

CONTENTS

FUND'S INFORMATION	01
REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY	02
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	05
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)	06
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)	07
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)	08
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)	09
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)	10
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)	11

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. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas Mr. Farid Ahmed Khan	Chairman CEO
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Khawaja Muhammad Almas	Chairman Member Member
Human Resource Committee:	Mr. Jawaid Iqbal 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.	
Bankers to the Fund:	Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited Standard Chartard Bank - Saadiq	
Auditor:	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi, 75530 Pakistan	
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, 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 Stock Fund (ABL-ISF), is pleased to present the un-audited Condensed Interim Financial Information of ABL-ISF for the period ended March 31, 2014.

ECONOMIC PERFORMANCE REVIEW

3QFY14 reflected a major turnaround in the fortunes of Pakistan's economic landscape with key economic indicators depicting significant improvement. The talking point for the quarter was the remarkable 6.7% appreciation of the rupee vs. the US dollar after the rupee hit an all-time low against the greenback of Rs108.63. Release of IMF tranches (USD550mn for 3QFY14), Coalition support funds (USD352mn) and an unexpected USD1.5bn inflow through Pakistan Development Fund pushed the FX reserves near the USD10bn mark at quarter end. Improvement in reserves, coupled with solid current account numbers (USD263mn deficit for 2MCY14, USD2,020mn for 8MFY14) and a steady stream of foreign inflows lined up for the next few quarters' (3G/4G licenses auction, Eurobond issue, Etisalat payments, and more funds expected through Pakistan Development Funds) has renewed the optimism in Pak Rupee, resulting in a significant bounce back.

Inflationary pressures also receded over the past quarter as food inflation remained largely under control. Overall CPI inflation averaged 8.1% for 3QFY14, remaining well below the 10% mark. Significant decline in inflation (9.73% for 2QFY14) resulted in SBP aborting its monetary tightening stance with the policy rate remaining unchanged at 10% during the last quarter. In fact, there was market chatter of a possible rate cut before the March MPS. However, SBP kept rates unchanged giving more weight to challenges on the external account front while noting the improvement in FX reserves as one off inflows. On the fiscal front, Government borrowing from SBP eased (PKR133bn at March 31st, 2014, vs. PKR612bn at December 31st, 2013) as banks participated heavily in PIB auctions (PKR982bn raised for 3QFY14), sighting a stable or dovish monetary stance for the next few quarters. Tax collection remained commendable at PKR1573bn, +16% YoY, however, though still short of target by 210bn.

As we move to the last quarter of the current fiscal year, all eyes will be on the upcoming FY15 budget. Removal of subsidies, enhancing tax to GDP ratio and resolving the circular debt issue, are expected to be the core focus areas for the FY15 budget. With key IMF prescribed targets (FX reserves, Central Bank Borrowing, fiscal deficit) seemingly achievable and inflationary pressures expected to ease further on account of rupee appreciation, a pro-growth monetary easing stance cannot be ruled out in the near term. Despite significant recovery in the LSM segment (6.05% growth in 7MFY14), GDP growth is expected to clock in well below 5% for FY14. As economic indicators stabilize and energy related issues get priority handling, we anticipate policy makers to gradually shift focus towards a more growth oriented strategy.

MARKET OVERVIEW

Equities continued their robust performance over the period under review with the benchmark KSE100 index gaining 7.52% to close at 27,160 points. Strong payouts accompanying annual results, significant weight increase for Pakistan in the MSCI frontier index, and general improvement in economic outlook boosted investor sentiment. Banks, consumers, and the downstream oil sector performed strongly in this backdrop while textiles and IPPs lost out due to strengthening of the rupee. Foreign flows clocked in at USD37mn for 3QFY14 with 9MFY14 FIPI standing at USD22.7mn. Volumes also depicted strength with average daily value traded recorded at USD89mn for the quarter (USD81mn for 9MFY14). As we move ahead, privatizations and secondary offerings from the Government are expected to attract more foreign investment while continuous improvement in key economic indicators is expected to keep corporate earnings growth robust. At quarter end, Pakistan equities were trading at 2014E P/E of 8x and offer prospective dividend yield of 6%, which is fairly attractive when compared to regional standards.

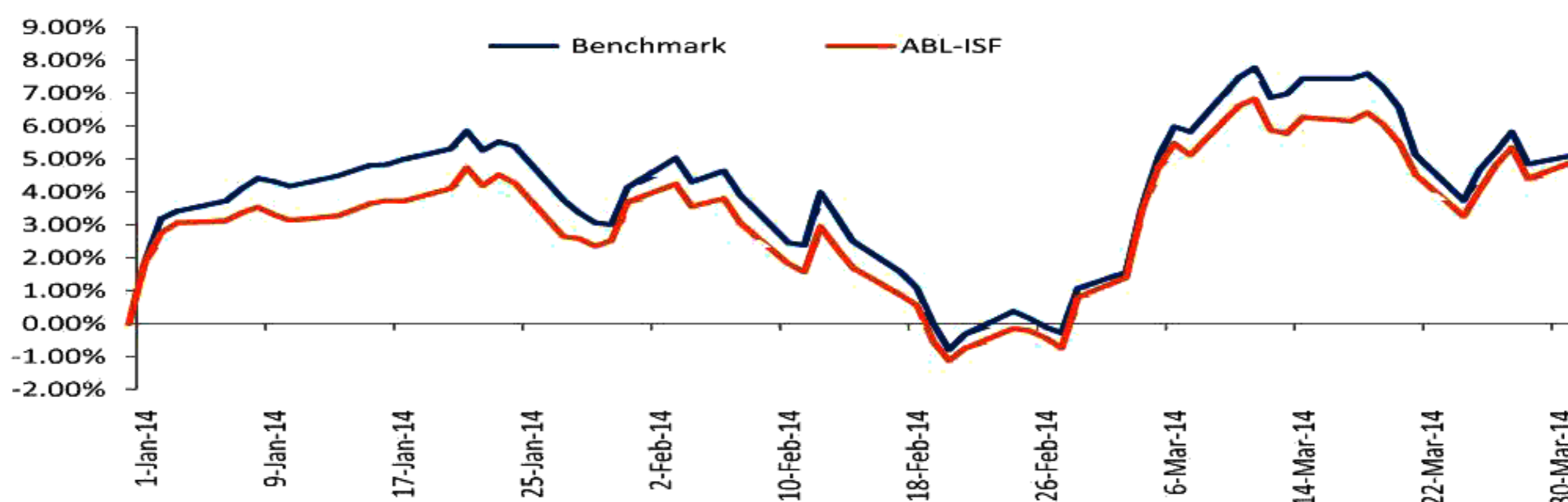
MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of Pakistan's open end mutual fund industry grew by 9% in 3QFY14 (from PKR369 billion to PKR402 billion) led by the equity fund category as improving macro-economic fundamentals swayed investors towards riskier asset classes. Growing popularity of CPPI methodology based capital protected funds pushed AUMs in the Fund of Funds category significantly

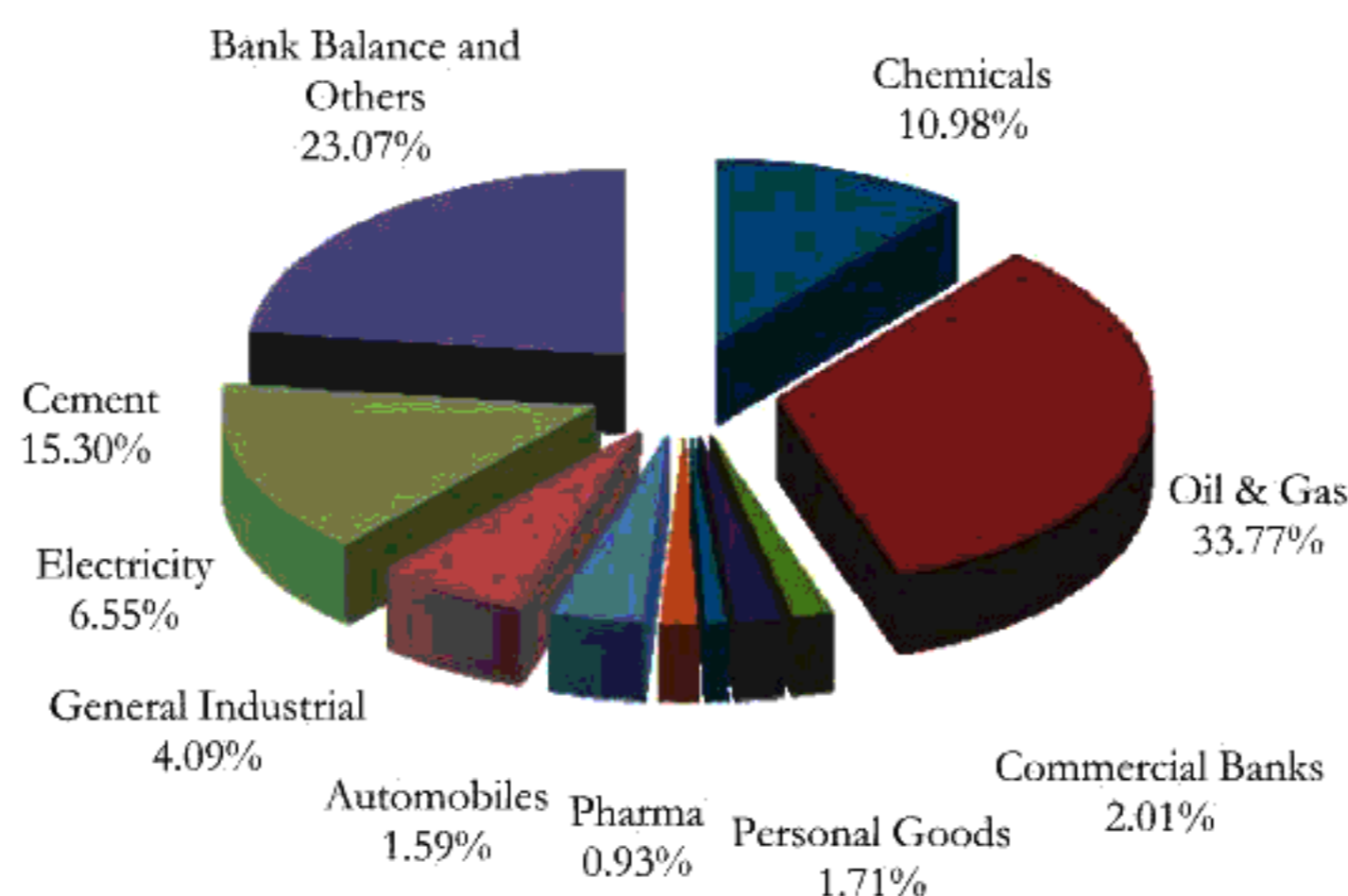
from PKR5 billion in December 2013 to PKR11 billion in March 2014. Flows in the Fund of Funds category also supported growth in the equity funds (comprising of conventional and Islamic Equity funds) category where AUMs increased from PKR98 billion in December 2013 to PKR111 billion in March 2014. When compared to the market, Islamic equity funds' AUMs increased by 19.3% during 3QFY14 against 5.1% increase in KMI-30 index in the same period. We anticipate interest in equity funds to continue as the risk/return profile of equities has improved significantly on back of improving economic indicators.

FUND PERFORMANCE

During the period under review, ABL Islamic Stock Fund's AUM increased by 69.24% to Rs.1,429 million compared to Rs.844.39 million as at December 31, 2013. On the other hand, ABL-ISF posted an absolute return of 4.95% against the benchmark return of 5.13%, a slight under-performance of 0.18% during the quarter. When measured from its inception date, ABL-ISF posted a return of 14.79% as compared to its benchmark return of 18.71%, depicting an under-performance of 3.91%.



Sector Allocation (% of Total Assets)



OUTLOOK

Next quarter will be an eventful period for equity markets as improving macro outlook will clash with uncertainties surrounding FY15 budget which can create some volatility in the bourses. Pakistan is also expected to benefit from enhancement of its weight in the MSCI Frontier Market Index as Qatar and UAE markets move on to MSCI Emerging Market Index status. While remaining positive on the long term outlook of the market, we will tread the next quarter with caution. We will continue to channel our energies in picking stocks with strong fundamentals while avoiding any speculative bubbles that might come up during this bull run.

AUDITORS

M/s. KPMG Taseer Hadi & Co. (Chartered Accountants), have been appointed as auditors for the period ending June 30, 2014 for ABL Islamic Stock Fund (ABL-ISF).

MANAGEMENT QUALITY RATING

The Management Quality Rating of ABL Asset Management Limited (ABL AMC) is 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (MCB Financial Services Limited) and the management of Karachi Stock Exchange (Guarantee) Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board



FARID AHMED KHAN
(Chief Executive Officer)

Karachi, April 22, 2014

**ABL ISLAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 MARCH 2014**

	Note	31 March 2014 ----- Rupees -----
Assets		
Bank balances	4	354,335,000
Investments	5	1,258,107,409
Dividend and other receivables	6	15,969,025
Security deposits and prepayments	7	2,612,463
Preliminary expenses and floatation costs	8	4,197,762
Total assets		<u>1,635,221,659</u>
Liabilities		
Payable to ABL Asset Management Company Limited - Management Company	9	11,963,140
Payable to MCB Financial Services Limited -Trustee	10	92,844
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	586,324
Payable against purchase of investments		187,878,491
Accrued expenses and other liabilities	12	5,666,335
Total liabilities		<u>206,187,134</u>
Contingencies and commitments	13	
Net assets		<u>1,429,034,525</u>
Unit holders' funds (as per statement attached)		<u>1,429,034,525</u>
Number of units in issue		<u>124,489,715</u>
Net assets value per unit		<u>11.4791</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


KHAWAJA MUHAMMAD ALMAS
DIRECTOR

**ABL ISLAMIC STOCK FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE PERIOD FROM 12 JUNE 2013 TO 31 MARCH 2014**

	Note	For the Period from 12 June 2013 to 31 March 2014	For the Quarter ended 31 March 2013
		Rupees	
Income			
Dividend income - net of charity	15	41,918,078	21,121,507
Net realised gain on sale of investments		28,583,497	10,496,921
Profit on saving accounts with banks		5,532,922	2,451,532
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	5.3	56,856,320	22,832,774
Total income		<u>132,890,817</u>	<u>56,902,734</u>
Expenses			
Remuneration of ABL Asset Management Company Limited - Management Company	9	18,515,567	8,144,512
Sindh Sales Tax on remuneration of Management Company	9.1	3,436,489	1,509,481
Federal Excise Duty on remuneration of Management Company	9.2	2,962,491	1,303,078
Remuneration of MCB Financial Services Limited -Trustee	10	602,955	257,247
Annual fee - Securities and Exchange Commission of Pakistan	11	586,324	257,910
Brokerage and securities transaction costs		2,951,586	919,595
Bank charges & other expenses		465,972	283,152
Auditors' remuneration		288,959	88,074
Amortisation of preliminary expenses and floatation costs	8	802,238	246,420
Printing charges		114,603	35,191
Listing fee		67,537	12,330
Annual rating fee		83,084	24,584
Provision for Workers' Welfare Fund	12.1	3,760,030	2,281,762
Total expenses		<u>34,637,835</u>	<u>15,363,336</u>
Net income from operating activities		<u>98,252,982</u>	<u>41,539,398</u>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		85,883,331	70,208,876
Net income for the period before taxation		<u>184,136,313</u>	<u>111,748,274</u>
Taxation	14	-	-
Net income for the period after taxation		<u>184,136,313</u>	<u>111,748,274</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


KHAWAJA MUHAMMAD ALMAS
DIRECTOR

**ABL ISLAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD FROM 12 JUNE 2013 TO 31 MARCH 2014**

	For the Period from 12 June 2013 to 31 March 2014	For the Quarter ended 31 March 2013
	----- Rupees -----	
Net income for the period	184,136,313	111,748,274
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>184,136,313</u>	<u>111,748,274</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


KHAWAJA MUHAMMAD ALMAS
DIRECTOR

**ABL ISLAMIC STOCK FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE PERIOD FROM 12 JUNE 2013 TO 31 MARCH 2014**

**For the Period
from 12 June 2013
to 31 March
2014**

----- Rupees -----

Undistributed income at the beginning of the period	-
Net income for the period	184,136,313
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-
Undistributed income carried forward	<u>184,136,313</u>
Undistributed income at the end of the period:	
- Realised	127,279,993
- Unrealised	56,856,320
	<u>184,136,313</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


KHAWAJA MUHAMMAD ALMAS
DIRECTOR

**ABL ISLAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE PERIOD FROM 12 JUNE 2013 TO 31 MARCH 2014**

	For the Period from 12 June 2013 to 31 March 2014 ----- Rupees -----
Net assets at the beginning of the period	-
Issue of 167,112,522 units	1,785,347,904
Redemption of 42,622,807 units	(454,566,361)
	1,330,781,543
Element of income and capital gains in prices of units issued less those in units redeemed - net	
- transferred to income statement	(85,883,331)
- transferred to distribution statement	-
	(85,883,331)
Other net income for the period	98,696,496
Capital gain on sale of investments - net	28,583,497
Unrealised gain on re-measurement of investments classified as financial assets at fair value through profit or loss - net	56,856,320
Net income for the period	184,136,313
Net assets at the end of the period	<u>1,429,034,525</u>
Net assets value per unit at the beginning of the period	<u>-</u>
Net assets value per unit at the end of the period	<u>11.4791</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**For ABL Asset Management Company Limited
(Management Company)**


**FARID AHMED KHAN
CEO**


**KHAWAJA MUHAMMAD ALMAS
DIRECTOR**

**ABL ISLAMIC STOCK FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD FROM 12 JUNE 2013 TO 31 MARCH 2014**

**For the Period
from 12 June 2013
to 31 March
2014
----- Rupees -----**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period 184,136,313

Adjustments:

Dividend income - net of charity	(41,918,078)
Unrealised gain on re-measurement of investments at fair value through profit or loss' (net)	(56,856,320)
Provision for Workers' Welfare Fund	3,760,030
Provision for Federal Excise Duty	2,962,491
Amortisation of preliminary expenses and floatation costs	802,238
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(85,883,331)
	<u>(177,132,970)</u>
	7,003,343

(Increase) / decrease in assets

Investments	(1,201,251,089)
Profit receivable	(1,191,550)
Security deposits and prepayments	(2,612,463)
Preliminary expenses and floatation costs	(5,000,000)
	<u>(1,210,055,102)</u>

Increase / (decrease) in liabilities

Payable to ABL Asset Management Company Limited- Management Company	9,000,649
Payable to MCB Financial Services Limited- Trustee	92,844
Annual fee payable to Securities and Exchange Commission of Pakistan	586,324
Payable against purchase of investments	187,878,491
Accrued expenses and other liabilities	1,906,305
	<u>199,464,613</u>

Dividend received 27,140,603

Net cash used in operating activities (976,446,543)

CASH FLOWS FROM FINANCING ACTIVITIES

Amount received on issuance of units	1,785,347,904
Amount paid on redemption of units	(454,566,361)
Net cash from financing activities	<u>1,330,781,543</u>
Net increase in cash and cash equivalents during the period	354,335,000

Cash and cash equivalents at beginning of the period -

Cash and cash equivalents at end of the period 354,335,000

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


KHAWAJA MUHAMMAD ALMAS
DIRECTOR

1. LEGAL STATUS AND NATURE OF BUSINESS

ABL Islamic Stock Fund (the Fund) was established under a Trust Deed executed between ABL Asset Management Company Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on 15 May 2013 and was approved by Securities and Exchange Commission of Pakistan (SECP) on 04 June 2013 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008). The Fund commenced its operations on 12 June 2013.

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 SECP on 7 December 2007. The registered office of the Management Company is situated at 11-B, Lalazar, MT Khan Road, Karachi.

The Fund is an open-ended fund and is listed on the Karachi Stock Exchange Limited. The units of the Fund are offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide capital appreciation to investors through higher, long term risk adjusted returns by investing in a diversified Sharia compliant portfolio of equity instruments offering capital gains and dividends.

The Fund has been categorised as an open-end Islamic equity scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Scheme (CIS).

This is the first year of operations of the Fund and JCR-VIS Credit Rating Company Limited has been appointed as the rating company. The rating company has assigned Management Quality Rating of 'AM2' (Stable outlook) to the Management Company.

The 'Title' to the assets of the Fund are held in the name of MCB Financial Services Limited as the Trustee of the Fund.

The SECP vide their letter no. NBFC-II/ABLAMC/597/2013 dated 20 June 2013 has granted exemption for preparing and publishing the financial statements of the Fund for the period 12 June 2013 to 30 June 2013 subject to the condition that first quarterly financial statements of the Fund shall be prepared for the period from 12 June 2013 to 30 September 2013 and first annual financial statements of the Fund shall be prepared for the period from 12 June 2013 to 30 June 2014.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Supervisory Council.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments held at 'fair value through profit or loss' category are measured at fair value.

2.2 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to:

- Classification and valuation of investments (note 3.1 and 5.1)
- Taxation (note 3.10 and 14)
- Provision for Workers' Welfare Fund (note 12.1)
- Amortization of preliminary expenses and floatation cost (note 8 and 3.6)

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning from the date specified below:

- Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. This interpretation has no impact on the Fund's financial statements.
- Amendments to IAS 27 “Consolidated and Separate Financial Statements” – consolidation relief for investments funds (effective for annual periods beginning on or after 1 January 2014). A qualifying investment entity is required to account for investments as well as investments in associates and joint ventures - at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered an extension the investment entity's investing activities. The consolidation exception is mandatory - not optional. This interpretation has no impact on the Fund's financial Statements.
- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. This interpretation has no impact on the Fund's financial statements.
- Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This interpretation has no impact on the Fund's financial statements.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. This interpretation has no impact on the Fund's financial statements.
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. This interpretation has no impact on the Fund's financial statements.
 - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves. This interpretation has no impact on the Fund's financial statements.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. This interpretation has no impact on the Fund's financial statements.
 - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
 - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. This interpretation has no impact on the Fund's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied during the period:

3.1 Financial instruments

3.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets in accordance with the requirement of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition and re-evaluates this classification on a regular basis.

a) Financial instruments at fair value through profit or loss

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term

profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) 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, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

c) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

3.1.2 Regular way contracts

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase/sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

3.1.3 Initial recognition and measurement

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

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. Financial Liabilities are initially recognised at fair value and subsequently stated at amortised cost.

3.1.4 Subsequent measurement

Financial Assets

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 equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

- Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan. Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the 'income statement'.

Net gains and losses arising from changes in 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 period.

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.

Gains or losses are recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

Financial Liabilities

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

3.1.5 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 value 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 investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is transferred from Other Comprehensive Income and recognised in the Income Statement. However, the decrease in impairment loss on equity securities classified as 'available for sale' is recognised in Other Comprehensive Income.

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.

3.1.6 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1.7 Offsetting of financial instruments

Financial assets and 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.

3.2 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.3 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. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price, as per 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. Back end loads are recorded as income of the Fund.

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

An equalisation account called 'element of income / (loss) and capital gains / (losses)' included in prices of units issued less those in units redeemed is set up in order to prevent the dilution of income per unit 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 period which pertains to unrealised gains / (losses) held in the unit holder's funds in a separate account and any amount remaining in this reserve account at the end of an accounting period (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 period is recognised in the Income Statement.

The element is recognised in the Income Statement to the extent that it is represented by income earned during the period and unrealised appreciation / (diminution) arising during the period on 'available for sale' securities is included in the Distribution Statement.

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 operations of the Fund and are being amortised over a period of five years commencing from 12 June 2013 as per the requirements set out in the Trust Deed of the Fund and Non Banking Finance Companies and Notified Entities Regulations, 2008.

3.7 Collateral

Cash collateral provided by the Fund is identified in the statement of assets and liabilities as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its statement of assets and liabilities separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial information.

3.8 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

3.9 Earnings per unit

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

3.10 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 intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no tax liability has been recorded for the current period.

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 has not recognised any amount in respect of deferred tax 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.

3.11 Revenue recognition

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement date when the transaction takes place.
- (ii) Unrealised gains / (losses) arising on revaluation of securities classified as at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- (iii) Unrealised gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in the other comprehensive income in the period in which they arise.
- (iv) Dividend income is recognised when the Fund's right to receive the same is established.
- (v) Profit on saving accounts with banks are recorded on time proportionate basis using effective yield method.

3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and carried in the statement of assets and liabilities at cost.

3.14 Dividend distribution

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the period in which such distributions are declared.

4. BANK BALANCES

(Un-audited)
31 March
2014
Note ----- Rupees -----

Balances with banks in:

- Current accounts	4.1	4,078,196
- Profit and loss saving accounts	4.2	350,256,804
		<u>354,335,000</u>

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

4.2 This includes Rs 5,000 maintained with Allied Bank Limited (related party) of the Fund. Profit and loss sharing accounts carries profit rates ranging from 6% to 9.25% per annum.

5. INVESTMENTS

(Un-audited)
31 March
2014
Note ----- Rupees -----

Investments at fair value through profit or loss - held for trading

Listed equity securities	5.1	<u>1,258,107,409</u>
--------------------------	-----	----------------------

5.1 Listed equity securities

Ordinary shares have a face value of Rs. 10/- each.

	Number of shares					As at 31 March 2014			Market value as a % of net assets	Market value as total % of investment	Market value as a % of paid-up capital of investee company
	Holding at the beginning of the period	Acquired during the period	Bonus received during the period	Disposed off during the period	Holding at the end of the period	Carrying Value	Market value	Unrealised gain / (loss)			
Chemicals											
Fauji Fertilizer Bin Qasim Limited	-	1,428,500	-	485,000	943,500	40,447,496	40,608,240	160,744	2.84%	3.23%	0.4%
Fauji Fertilizer Company Limited	-	1,503,100	-	248,900	1,254,200	140,242,112	139,015,528	(1,226,584)	9.73%	11.05%	1.1%
						180,689,608	179,623,768	(1,065,840)	12.57%	14.28%	
Commercial Banks											
Meezan Bank Limited	-	889,000	-	57,000	832,000	31,876,531	32,905,600	1,029,069	2.30%	2.62%	0.3%
						31,876,531	32,905,600	1,029,069	2.30%	2.62%	
Personal goods (Textile)											
Nishat Mills Limited	-	968,500	-	728,300	240,200	27,414,265	27,995,310	581,045	1.96%	2.23%	0.8%
						27,414,265	27,995,310	581,045	1.96%	2.23%	
General Industrials											
Packages Limited	-	209,900	-	15,100	194,800	55,938,987	66,956,656	11,017,669	4.69%	5.32%	7.9%
						55,938,987	66,956,656	11,017,669	4.69%	5.32%	
Food Producers											
Engro Foods Limited	-	223,200	-	223,200	-	-	-	-	-	-	-
						-	-	-	-	-	-
Pharmaceuticals											
Ferozsons Laboratories	-	79,500	-	1,500	78,000	12,831,999	15,151,500	2,319,501	1.06%	1.20%	5.0%
						12,831,999	15,151,500	2,319,501	1.06%	1.20%	
Electricity											
Hub Power Company Limited	-	3,042,000	-	1,027,000	2,015,000	118,084,089	107,137,550	(10,946,539)	7.50%	8.52%	0.9%
						118,084,089	107,137,550	(10,946,539)	7.50%	8.52%	
Construction and materials (Cement)											
DG Khan Cement Company Limited	-	1,457,000	-	486,500	970,500	85,182,916	89,305,410	4,122,494	6.25%	7.10%	2.0%
Cherat Cement Company Limited	-	123,000	-	123,000	-	-	-	-	-	-	0.0%
Lucky Cement Limited	-	420,700	-	213,000	207,700	58,546,694	65,830,515	7,283,821	4.61%	5.23%	2.0%
Attock Cement Pakistan Limited	-	101,000	-	5,500	95,500	13,714,749	13,521,845	(192,904)	0.95%	1.07%	1.2%
Maple Leaf Cement Factory Limited	-	5,110,500	-	2,341,000	2,769,500	75,309,383	81,506,385	6,197,002	5.70%	6.48%	1.5%
						232,753,742	250,164,155	17,410,413	17.51%	19.88%	
Oil and gas											
Oil and Gas Development Company Limited	-	626,000	-	331,200	294,800	77,748,815	71,085,124	(6,663,691)	4.97%	5.65%	0.2%
Pakistan Oilfields Limited	-	432,700	-	72,900	359,800	185,664,516	195,795,964	10,131,448	13.70%	15.56%	8.3%
Pakistan Petroleum Limited	-	1,096,000	64,580	499,600	660,980	137,762,945	147,900,885	10,137,940	10.35%	11.76%	0.8%
National Refinery Limited	-	86,000	-	5,000	81,000	18,743,975	18,534,420	(209,555)	1.30%	1.47%	5.3%
Pakistan State Oil Company Limited	-	495,000	-	216,300	278,700	95,744,717	118,924,077	23,179,360	8.32%	9.45%	4.8%
						515,664,967	552,240,470	36,575,503	38.64%	43.89%	
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	-	1,061,000	-	1,061,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Auto mobile and parts											
Indus Motor Company Limited	-	65,000	-	-	65,000	25,996,900	25,932,400	(64,500)	1.81%	2.06%	3.3%
						25,996,900	25,932,400	(64,500)	1.81%	2.06%	
Held for trading investments as at 31 March 2014						1,201,251,089	1,258,107,409	56,856,320	88.04%	100.00%	

5.2 200,000 shares of Pakistan Petroleum Limited having market value of Rs 44,752,000 as at 31 March 2014 have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

5.3 **Net unrealized diminution in the value of investments classified as 'at fair value through profit or loss'**

(Un-audited)
31 March
2014
---- Rupees ----

Fair value of investments	1,258,107,409
Carrying value of investments	<u>(1,201,251,089)</u>
Net unrealised appreciation in the value of investments 'at fair value through profit or loss'	56,856,320
Net unrealised appreciation in the value of investments at the beginning of the period	-
Net unrealised appreciation in the value of investments at the end of the period	<u><u>56,856,320</u></u>

6. **DIVIDEND AND OTHER RECEIVABLES**

Dividend receivable	14,777,475
Profit receivable on bank balances	1,191,550
	<u><u>15,969,025</u></u>

7. **SECURITY DEPOSIT AND PREPAYMENTS**

Security deposit with Central Depository Company of Pakistan Limited	100,000
Security deposit with National Clearing Company of Pakistan Limited	2,500,000
Annual listing fee - Karachi Stock Exchange	12,463
	<u><u>2,612,463</u></u>

8. **PRELIMINARY EXPENSES AND FLOATATION COSTS**

Preliminary expense and floatation costs	5,000,000
Less: amortised during the period	(802,238)
Balance as at 31 March 2014	<u><u>4,197,762</u></u>

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

9. **PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY**

The Management Company is entitled to a remuneration for services rendered to the Fund under the regulation 61 of NBFC regulation, up to a maximum of 3% per annum based on the daily net assets of the Fund during the first five years of the Fund's existence, and thereafter, of an amount equal to 2% of such assets of the Fund. Management company charged remuneration at the rate of 3% per annum based on the daily net assets of the Fund during the period ended 31 March 2014.

	Note		
Management fee		3,022,600	
Sindh Sales Tax Payable on remuneration of Management Company	9.1	957,457	
FED payable on remuneration of Management Company	9.2	2,962,491	
Sales load payable		20,592	
Preliminary expenses and floatation cost		5,000,000	
		<u><u>11,963,140</u></u>	

9.1. The Sindh Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 effective from 01 July 2011.

- 9.2. As per the requirement 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 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. During the period, the Honourable High Court Sindh in a Constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to 2,962,491 Had the provision not being made, the Net Asset Value per unit of the fund as at 31 March 2014 would have been higher by 0.0238 per unit.

10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED-TRUSTEE **(Un-audited)**
31 March
2014
---- Rupees ----

Trustee remuneration 92,844

MCB Financial Services Limited (the Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed and the NBFC Regulations. The remuneration shall consist of reimbursement of actual custodial expenses/charges plus the following tariff:

- | | |
|---|---|
| - On Net Assets up to Rs. 1,000 | Rs. 0.10% per annum of the Net Assets, whichever is higher million |
| - On Net Assets exceeding Rs.1,001 million and up to Rs.5,000 million | Rs. 1,000,000 plus 0.05% per annum of any amount exceeding Rs. 1,000 million |
| - On Net Assets exceeding Rs. 5,001 million | Rs. 3.0 million plus 0.045% per annum of the amount exceeding Rs. 5,000 million |

11. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee 586,324

Under the provision of the NBFC Regulations, a collective investment scheme categorized as equity scheme is required to pay to the SECP an amount equal to 0.095% per annum of the average daily net assets of the Fund.

12. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration	Note	288,959
Brokerage and other charges		386,776
Printing Charges		43,745
Provision for Workers' welfare Fund	12.1	3,760,029
Charity payable	15	1,045,567
Other payables		<u>141,258</u>
		<u>5,666,335</u>

12.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to CISs, which is pending adjudication.

Prior to 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by ABL Asset Management Company Limited for collection of WWF.

In 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 declared the said amendments as unlawful and unconstitutional. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge amounting to Rs. 3,760,030 during the period. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.0302 per unit.

13. CONTINGENCIES AND COMMITMENTS

There are no other contingencies or commitments at the period end.

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The management intends to distribute at least 90% of the Fund's accounting income for the year as reduced by capital gain (whether realized or unrealized) 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. Accordingly, no provision for taxation has been made in this condensed interim financial information.

15. DIVIDEND PURIFICATION - Non Shariah compliant income deducted from dividend income

According to the instructions of the Shariah Supervisory Council, if any income is earned by the Fund from the investments whereby a portion of income of such investees has been derived from prohibited sources, such proportion of income of the Fund should be donated to charitable purposes.

During the current period the Non Shariah Compliant income amounting to Rs. 1,045,567 was deducted from the dividend income of the Fund (a portion of dividend income, rest of which is considered as Halal). This will be distributed for charity with the approval of Shariah Supervisory Council.

16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited - Employees Superannuation (Pension) Fund, Allied Bank Limited - Staff Provident Fund, ABL Islamic Principal Preservation Fund, Cyan Limited, Cyan Limited - Employees Provident Fund and CFA Association of Pakistan being entities under common management and / or directorship, the MCB Financial Services Limited being the Trustee of the Fund, the directors and officers of the Management Company being connected person.

- 16.1** Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 16.2** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 16.3** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 16.4** Transactions and balances with related parties other than those disclosed elsewhere are as follows:

Detail of transactions with related parties / connected persons during the period:	(Un-audited) Period from 12 June 2013 to 31 March 2014 ---- Rupees ----
ABL Asset Management Company Limited - Management Company	
Issue of 10,000,000 units	100,000,000
Redemption of 4,637,262 units	<u>50,000,000</u>
Remuneration of the Management Company	<u>18,515,567</u>
Sindh Sales Tax on remuneration of Management Company	<u>3,436,489</u>
FED on remuneration of Management Company	<u>2,962,491</u>
Allied Bank Limited - Holding Company of Management Company	
Bank charges	<u>16,367</u>
ABL AMC Staff Provident Fund	
Issue of 534,684 units	<u>5,610,000</u>
MCBFSL Trustee ABL Islamic Principal Preservation Fund	
Issue of 55,957,856 units	<u>628,000,000</u>
Redemption of 4,068,774 units	<u>45,000,000</u>
MCBFSL Trustee ABL Islamic Principal Preservation Fund II	
Issue of 20,471,988 units	<u>235,000,000</u>
MCB Financial Services Limited - Trustee	
Remuneration for the period	<u>602,955</u>

**CHAIRMAN OF THE BOARD OF
MANAGEMENT COMPANY**

**(Un-audited)
Period from
12 June 2013
to 31 March
2014
---- Rupees ----**

Sheikh Mukhtar Ahmad
Issue of 1,000,000 units

10,000,000

CHIEF EXECUTIVE OFFICER

Issue of 2,500 units

25,000

EXECUTIVES

Issue of 40,397 units

415,000

Redemption of 39,897 units

434,098

Detail of balances with related parties / connected persons as at period end:

**(Un-audited)
31 March
2014
---- Rupees ----**

ABL Assets Management Company Limited

Outstanding of 5,362,738 units

61,559,406

Remuneration payable to the Management Company

3,022,600

Sindh sales tax payable on remuneration of Management Company

957,457

FED payable on remuneration of Management Company

2,964,648

Preliminary expenses and floatation cost payable

5,000,000

Sales load payable

20,592

Allied Bank Limited - Holding Company of Management Company

Bank balances

4,083,196

ABL AMCL Staff Provident Fund

Outstanding of 534,684 units

6,137,691

MCBFSL Trustee ABL Islamic Principal Preservation Fund

Outstanding of 51,889,082 units

595,639,962

MCBFSL Trustee ABL Islamic Principal Preservation Fund-II

Outstanding of 20,471,988 units

235,000,000

MCB Financial Services Limited - Trustee

Remuneration payable

92,844

CHAIRMAN OF THE BOARD OF MANAGEMENT COMPANY

Sheikh Mukhtar Ahmad

Outstanding of 1,000,000 units

11,479,100

CHIEF EXECUTIVE OFFICER

Outstanding of 2,500 units

28,698

EXECUTIVES

Outstanding of 500 units

5,740

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 22 April 2014 by the Board of Directors of the Management Company.

**For ABL Asset Management Company Limited
(Management Company)**


**FARID AHMED KHAN
CEO**


**KHAWAJA MUHAMMAD ALMAS
DIRECTOR**