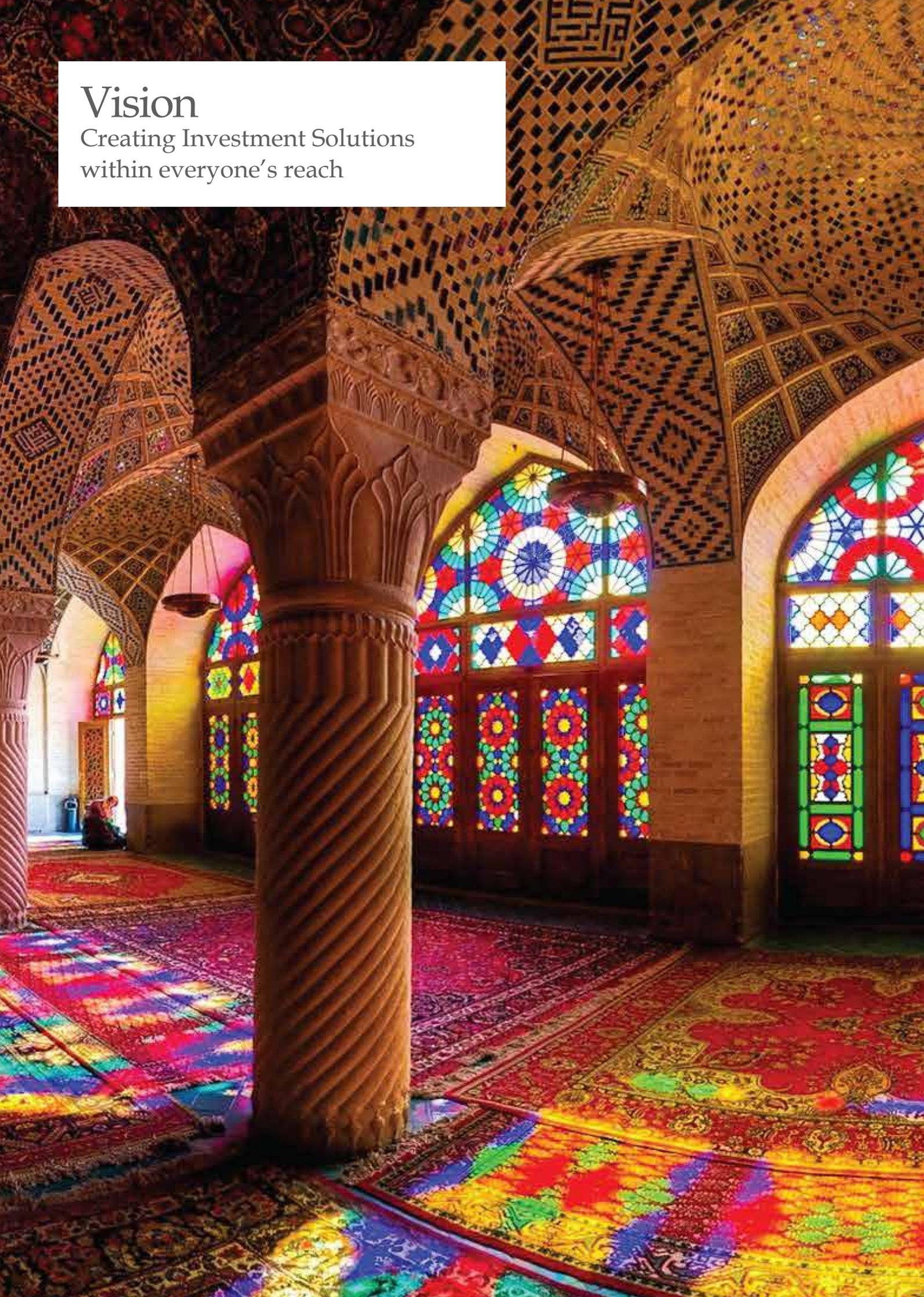


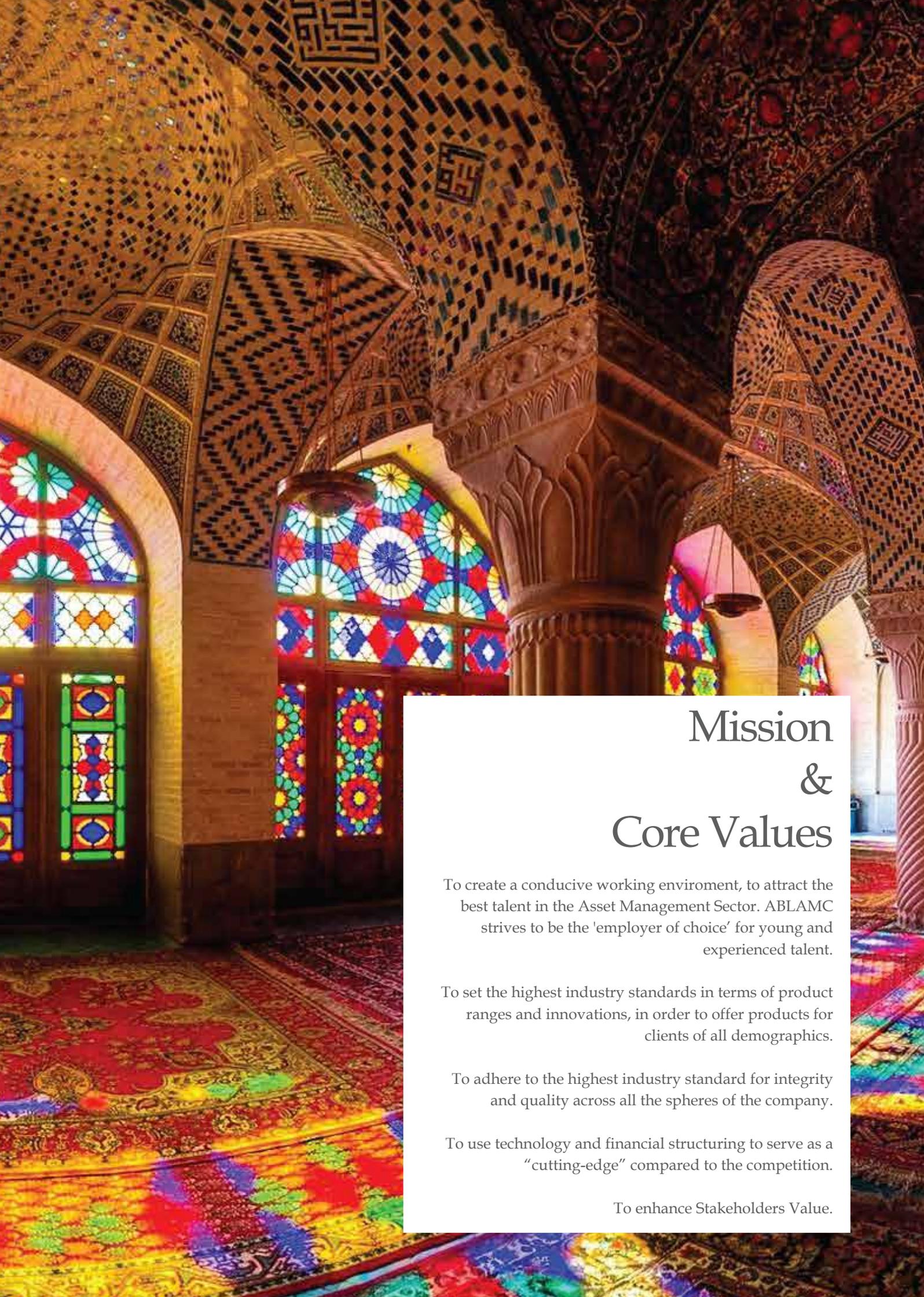
Contents

Vision	02
Mission & Core Values	03
Fund's Information	04
Report of the Directors of the Management Company	05
Fund Manager's Report	11
Performance Table	13
Trustee Report to the Unit Holders	14
Report of the Shariah Advisor	15
Independent Assurance Report to the Unit Holders on the Statements of Compliance with the Shariah Principles	16
Review Report to the Unit Holders on the Statement of Compliance with the best Practices of the Code of Corporate Governance	17
Statement of Compliance with the Code of Corporate Governance	18
Independent Auditors' Report to the Unit Holders	21
Statement of Assets and Liabilities	22
Income Statement	23
Distribution Statement	24
Statement of Movement in Unit Holders' Fund	25
Cash Flow Statement	26
Notes to and forming part of the Financial Statements	27
Jama Punji	48

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:	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.	



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 Audited Financial Statements of ABL Islamic Preservation Fund II for the period ended June 30, 2015.

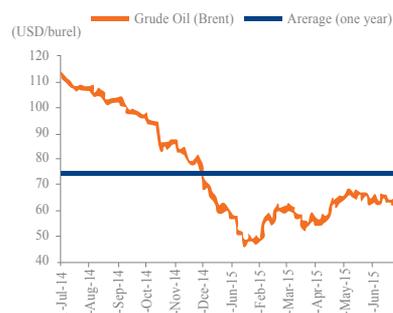
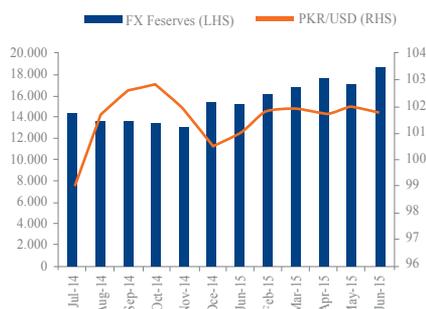
ECONOMIC PERFORMANCE REVIEW

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.

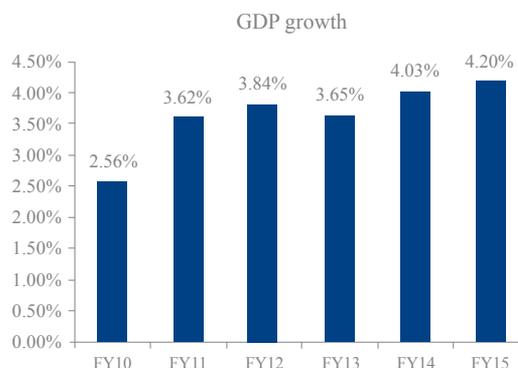
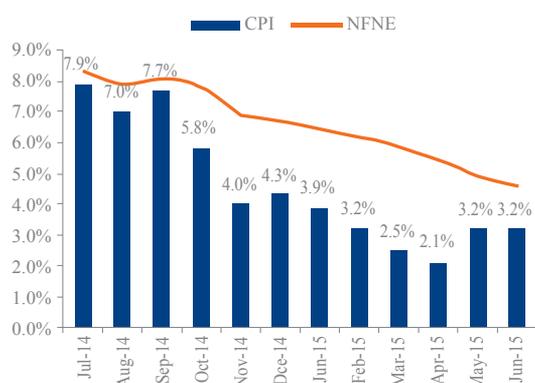
Windfall benefits of oil prices were also visible in import bill of the country which declined by 1.1%YoY to USD 41.1bn. However, weak commodity prices and overall weak global economy (especially the Eurozone) and sharp appreciation of the PKR against the Euro during FY15 (+15.9%YoY) resulted into a 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. However, Equity Fund Categories, both Islamic and conventional, posted a healthy growth of 83% and 21% to PKR22.9 billion and PKR18.9 billion, respectively as 42 years low discount rate, strong corporate profitability and inexpensive valuations attracted investors towards equities.

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. Islamic principal preservation funds continued to impress investors with their high returns and low risk profile. AUMs in this category jumped by 152% YoY in FY15 to PKR18.3 billion compared to PKR7.2 billion in FY14. 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.

EQUITY MARKET OVERVIEW

Following two years of exceptional returns (+52% and +41% in FY13 and FY14 respectively), KSE-100 Index delivered a more sober return of +16% in FY2015 to close at 34,399 points. KMI-30 Index, the benchmark for Shariah Compliant stocks, rose by a more respectable 20.10% during FY15 to close at 57,271.3. With another year of decent returns, KMI-30 Index comprehensively outperformed the MSCI Frontier Market Index by 37.8%. Foreign Investment Portfolio

Investment (FIPI) witnessed a steep decline of 85% to USD 38.5mn, mainly on account of one time redemption of a large frontier market fund. Despite this fall, foreign investors share in overall trading increased to an average 8.2% in FY15 compared to 7.5% last year. Average traded volumes inched up by 3.2% to ~222mn and average traded value by 28.2% to USD 109mn.

The steady performance of Pakistan's equity market can be attributed to 1) monetary easing (300bps cut), 2) improving macroeconomic indicators like inflation, CAD etc, 3) smooth progress of IMF program, 4) continued strong corporate results and payouts, 5) improved political environment and 6) news of potential inclusion of Pakistan in the MSCI's EM index. Moreover, 8 IPOs (4 in FY14) and 2 secondary offerings (2 in FY14) were conducted during the year which received overwhelming response from investors. Strong index performance is largely attributed to major sectors such as fertilizer (+55%), cement (+52%), power generation (+22%), automobile assemblers (+90%), pharmaceuticals (+44%) and personal care (+48%) whereas index heavyweight oil & gas exploration was conspicuous by its 17% gross decline. Going ahead, recent floods in the country as well as nervousness in emerging markets may drag the index performance downwards in the short term. However, we believe that overall valuations (FY16 P/E: 8.4x DY: 5.9%) remain attractive and local bourse will continue to plod ahead with support from domestic as well as foreign investors.

FUND PERFORMANCE

ABL-IPPF II increased by 15.44% during the period under review against 11.92% increase in its benchmark, which reflects an outperformance of 352 basis points. ABL-IPPF II earned total income of Rs.16.35 million for the period ended June 30, 2015, out of which Rs.5.32 million was net capital gain on sale of investment, Rs.1.58 million was profit on bank deposits, Rs.3.43 million was profit on debt securities, Rs.1.36 million was dividend income and Rs.4.67 million was net unrealized appreciation on revaluation of investments at fair value. After accounting for expenses of Rs.3.02 million (comprising mainly of the management fee of Rs.1.32 million, Sindh Sales Tax & FED on management fee of Rs.0.44 million and Brokerage expense of Rs.0.21 million) net income from operating activities for the period ended June 30, 2015 stood at Rs.13.33 million.

Outperformance was primarily due to strong performance of underlying funds, careful calibration of gradient and focus on value stocks in ABL ISF that continues to be the key reason for our superior performance in equities over past few years. The fund maintained a gradient of 2-4x during the period and followed an active re-balancing policy. ABL-IPPF II, as at June 30, 2015, was 57.2% invested in equities and the rest in cash and cash equivalents.

DIVIDEND

The Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on July 24, 2015 approved and declared final dividend distribution of Re.0.2200 per unit (2.20% of the par value of Rs.10) for ABL-IPPF II. This is in addition to the interim distribution of Re. 0.24 per unit (2.40% on the face value of Rs. 10 per unit) already distributed for ABL - IPPF II for the year ended 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 has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
7. Performance table of the Fund is given on page # 13 of the Annual Report;
8. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
9. 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;
10. 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;
11. 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.

12. 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.

13. 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.

14. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL Islamic Principal Preservation Fund-II, is given hereunder:

S. No.	Particulars	Units Held on June 30, 2015
1	Associated Companies, undertakings and related parties	
	• Trustees Karachi Electric Provident Fund	10,377,830
	• Hamdard Laboratories (Waqf) Pakistan	15,338,581
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	Nil
4	Executives	Nil
5	Public Sector Companies and corporations	Nil
6	Others Corporates	5,096,683
7	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	54,674,248
8	Shareholders holding five percent or more voting rights in the listed company	Not Applicable

AUDITORS

M/s. A.F. Fergusons & Co. (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 Principal Preservation Fund-II (ABL-IPPF-II).

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

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.

The KSE-100 Index increased by 16% during FY15, marking yet another cheerful year for equity investors. The decline in oil prices and euphoria created by CPEC news can be counted as most important factors in turning around the local macro story. Not only did oil prices help in lowering CPI readings but also helped address looming energy crisis by easing off ever-growing circular debt crisis. Consistent improvement in economic health led Moody's to upgrade

country's rating from Caa1 to B3 in the month of June. General positive sentiments also helped all the major IPOs during the year to meet with enthusiastic response, a reflection of huge liquidity lying in the system. We remain bullish on Pakistan equities as low interest rates will continue to lead to a sizable reallocation of funds towards equities. Improving industrial margins on back of soft commodity prices and prospects of Pakistan graduating into MSCI Emerging Markets Index will keep investor sentiment bullish in the short-medium term.

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



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 27, 2015



FUND MANAGER REPORT - ABL-IPPF-II

OBJECTIVE

To provide higher risk adjusted return through dynamic asset allocation between Shariah Compliant Equity & Income/Money Market Scheme while preserving the principal at maturity.

EQUITY MARKET OVERVIEW

Following two years of exceptional returns (+52% and +41% in FY13 and FY14 respectively), KSE-100 Index followed-up in FY15 with an outstanding return of +16% to close at 34,399 points. KMI-30 Index, the benchmark for Shariah Compliant stocks, also rose by a staggering 20.10% during FY15 to close at 57,271.3. With another year of stellar returns, KMI-30 Index comprehensively outperformed the MSCI Frontier Market Index by 37.8%. Foreign Investment Portfolio Investment (FIPI) witnessed a steep decline of 85% to USD 38.5mn, mainly on account of one time redemption of a large frontier market fund. Despite this fall, foreign investors share in overall trading increased to an average 8.2% in FY15 compared to 7.5% last year. Average traded volumes inched up by 3.2% to ~222mn and average traded value by 28.2% to USD 109mn. Remarkable performance of the equity market can be attributed to 1) monetary easing (300bps cut), 2) improving macroeconomic indicators, 3) smooth progress under IMF program, 4) ratings upgrade by S&Ps and Moody's, 5) improved political environment and 6) news of potential inclusion of Pakistan in the MSCI's EM index. Moreover, 8 IPOs (4 in FY14) and 2 secondary offerings (2 in FY14) were conducted during the year which received overwhelming response from investors. Strong index performance is largely attributed to major sectors such as fertilizer (+55%), cement (+52%), power generation (+22%), automobile assemblers (+90%), pharmaceuticals (+44%) and personal care (+48%) outperformed the index whereas index heavyweight as oil & gas exploration (-17%) underperformed the KSE-30 Index. Going ahead, recent floods in the country may drag the index performance downwards in the short term but we believe that overall valuations (FY16 P/E: 8.36x DY: 5.9%) remain attractive and local bourse will continue to attract foreign & local investors.

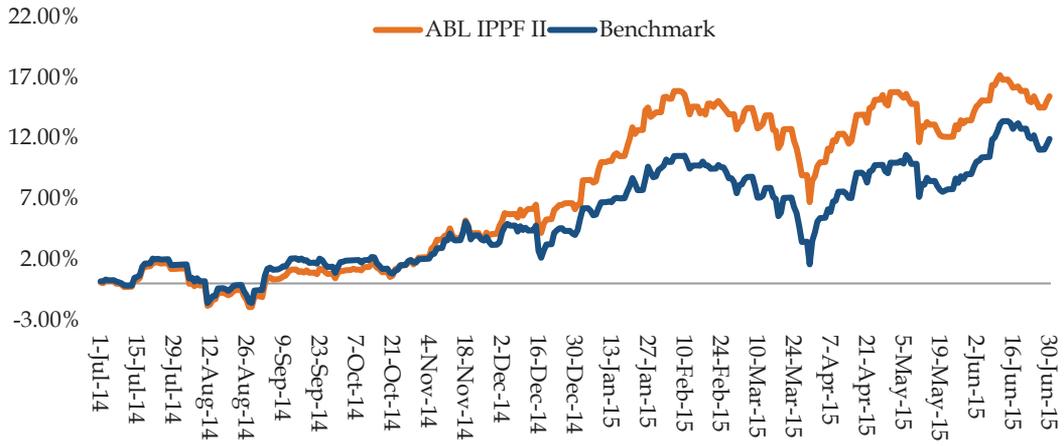
FUND PERFORMANCE

ABL-IPPF II returned 15.44% to its investors during FY15, outperforming its benchmark by 352 basis points. Outperformance was primarily due to prudent fund management style with focus on value investments in underline funds that continues to be the key reason for our superior performance in equities over past few years.

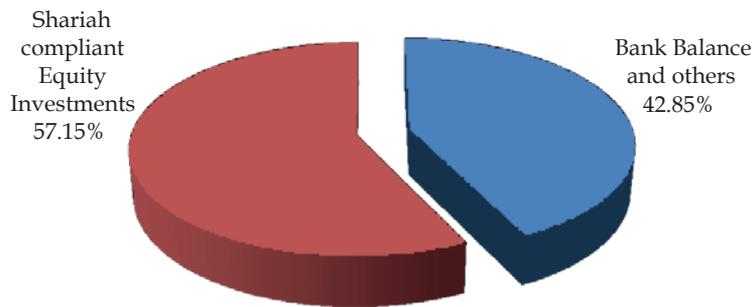
ABL-IPPF II, as at June 30, 2015, was nearly 57.2% invested in equities and the rest in cash and cash equivalents.

FUTURE OUTLOOK AND STRATEGY

Looking ahead, we believe key drivers of FY16 market performance are likely to be outcome of high industrial growth, foreign interest and outcome of China Pakistan Economic Corridor (CPEC). Though investors' sentiments globally remain weak, soft commodity (oil in particular) prices will lead foreign interest in Pakistan's economy. Of particular importance will be the progress on CPEC in terms of infrastructure related investments and its repercussions on overall economic activity. The market trades at an attractive 2015E P/E of 8.3x and offers dividend yield of 5.6%, keeping our comfort on valuations intact. Results for equity investors since 2008 crash have been very impressive on YoY basis owing to attractive valuations. Given strong macroeconomic recovery, 42 years low discount rate, revival of economic growth, healthy corporate profitability outlook and relatively attractive valuation, we believe equities will remain in the limelight for both local and foreign investors alike.



Sector Allocation (% of Total Assets)





PERFORMANCE TABLE

	June 2015	March 31, 2014 to June 30, 2014
	-----(Rupees in '000)----	
Net Assets	1,148,489	1,029,888
Net Income	156,953	28,011
	-----(Rupees per unit)----	
Net Assets value	11.4728	10.1428
Final distribution*	0.2400	0.1346
Distribution date final	June 11, 2015	June 23, 2014
Closing offer price	11.7023	10.3457
Closing repurchase price	11.4728	10.1428
Highest offer price	12.1228	10.484
Lowest offer price	10.1424	10.0000
Highest repurchase price per unit	11.8851	10.2784
Lowest repurchase price per unit	9.9435	10.0000
	Percentage	
Total return of the fund		
- capital growth	13.04%	1.44%
- income distribution	2.40%	1.35%
Average return of the fund		
First Year	15.44%	2.79%
Second Year/ Since Inception	18.67%	-
Weighted Average Portfolio duration in days	0	0

Disclaimer

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

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 year ended 30th June 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 holders is drawn towards auditor's report and 1.1 to the financial statements which highlights that annexed financial statements 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 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 judgments that can arise when the going concern assumption ceases to be valid.



Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: September 15, 2015

3rd Floor, Adamjee House, I. I. Chundrigar Road, Karachi - 74000
Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371
Website: <http://www.mcbfsl.com.pk>

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 Principal Preservation Fund II (ABL-IPPF-II) 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



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 Principal Preservation Fund II**, (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 21.3 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-compliance 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
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

*Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ai-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320*



A. F. FERGUSON & CO.

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 Principal Preservation Fund II** (the Fund) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No.35 (Chapter XI) of the Islamabad Stock Exchange 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.

A. Ferguson & Co

Chartered Accountants
Karachi

Dated: September 19, 2015

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
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Azle Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (799) 315320, +93 (799) 315320



STATEMENT OF COMPLIANCE BY ABL ISLAMIC PRINCIPAL PRESERVATION FUND-II 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. 35 (Chapter XI) 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 Principal Preservation Fund-II (“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 30 June 2015 in place of casual vacancy due to resignation of Mr. Tahir Yaqoob Bhatti. His appointment has been approved by the SECP on 28 July 2015.

The independent directors meet 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 NBFIs 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 26 August 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 30 June 2012 to 30 June 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 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 Principal Preservation Fund II** (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.

Emphasis of matter paragraph

We draw attention to note 1.1 to the annexed financial statements which highlights that the annexed financial statements are not prepared on going concern basis as the Fund will mature on March 30, 2016 in accordance with the constitutive documents of the Fund. Accordingly, 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 judgments that can arise when the going concern assumption ceases to be valid.

Our opinion is not qualified in respect of the aforementioned matter.

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.

Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: September 19, 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
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Faisal-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (799) 315326, +93 (799) 315320

ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
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	490,089	557,419
Investments	5	661,247	470,939
Profit receivable	6	4,895	3,963
Preliminary expenses and floatation costs	7	777	1,816
Total assets		1,157,008	1,034,137
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	8	2,571	2,933
Payable to MCB Financial Services Limited - Trustee	9	76	63
Payable to the Securities and Exchange Commission of Pakistan	10	814	151
Accrued expenses and other liabilities	11	5,058	1,102
Total liabilities		8,519	4,249
NET ASSETS		1,148,489	1,029,888
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,148,489	1,029,888
CONTINGENCIES AND COMMITMENTS	12	----Total number of units----	
NUMBER OF UNITS IN ISSUE	13	100,105,348	101,538,982
NET ASSETS VALUE PER UNIT		-----Rupees----- 11.4728	10.1428
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 28 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 PRINCIPAL PRESERVATION FUND II

INCOME STATEMENT

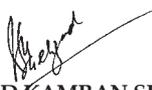
FOR THE YEAR ENDED JUNE 30, 2015

	Note	For the year ended June 30, 2015	For the period from March 31, 2014 to June 30, 2014
-----Rupees in '000-----			
INCOME			
Capital gain on sale of investments - net		60,179	-
Profit on deposits with banks		34,217	10,683
Income from sukuk		4,941	-
Back-end load		197	38
Dividend income		25,217	-
		124,751	10,721
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.1	47,780	13,939
Total income		172,531	24,660
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company	8.1	4,751	1,035
Sindh sales tax on remuneration of the Management Company	8.2	827	192
Federal excise duty on remuneration of the Management Company	8.3	760	166
Remuneration of MCB Financial Services Limited - Trustee	9.1	868	161
Annual fee - Securities and Exchange Commission of Pakistan	10.1	814	151
Auditors' remuneration	14	347	250
Amortisation of preliminary expenses and floatation costs	7	1,039	262
Printing charges		60	75
Listing fee		-	40
Annual rating fee		-	175
Legal and professional charges		100	-
Brokerage expense		74	-
Bank charges		49	18
Total expenses		9,689	2,525
Net income from operating activities		162,842	22,135
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		(2,686)	6,448
Provision for Workers' Welfare Fund	11.1	(3,203)	(572)
Net income before taxation		156,953	28,011
Taxation	15	-	-
Net income after taxation		156,953	28,011
Other comprehensive income		-	-
Total comprehensive income		156,953	28,011
Earnings per unit	16		

The annexed notes 1 to 28 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

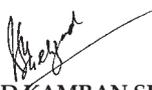
ABL ISLAMIC PRINCIPAL PRESERVATION FUND II
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	For the year ended June 30, 2015	For the period from March 31, 2014 to June 30, 2014
	-----Rupees in '000-----	
Undistributed income at the beginning of the year / period		
- Realised loss	555	-
- Unrealised income	13,939	-
	14,494	-
Net income after taxation	156,953	28,011
Element of income and capital gains included in the prices of units issued less those in units redeemed - net	(521)	-
Distribution during the year / period		
Re 0.24 per unit on June 11, 2015 (2014 : Re 0.1346 per unit on June 23, 2014)		
- Cash dividend	(23,494)	-
- Issue of Nil bonus units (2014 : 1,351,657 bonus units)	-	(13,517)
	(23,494)	(13,517)
Undistributed income carried forward	147,432	14,494
Undistributed income carried forward comprising of:		
- realised income	99,652	555
- unrealised income	47,780	13,939
	147,432	14,494

The annexed notes 1 to 28 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 PRINCIPAL PRESERVATION FUND II
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	For the year ended June 30, 2015	For the period from March 31, 2014 to June 30, 2014
	-----Rupees in '000-----	
Net assets at the beginning of the year / period	1,029,888	-
Issue of 2,266,202 units (2014: 100,564,740 units)	22,662	1,012,124
Redemption of 3,699,836 units (2014: 377,415 units)	(40,206)	(3,799)
	(17,544)	1,008,325
Issue of Nil bonus units (2014 :1,351,657 bonus units)	-	13,517
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	2,686	(6,448)
-amount representing (income) / loss and capital (gains) losses transferred to distribution statement	521	-
	3,207	(6,448)
Other net income for the year / period	48,994	14,072
Capital gain on sale of investment - net	60,179	-
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	47,780	13,939
Net income for the year / period	156,953	28,011
Distribution during the year / period		
Re 0.24 per unit on June 11, 2015 (2014 : Re 0.1346 per unit on June 23, 2014)		
- Cash dividend	(23,494)	-
- Issue of Nil bonus units (2014: 1,351,657 bonus units)	-	(13,517)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	(521)	-
Net assets at the end of the year / period	1,148,489	1,029,888

The annexed notes 1 to 28 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 PRINCIPAL PRESERVATION FUND II

CASH FLOW STATEMENT

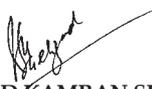
FOR THE YEAR ENDED JUNE 30, 2015

	Note	For the year ended June 30, 2015	For the period from March 31, 2014 to June 30, 2014
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		156,953	28,011
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		(47,780)	(13,939)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		2,686	(6,448)
Amortisation of preliminary expenses and floatation costs		1,039	262
Federal excise duty on remuneration of the Management Company		760	166
Provision for Workers' Welfare Fund		3,203	572
		(40,092)	(19,387)
		116,861	8,624
Increase in assets			
Profit receivable		(932)	(3,963)
		(932)	(3,963)
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		(1,122)	689
Payable to MCB Financial Services Limited - Trustee		13	63
Payable to the Securities and Exchange Commission of Pakistan		663	151
Accrued expenses and other liabilities		753	530
		307	1,433
Net amount paid on purchase of investment		(142,528)	(457,000)
Net cash used in operating activities		(26,292)	(450,906)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		22,662	1,012,124
Payments against redemption of units		(40,206)	(3,799)
Cash dividend paid		(23,494)	-
Net cash (used in) / generated from financing activities		(41,038)	1,008,325
Net increase in cash and cash equivalents during the year / period		(67,330)	557,419
Cash and cash equivalents at the beginning of the year / period		557,419	-
Cash and cash equivalents at the end of the year / period	4	490,089	557,419

The annexed notes 1 to 28 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 PRINCIPAL PRESERVATION FUND II

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 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 and Notified Entities Regulations, 2008 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 December 7, 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 is 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.

- 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 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 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 (IASB) 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 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 operations 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 operations and are therefore not detailed in these financial statements.

Further, following new standards have been issued by IASB which are 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 the 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. Revisions to accounting estimates are recognised in the year in which the estimates are 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 higher degree of judgments or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of financial assets (note 3.2.1 and 5)
- Impairment of financial assets (note 3.2.5)

2.5 Accounting convention

As more fully explained in note 1.1 to these financial statements, the Fund shall automatically be dissolved upon completion of twenty four months from its commencement date. Accordingly, these financial statements have been prepared on the basis as specified in note 1.1 to these financial statements.

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 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 initial recognition and re-evaluates this classification on a regular basis.

Investments are classified as follows:

a) Financial instruments 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-derivatives 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.

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 and 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 designated by the management as "at fair value through profit or loss" and "available for sale" are valued as follows:

- Basis of valuation of units of mutual funds

The investment of the Fund in units of mutual funds is valued by reference to the net asset values (redemption prices) declared by the respective funds.

- 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 carried at fair value through profit or loss are taken to the income statement.

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

Net gains or losses are 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 asset 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.

In case of equity securities and investment in the mutual funds classified as available for sale, a significant or prolonged decline in the fair value of these securities below their cost is considered as an objective evidence of impairment. In case of these securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and recognised as part of the income statement. Impairment losses recognised in the income statement on these instruments are only reversed when these instruments are derecognised.

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 the Fund has transferred substantially all 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 instruments

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 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.

3.6 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 two years in accordance with the requirements set out in the Trust Deed of the Fund.

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 unutilised 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 reporting date are considered as non-adjusting events and are recognised in 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 plus 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 the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the previous day 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 the prices of units issued less those in units redeemed

An equalisation account called the element of income / (loss) and capital gains / (losses) included in the prices of the 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 income / (loss) held in the unit holder's fund and undistributed income / (loss) of the Fund in a separate reserve account and any amount remaining in this reserve account at the end of 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' are included in the income Statement in the period which they arise.
- Profit on bank deposits and on investments is recognised on an accrual basis.
- Back end load is recorded as an income of the Fund and is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

4 BALANCES WITH BANKS

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
Current accounts	4.1	2,538	3,608
Saving accounts	4.2	487,551	553,811
		<u>490,089</u>	<u>557,419</u>

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

4.2 These saving accounts carry profit at rates ranging from 5% to 6.40% (2014: 4.93% to 9.10%) per annum.

Note June 30, June 30,
2015 2014
 -----Rupees in '000-----

5 INVESTMENTS

Financial assets at fair value through profit or loss - net

- Units of a Mutual Fund

5.1 661,247 470,939

5.1 Units of a Mutual Fund

Name of the fund	Number of Units				As at June 30, 2015					
	As at July 01, 2014	Purchased during the year	Bonus received during the year	Redeemed during the year	Holding at the end of the year	Carrying value	Market value	Appreciation	Market value as a percentage of net assets	Market value as a percentage of total value of investment
----- (Rupees in '000) -----										
ABL Islamic Stock Fund	45,175,748	82,936,959	-	(77,086,238)	51,026,469	613,467	661,247	47,780	57.58%	100.00%
- a related party										
	45,175,748	82,936,959	-	(77,086,238)	51,026,469	613,467	661,247	47,780	57.58%	100.00%

Name of the fund	Number of Units				As at June 30, 2014					
	As at December 24, 2013	Purchased during the year	Bonus received during the year	Redeemed during the year	Holding at the end of the year	Carrying value	Market value	Appreciation	Market value as a percentage of net assets	Market value as a percentage of total value of investment
----- (Rupees in '000) -----										
ABL Islamic Stock Fund	-	39,040,294	6,135,454	-	45,175,748	457,000	470,939	13,939	45.73%	100.00%
- a related party										
	-	39,040,294	6,135,454	-	45,175,748	457,000	470,939	13,939	45.73%	100.00%

5.2 GoP Ijarah sukuks:

Government securities - GOP Ijarah Sukuk

Issue Date	Coupon rate in % Tenor	Face Value				As at June 30, 2015				
		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	Market value as a percentage of net assets	Market value as a percentage of total value of investment
----- (Rupees in '000) -----										
December 26, 2011	9.494 / 4 years	-	435,500,000	(435,500,000)	-	-	-	-	-	-

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
6	PROFIT RECEIVABLE		
	Profit accrued on bank deposits	4,895	3,963
7	PRELIMINARY EXPENSES AND FLOATATION COSTS		
	Opening balance	1,816	-
	Preliminary expenses and floatation costs incurred during the year/period	-	2,078
	Less: amortisation during the year / period	7.1 (1,039)	(262)
	Balance as at June 30, 2015	777	1,816

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over two years (life of the Fund) in accordance with the requirement set out in the Trust Deed.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			
8	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY		
	Remuneration of the Management Company	8.1 405	409
	Sindh sales tax payable on remuneration of the Management Co.	8.2 201	92
	Federal excise duty on the remuneration of the Management Co.	8.3 926	166
	Sales load	-	188
	Preliminary expenses and floatation costs	1,039	2,078
		2,571	2,933

8.1 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 the NBFC Regulations the Management Company shall not charge any fee if the Fund makes investment in Collective Investment Scheme (CIS) managed by the same Management Company during the year. The Management Company has charged remuneration at the rate of 1% (2014: 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 year ended June 30, 2015. The amount of remuneration is paid monthly in arrears.

8.2 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.

8.3 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 8.2, 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 CIS 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 0.9262 million (2014: 0.166 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 0.0092 (2014: Re 0.0016) per unit.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			

9 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE

Trustee fee	9.1	76	63
-------------	-----	----	----

9.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears, as per the following tariff structure. There is no change in the tariff structure in the current year.

- Rs 250,000 or 0.08% per annum of Net Asset Value whichever is higher.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee	10.1	814	151
------------	------	-----	-----

10.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as capital protected scheme is required to pay as annual fee to the SECP at the rate of 0.075% (2014: 0.075%) of the average annual net assets of the scheme.

	Note	June 30, 2015	June 30, 2014
-----Rupees in '000-----			

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		240	250
Listing fee		-	30
Rating fee		-	175
Printing charges		60	75
Provision for Workers' Welfare Fund	11.1 & 11.2	3,775	572
Legal fee		100	-
Withholding tax payable		883	-
		<u>5,058</u>	<u>1,102</u>

11.1 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 3.775 million (including charge of Rs 3.203 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 0.0377 (2014: Re 0.0056) per unit.

- 11.2** 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 will be 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.

12 CONTINGENCIES AND COMMITMENTS

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

	June 30, 2015	June 30, 2014
	-----Rupees in '000-----	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year / period	101,538,982	-
Units issued during the year / period	2,266,202	101,916,397
Less: units redeemed during the year / period	(3,699,836)	(377,415)
Total units in issue as at June 30, 2015	<u>100,105,348</u>	<u>101,538,982</u>

For the year
ended June
30, 2015

For the
period from
December 24,
2013 to June
30, 2014

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

14 AUDITORS' REMUNERATION

Annual audit fee	150	180
Half yearly review fee	100	-
Other certification	80	50
Out of pocket expenses	17	20
	347	250

15 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 year 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.

16 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.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected person / related parties include ABL Asset Management Company Limited being the Management Company, MCB Financial Services 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.

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

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

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

17.4 Transactions and balances with related parties other than those disclosed elsewhere are as follows:

	For the year ended June 30, 2015	For the period from December 24, 2013 to June 30, 2014
-----Rupees in '000-----		
ABL Asset Management Company Limited - Management Company		
Remuneration of the Management Company	4,751	1,035
Preliminary expenses and floatation costs incurred on behalf of the Fund	-	2,078
Preliminary expenses and floatation costs paid	1,039	-
Sindh sales tax on remuneration of the Management Company	827	192
Federal excise duty on the remuneration of the Management Company	760	166
Investment in ABL Islamic Stock Fund		
82,936,959 units purchased (2014: 39,040,294 units)	1,001,317	457,000
Nil bonus units received (2014: 6,135,454 bonus units)	-	-
77,086,238 units redeemed (2014: Nil units)	917,500	-
Dividend Income	25,217	-
Hamdard Laboratories (Waqf) Pakistan		
Issue of 359,498 units (2014:14,780,142 units)	3,595	150,000
Bonus of Nil Units (2014: 198,941 units)	-	1,989
Cash Dividend Paid	3,595	-
Trustee Karachi Electric Provident Fund *		
Issue of 243,230 units	2,432	-
Cash Dividend Paid	2,432	-
MCB Financial Services Limited - Trustee		
Remuneration for the current year / period	868	161

	As at June 30, 2015	As at June 30, 2014
---Rupees in '000---		
17.5 Details of amounts outstanding as at period end		

ABL Asset Management Company Limited - Management Company		
Remuneration payable to the Management Company	405	409
Preliminary expenses and floatation costs payable	1039	2,078
Sales load payable to the Management Company	-	188
Sindh sales tax on remuneration of the Management Company	201	92
Federal excise duty on the remuneration of the Management Company	926	166
Allied Bank Limited		
Bank balance	2,538	3,608
ABL Islamic Stock Fund		
Investment of 51,026,469 units (2014: 45,175,748 units)	661,247	470,939
Hamdard Laboratories (Waqf) Pakistan		
Units held 15,338,581 (2014: 14,979,083 units)	175,976	151,930

As at June 30, 2015 As at June 30, 2014
-----Rupees in '000-----

Trustee Karachi Electric Provident Fund *

Units held 10,377,830

119,063

-

MCB Financial Services Limited - Trustee

Remuneration payable

76

63

*Prior period comparatives have not been presented as the entity was not classified as related party / connected person as at June 30, 2014.

18 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

18.1 Muhammad Imran is the Fund Manager of the Fund. He is also managing ABL Islamic Principal Preservation Fund.

19 TRANSACTIONS WITH BROKERS / DEALERS

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

S. No	Particulars	Percentage
1	JS Global Capital Ltd	53.96%
2	Invest Capital Markets Ltd	46.04%

20 PATTERN OF UNIT HOLDING

Category	-----As at June 30, 2015-----			
	No. of unit holders	No. of units held	Net asset value of the amount held	Percentage of total investment
			Rupees in '000	
Individuals	141	14,618,006	167,711	14.60%
Insurance Companies	1	612,217	7,024	0.61%
Bank /DFIs	2	5,698,686	65,380	5.70%
Retirement Funds*	36	58,741,176	673,924	58.68%
Others**	3	20,435,263	234,450	20.41%
	183	100,105,348	1,148,489	100.00%

* This includes 10,377,830 units of related party / connected person

** This includes 15,338,581 units of related party / connected person

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

Category	No. of unit holders	No. of units held	Net asset value of the amount held	Percentage of total investment
Rupees in '000				
Individuals	173	18,007,675	182,647	17.73%
Insurance Companies	2	2,121,581	21,519	2.09%
Bank / DFIs	1	4,053,840	41,117	4.00%
Retirement Funds	36	57,370,238	581,895	56.50%
Others*	3	19,985,648	202,710	19.68%
	215	101,538,982	1,029,888	100.00%

* This includes 15,338,581 units of related party / connected person

21 ATTENDANCE AT THE 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 the attendance by the directors and other persons in the meetings is given below:

S. No.	Particulars	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
	Directors				
1	Sheikh Mukhtar Ahmed	5	4	1	38th, 38th, 39th, 42nd
2	Mohammad Naeem Mukhtar	5	2	3	
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	-	-
	Other person				
1	Saqib Matin*****	5	5	-	-

* Retired in the 7th AGM of the ABL AMCL 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.

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 amortized cost.

-----As at June 30, 2015-----			
Particulars	Loans and receivables	Financial assets at fair value through profit or loss	Total
-----Rupees in '000-----			
Financial assets			
Balances with banks	490,089	-	490,089
Investments	-	661,247	661,247
Profit receivable	4,895	-	4,895
	494,984	661,247	1,156,231

-----As at June 30, 2015-----			
Particulars	At fair value through profit or loss	Other financial liabilities at amortized cost	Total
-----Rupees in '000-----			
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	2,571	2,571
Payable to MCB Financial Services Limited -Trustee	-	76	76
Accrued expenses and other liabilities	-	400	400
	-	3,047	3,047

-----As at June 30, 2014-----			
Particulars	Loans and receivables	Financial assets at fair value through profit or loss	Total
-----Rupees in '000-----			
Financial assets			
Balances with banks	557,419	-	557,419
Investments	-	470,939	470,939
Profit receivable	3,963	-	3,963
	561,382	470,939	1,032,321

-----As at June 30, 2014-----			
Particulars	At fair value through profit or loss	Other financial liabilities at amortized cost	Total
-----Rupees in '000-----			
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	2,933	2,933
Payable to MCB Financial Services Limited -Trustee	-	63	63
Accrued expenses and other liabilities	-	530	530
	-	3,526	3,526

23 FINANCIAL RISK MANAGEMENT

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

23.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

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

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

23.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

23.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Fund is mainly exposed to interest rate risk on balances held with banks.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not directly hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts the interest rate of which in certain circumstances is 5.00% to 6.40%.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not directly hold any fixed rate instrument that may expose the Fund to any material interest rate risk. Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

Particulars	As at June 30, 2015					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	5.00 - 6.40	487,551	-	-	2,538	490,089
Investments		-	-	-	661,247	661,247
Profit receivable		-	-	-	4,895	4,895
Sub total		487,551	-	-	668,680	1,156,231
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company	-	-	-	2,571	2,571	
Payable to MCB Financial Services Limited -Trustee	-	-	-	76	76	
Accrued expenses and other liabilities		-	-	-	400	400
Sub total		-	-	-	3,047	3,047
On-balance sheet gap		487,551	-	-	665,633	1,153,184
Off-balance sheet financial instruments						
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		487,551	-	-	665,633	1,153,184
Cumulative interest rate sensitivity gap		487,551	487,551	487,551		

Particulars	As at June 30, 2014					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	4.93 - 9.10	553,811	-	-	3,608	557,419
Investments		-	-	-	470,939	470,939
Profit receivable		-	-	-	3,963	3,963
Sub total		553,811	-	-	478,510	1,032,321
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	2,933	2,933
Payable to MCB Financial Services Limited -Trustee		-	-	-	63	63
Accrued expenses and other liabilities		-	-	-	530	530
Sub total		-	-	-	3,526	3,526
On-balance sheet gap		553,811	-	-	474,984	1,028,795
Off-balance sheet financial instruments						
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		553,811	-	-	474,984	1,028,795
Cumulative interest rate sensitivity gap		553,811	553,811	553,811		

23.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate 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. Presently, the Fund is exposed to price risk due to its investment in the units of a mutual fund. In case of 5% increase / (decrease) in the Net Asset Value per unit of the fund i.e ABL Islamic Stock Fund, the net income of the Fund for the year would increase / (decrease) by Rs 33.062 million and net assets of the Fund would increase / (decrease) by the same amount as a result of gains / (losses) on equity securities at 'fair value through profit and loss'.

23.5 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and investment made in the units of a mutual fund. For banks and financial institutions and investment made in the units of mutual fund, only reputed parties are accepted.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur any material credit losses on its financial assets.

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

Balances with banks and investment made by the Fund by rating category

Particulars	Rating Agency	Latest available published rating	Percentage
Banks			
Allied Bank Limited	PACRA	AA+	0.51%
Askari Bank Ltd	PACRA	AA	99.48%
Meezan Bank Limited	JCR-VIS	AA	0.01%
			100.00%
Investments			
ABL Islamic Stock Fund	JCR-VIS	MFR 3-Star	100.00%

None of these assets are 'impaired nor past due but not impaired' as at June 30, 2015.

23.7 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. Out of the total financial assets of Rs 1,156,231 thousand, financial assets of Rs 661,247 thousand are invested in the units of a fund which is managed by the Management Company and a significant portfolio of bank balance is kept with a large commercial bank. The management believes that underlying assets held by these counterparties are sufficiently diverse and therefore indirectly do not expose the Fund to any major concentration risk.

23.8 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 terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any. 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 difficult situation, 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. The Fund's investments 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 may also withhold daily redemption requests in excess of ten percent of the 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.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting 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	More than three months and upto one year	More than one year	Total

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

Liabilities

Payable to ABL Asset Management Company Limited - Management Company	2,571	-	-	2,571
Payable to MCB Financial Services Limited -Trustee	76	-	-	76
Accrued expenses and other liabilities	400	-	-	400
	3,047	-	-	3,047

-----As at June 30, 2014-----				
Particulars	Upto three months	More than three months and upto one year	More than one year	Total

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

Liabilities

Payable to ABL Asset Management Company Limited - Management Company	855	-	2,078	2,933
Payable to MCB Financial Services Limited -Trustee	63	-	-	63
Accrued expenses and other liabilities	530	-	-	530
	1,448	-	2,078	3,526

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability 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 at the close of trading on the reporting date. The fair value of investments in the units of mutual funds is determined by reference to net asset values (redemption price) declared by the respective fund. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard "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 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)

Investments of the Fund carried at fair value are categorised as follows:

Particulars	-----As at June 30, 2015-----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			

ASSETS

Financial assets at fair value through profit or loss

- Investment in units of a mutual fund	661,247	-	-	661,247
--	---------	---	---	---------

Particulars	-----As at June 30, 2014-----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			

ASSETS

Financial assets at fair value through profit or loss

- Investment in units of a mutual fund	470,939	-	-	470,939
--	---------	---	---	---------

25 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund shall remain closed for further investment, however, there is no restriction or specific capital requirement on the redemption of units.

The Fund's objectives when managing unit holders' fund is to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemption requests, such liquidity being 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.

26 NON-ADJUSTING EVENT AFTER JUNE 30, 2015

The Board of Directors of the Management Company in their meeting held on July 24, 2015 approved a cash distribution of Re 0.2200 per unit for the year ended June 30, 2015. The financial statements of the Fund for the year ended June 30, 2015 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2016.

27 GENERAL

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

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.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



ABL Asset Management

Discover the potential

For Information on ABL AMC's Funds, please visit



www.ablamc.com

or



0800-22526

or visit any Allied Bank Branch