ABLISF

ABL Islamic Stock Fund

CONDENSED INTERIM FINANCIAL STATEMENT

FOR THE PERIOD FROM JUNE 12, 2013 TO DECEMBER 31, 2013

ABL Asset Management

Discover the potential

RATED AM2 (JCR-VIS)

(A wholly owned subsidiary of Allied Bank Ltd.)

CONTENTS

FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors	Sheikh Mukhtar Ahmed	Chairman
	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	CEO
Audit Committee:	Mr. Kamran Nishat	Chairman
	Mr. Muhammad Waseem Mukhtar	Member
	Mr. Khawaja Muhammad Almas	Member
Human Resource Committee:	Mr. Jawaid Iqbal	Chairman
	Mr. Kamran Nishat	Member
	Mr. Farid Ahmed Khan	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:	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
Auditor:	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumount 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 Statements of ABL-ISF for the period ended December 31, 2013.

ECONOMIC PERFORMANCE REVIEW

The year 2013 marked a new chapter in Pakistan's history with a smooth civilian to civilian transition of Government. Acting swiftly to address the economic morass, the newly elected Government entered into a fresh IMF program (USD6.64bn to be released over a period of 36 months) to steer the country out of economic doldrums. As it turned out, the stringent conditions set forth by the IMF defined the contours of the economic policy to a great extent. Revenue enhancement measures, removal of subsidies and kick starting the privatization process were at the top of the agenda for policy makers. As measures were enforced, key economic indicators suffered with inflation sky rocketing (10.9% in November after hitting a low of 7.4% in September) and PKR weakening (5.8% depreciation over 1HFY14) significantly against the dollar. Monetary authorities, sighting inflationary pressures and low FX reserve position (SBP reserves at USD3.66 billion at year end after hitting a low of USD2.96 billion in December), retreated on their monetary easing stance and increased the discount rate cumulatively by 100bps to 10% during the period.

On the fiscal front, tax collection increased to PKR1,031 billion (+14% YoY), but still fell short of the target by Rs 59 billion. Removal of electricity subsidies had little bearing on circular debt which has again piled up after the Government cleared the dues following the FY14 budget. Balance of Payment position remained precarious (posting a deficit of USD1.86 billion for 1HFY14) as the current account deficit swelled to USD1.59 billion. To give the credit where it's due, the Government has undertaken some tough decisions which have paved way for 2nd generation of reforms. Inflation was back in single digits during December 2013 while the critical FX reserve position was rescued by the release of IMF's second tranche. The rupee also recovered to close year end at PKR105.3 vs. USD after hitting a low of 108.6.

MARKET OVERVIEW

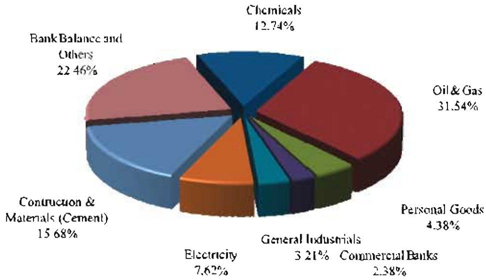
Equities had a fabulous 1HFY14 with the benchmark KSE-100 index gaining 20.3% to close at 25,261.14 points. Strong performance was primarily attributable to cement, textiles, and FMCGs sectors. Overall volumes were strong, averaging 193.43 million shares (up 30% YoY), while value traded averaged USD 76.47 million (+73% YoY). Grant of GSP plus status, timely IMF EFF disbursements, robust earnings growth and strong foreign flows boosted investor sentiment. FIPI was recorded at USD 132 million (excluding one-time sale of KAPCO shares by international power) vs. USD 157 million inflows in the corresponding period of last year. Buoyant investor sentiment was also evident in IPO's, with IPO's of both Engro Fertilizer and Avanceon Limited oversubscribed. At year end, the market was trading at an attractive 2014E P/E of 8.3x and dividend yield of 6%.

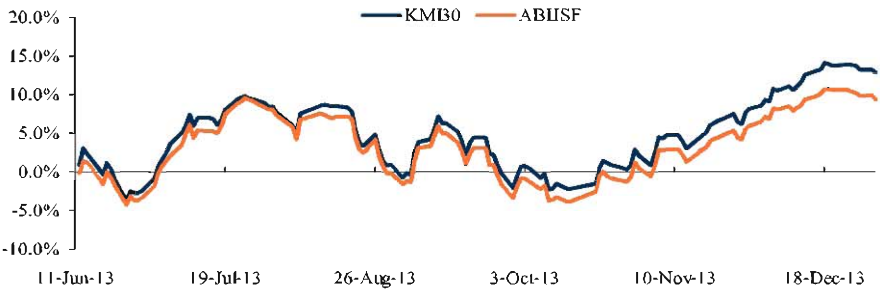
MUTUAL FUND INDUSTRY REVIEW

Islamic Equity funds' AUMs increased by 21% during 1HFY14 to close at PKR 18.6 billion against 15.6% increase in KMI-30 index in the same period. Growth in the Islamic equity fund category remained exemplary as underlying interest in shariah compliant equities gained momentum. We expect AUMs in equity funds to rise further as investors get lured by the bullish trend in local bourses and mutual fund industry use sophisticated products such as CPPI Funds to attract cautious investors into equities.

FUND PERFORMANCE

During the period under review, ABL-ISF posted an absolute return of 13.0% against the benchmark return of 15.6%, an under-performance of 2.6% during 1HFY14. When measured from its inception date, ABL-ISF posted a return of 9.4% as compared to its benchmark return of 12.9%, depicting an under-performance of 3.5%. In view of the record high valuations in the stock market, the fund remained cautious with major exposure in high dividend yielding, blue chip companies.





OUTLOOK

Recent appreciation in Pak Rupee (3% against USD in Dec'13) and decline in SPI in last few weeks,give a semblance of hope on the monetary policy front and offer early encouragement signs for equity investors. Both the factors, coupled with abundant liquidity lying with local institutions have re-ignited confidence in equity markets. While we share the optimism reflected in the recent rally, significant re-rating of multiples from the current levels would require clarity on reform process, improvement in the law & order situation and global liquidity position. Equity market may consolidate at these levels as investors look for tangible progress on factors mentioned above. As the low hanging fruit has been plucked, market performance from here will be more measured and fundamental driven.

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, February 7, 2014

ABLISF
ABL Islamic Stock Fund

ABL Asset Management
Discover the potential

MCB FINANCIAL SERVICES

MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

ABL ISLAMIC STOCK FUND

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

ABL Islamic Stock Fund, an open-end Scheme established under a Trust Deed dated May 15, 2013executed between ABL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations on June 12, 2013.

1. ABL Asset Management Company Limited, the Management Company of ABL Islamic Stock Fund has, in all material respects, managed ABL Islamic Stock Fund during the period from 12th June 2013 to 31st December 2013 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

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: January 29, 2014

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

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unit holders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Islamic Stock Fund** ("the Fund") as at 31 December 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim cash flow statement and notes to the accounts for the period from 12 June 2013 to 31 December 2013 (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures for the quarter ended 31 December 2013 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

KPMG Taseer Hadi & Co.

Date: February 7, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

ABL ISLAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 DECEMBER 2013

	Note	31 December, 2013
		----- Rupees -----
Assets		
Bank balances	4	216,760,692
Investments	5	778,455,710
Dividend and other receivables	6	1,313,772
Security deposits and prepayments	7	2,624,794
Preliminary expenses and floatation costs	8	4,444,182
Total assets		1,003,599,150
Liabilities		
Payable to ABL Asset Management Company Limited - Management Company	9	8,694,567
Payable to MCB Financial Services Limited -Trustee	10	50,790
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	328,414
Amount payable on redemption of units		437,508
Payable against purchase of investments		145,411,814
Accrued expenses and other liabilities	12	4,288,272
Total liabilities		159,211,365
Contingencies and commitments	13	
Net assets		844,387,785
Unit holders' funds (as per statement attached)		844,387,785
Number of units in issue		77,199,878
Net assets value per unit		10.9377

The annexed notes 1 to 21 form an integral part of these 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 DECEMBER 2013

	Note	Period from 12 June 2013 to 31 December, 2013	Quarter ended 31 December, 2013
		---------- Rupees ----------	
Income			
Dividend income - net of charity	15	20,796,571	5,961,771
Net realised gain on sale of investments-net		18,086,576	(5,665,662)
Profit on saving accounts with banks		3,081,390	1,134,641
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	5.3	34,023,546	79,771,491
Total income		75,988,083	81,202,241
Expenses			
Remuneration of ABL Asset Management Company Limited - Management Company	9	10,371,055	4,490,148
Sindh Sales Tax on remuneration of Management Company	9.1	1,927,008	835,512
Federal Excise Duty on remuneration of Management Company	9.2	1,659,413	718,468
Remuneration of MCB Financial Services Limited -Trustee	10	345,708	149,681
Annual fee - Securities and Exchange Commission of Pakistan	11	328,414	142,188
Brokerage and securities transaction costs		2,031,991	626,787
Bank charges		107,047	21,008
Auditors' remuneration		200,885	128,068
Amortisation of preliminary expenses and floatation costs	8	555,818	251,896
Printing charges		79,412	35,972
Listing fee		55,207	12,604
Annual rating fee		58,500	26,312
Other expenses		75,773	54,263
Provision for Workers' Welfare Fund	12.1	1,478,268	1,478,268
Total expenses		19,274,499	8,971,175
Net income from operating activities		56,713,584	72,231,066
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		15,674,455	19,985,556
Net income for the period before taxation		72,388,039	92,216,622
Taxation	14	-	-
		72,388,039	92,216,622

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KHAWAJA MUHAMMAD ALMAS
DIRECTOR

ABL Islamic Stock Fund

ABL Asset Management
Discover the potential

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

	Period from 12 June 2013 to 31 December, 2013	Quarter ended 31 December, 2013
	---------- Rupees	----------
Net income for the period	72,388,039	92,216,622
Other comprehensive income for the period	-	-
Total comprehensive income for the period	72,388,039	92,216,622

The annexed notes 1 to 21 form an integral part of these 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 DECEMBER 2013

	Period from 12 June 2013 to 31 December, 2013
	---- Rupees ----
Undistributed income at the beginning of the period	-
Net income for the period	72,388,039
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-
Undistributed income carried forward	72,388,039
Undistributed income at the end of the period:	
- Realised	38,364,493
- Unrealised	34,023,546
	72,388,039

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KHAWAJA MUHAMMAD ALMAS
DIRECTOR

ABL Islamic Stock Fund

ABL Asset Management
Discover the potential

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE PERIOD FROM 12 JUNE 2013 TO 31 DECEMBER 2013

	Period from 12 June 2013 to 31 December, 2013
	---- Rupees ----
Net assets at the beginning of the period	-
Issue of 111,694,030 units	1,151,171,208
Redemption of 34,494,152 units	(363,497,007)
	787,674,201
Element of income and capital gains in prices of units issued less those in units redeemed - net	
- transferred to income statement	(15,674,455)
- transferred to distribution statement	-
	(15,674,455)
Other net income for the period	20,277,917
Capital gain on sale of investments - net	18,086,576
Unrealised gain on re-measurement of investments classified as financial assets at fair value through profit or loss - net	34,023,546
Net income for the period	72,388,039
Net assets at the end of the period	844,387,785
Net assets value per unit at the beginning of the period	-
Net assets value per unit at the end of the period	10.9377

The annexed notes 1 to 21 form an integral part of these 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 DECEMBER 2013

		Period from 12 June 2013 to 31 December, 2013
		----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		72,388,039
Adjustments:		
Dividend income - net of charity	(20,796,571)	
Unrealised gain on re-measurement of 'investments at fair value through profit or loss' (net)	(34,023,546)	
Provision for Worker's Welfare Fund	1,478,268	
Provision for Federal Excise Duty	1,659,413	
Amortisation of preliminary expenses and floatation costs	555,818	
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(15,674,455)	
		(66,801,073)
		5,586,966
(Increase) / decrease in assets		
Investments	(744,432,164)	
Profit receivable	(623,172)	
Security deposits and prepayments	(2,624,794)	
Preliminary expenses and floatation costs	(5,000,000)	
		(752,680,130)
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited- Management Company	7,035,154	
Payable to MCB Financial Services Limited- Trustee	50,790	
Annual fee payable to Securities and Exchange Commission of Pakistan	328,414	
Amount payable on redemption of units	437,508	
Payable against purchase of investments	145,411,814	
Accrued expenses and other liabilities	2,810,004	
		156,073,684
Dividend received		20,105,971
Net cash used in operating activities		(570,913,509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	1,151,171,208	
Amount paid on redemption of units	(363,497,007)	
Net cash from financing activities		787,674,201
Net increase in cash and cash equivalents during the period		216,760,692
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period		216,760,692

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KHAWAJA MUHAMMAD ALMAS
DIRECTOR

ABL Islamic Stock Fund

ABL Asset Management
Discover the potential

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

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 Statement of compliance

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.

2.2 Basis of measurement

These financial statement 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.

2.3 Functional and presentation currency

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

2.4 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 3.6 and 8)

2.5 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 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. 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 year and unrealised appreciation / (diminution) arising during the year 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 statements.

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 year.

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

	Note	(Un-audited) 31 December, 2013
		--- Rupees ---
Balances with banks in:		
- Current accounts	4.1	33,144,092
- Profit and loss saving accounts	4.2	183,616,600
		216,760,692

4.1 This includes balance of Rs. 33,144,092 with Allied Bank Limited (related party) of the Fund.

4.2 Profit and loss sharing accounts carries profit rates ranging from 6% to 8.50% per annum.

5. INVESTMENTS

	Note	(Un-audited) 31 December, 2013
Investments at fair value through profit or loss - held for trading		--- Rupees ---
Listed equity securities	5.1	778,455,710

5.1 Listed equity securities

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

	Number of shares					As at 31 December 2013					
	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	Cost	Market value	Unrealised gain / (loss)	Market value as a % of net assets	Market value as total % of investment	Market value as a % of paid-up capital of investee company
						---- (Rupees) ----					
Chemicals											
Fauji Fertilizer Bin Qasim Limited	-	707,000	-	121,000	586,000	24,934,200	25,672,660	738,460	3%	3%	0.12%
Fauji Fertilizer Company Limited	-	1,094,100	-	180,900	913,200	102,983,136	102,241,872	(741,264)	12%	13%	1.1%
						127,917,336	**127,914,532**	**(2,804)**	**15%**	**16%**	
Commercial Banks											
Meezan Bank Limited	-	619,000	-	12,000	607,000	23,101,335	23,903,660	802,325	3%	3%	0.24%
Personal goods (Textile)											
Nishat Mills Limited		765,500		419,800	345,700	37,334,367	43,986,868	6,652,501	5%	6%	1.3%
General Industrials											
Packages Limited	-	122,900	-	4,800	118,100	30,825,194	32,197,603	1,372,409	4%	4%	3.8%
Food Producers											
Engro Foods Limited	-	223,200	-	223,200	-	-	-	-		-	
Electricity											
Hub Power Company Limited	-	1,987,000	-	728,000	1,259,000	79,021,488	76,446,480	(2,575,008)	9%	10%	0.7%
Construction and materials (Cement)											
DG Khan Cement Company Limited	-	1,007,000	-	434,500	572,500	48,089,412	49,080,425	991,013	6%	6%	1.1%
Cherat Cement Company Limited		123,000	-	123,000	-	-	-	-	0%	-	0.0%
Lucky Cement Limited	-	311,200		111,900	199,300	48,306,277	59,764,091	11,457,814	7%	8%	1.8%
Maple Leaf Cement Factory Limited	-	3,955,500	-	2,186,000	1,769,500	45,933,731	48,537,385	2,603,654	6%	6%	0.9%
						142,329,420	**157,381,901**	**15,052,481**	**19%**	**20%**	**3.9%**
Oil and gas											
Oil and Gas Development Company Limited	-	344,000	-	130,200	213,800	55,851,102	59,085,768	3,234,666	7%	8%	0.14%
Pakistan Oilfields Limited	-	224,800	-	50,900	173,900	88,140,337	86,551,769	(1,588,568)	10%	11%	3.7%
Pakistan Petroleum Limited	-	587,500	64,580	146,700	505,380	99,183,130	108,131,105	8,947,975	13%	14%	0.5%
Pakistan State Oil Company Limited	-	390,000	-	200,800	189,200	60,728,455	62,856,024	2,127,569	7%	8%	2.5%
						303,903,024	**316,624,666**	**12,721,642**	**37%**	**41%**	**6.89%**
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	-	1,061,000	-	1,061,000	-	-	-	-			
Held for trading investments as at 31 December 2013						**744,432,164**	**778,455,710**	**34,023,546**	**92%**	**100%**	**17%**

5.2 200,000 shares of Pakistan Petroleum Limited having market value of Rs 42,792,000 as at 31 December 2013 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'	Note	(Un-audited) 31 December 2013 ----- Rupees -----
Fair value of investments		778,455,710
Cost of investments		(744,432,164)
Net unrealised diminution in the value of investments 'at fair value through profit or loss'		34,023,546
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		34,023,546

6. DIVIDEND AND OTHER RECEIVABLES

Dividend receivable	690,600
Profit receivable on bank balances	623,172
	1,313,772

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	24,794
	2,624,794

8. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expense and floatation costs	5,000,000
Less: amortised during the period	(555,818)
Balance as at 31 December 2013	4,444,182

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, 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 December 2013.

	Note	(Un-audited) 31 December 2013 ----- Rupees -----
Management fee		1,523,509
Sindh Sales Tax Payable on remuneration of Management Company	9.1	511,400
FED payable on remuneration of Management Company	9.2	1,659,413
Sales load payable		245
Preliminary expenses and floatation cost		5,000,000
		8,694,567

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 sprit 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 petitionrelating 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 1,659,413. Had the provision not being made, the Net Asset Value per unit of the fund as at 31 December 2013 would have been higher by 0.0249 per unit.

10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED-TRUSTEE

	(Un-audited) 31 December, 2013 ---- Rupees ----
Trustee remuneration	50,790

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 consists of reimbursement of actual custodial expenses/charges plus the following
Tariff:

- On Net Assets up to Rs. 1,000 million	Rs. 0.10% per annum of the Net Assets, whichever is higher
- 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

	(Un-audited) 31 December, 2013 ---- Rupees ----
Annual fee	328,414

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

	Note	(Un-audited) 31 December, 2013 ---- Rupees ----
Auditors' remuneration		200,886
Brokerage and other charges		368,920
Printing Charges		39,663
Provision for Worker's welfare Fund	12.1	1,478,268
Withholding tax payable		262,116
Charity payable	15	1,730,599
Other payables		207,820
		4,288,272

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. 1,478,268 during the period. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.0191 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 ending 30 June 2014 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 INCOME - 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. 1,730,599 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 December, 2013 --- Rupees ---
ABL Asset Management Company Limited - Management Company	
Issue of 10,000,000 units	100,000,000
Redemption of 4,637,262 units	50,000,000
Remuneration of the Management Company	10,371,055
Sindh Sales Tax on remuneration of Management Company	1,927,008
FED on remuneration of Management Company	1,659,413
Allied Bank Limited - Holding Company of Management Company	
Bank charges	5,077
ABL AMC Staff Provident Fund	
Issue of 534,684 units	5,610,000
MCBFSL Trustee ABL Islamic Principal Preservation Fund	
Issue of 26,684,956 units	293,000,000
MCB Financial Services Limited - Trustee	
Remuneration for the period	345,708
CHAIRMAN OF THE BOARD OF MANAGEMENT COMPANY	
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

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

	(Un-audited) 31 December, 2013 --- Rupees ---
ABL Assets Management Company Limited	
Outstanding of 5,362,738 units	58,656,019
Remuneration payable to the Management Company	1,523,509
Sindh sales tax payable on remuneration of Management Company	511,400
FED payable on remuneration of Management Company	1,659,413
Preliminary expenses and floatation cost payable	5,000,000
Sales load payable	245
Allied Bank Limited - Holding Company of Management Company	
Bank balances	33,144,092
ABL AMCL Staff Provident Fund	
Outstanding of 534,684 units	5,848,213
MCBFSL Trustee ABL Islamic Principal Preservation Fund	
Outstanding of 26,684,956 units	291,872,043

	(Un-audited) 31 December, 2013
MCB Financial Services Limited - Trustee	---- Rupees ----
Remuneration payable	50,790
CHAIRMAN OF THE BOARD OF MANAGEMENT COMPANY	
Sheikh Mukhtar Ahmad	
Outstanding of 1,000,000 units	10,937,700
CHIEF EXECUTIVE OFFICER	
Outstanding of 2,500 units	27,344
EXECUTIVES	
Outstanding of 40,397 units	441,850

17. FINANCIAL INSTRUMENTS BY CATEGORY

	31 December, 2013				
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Financial assets categorised as 'available for sale'	Financial liabilities measured at amortised cost	Total
	---------- Rupees ----------				
On balance sheet - financial assets					
Bank balances	216,760,692	-	-	-	216,760,692
Investments	-	778,455,710	-	-	778,455,710
Dividend and other receivables	1,313,772	-	-	-	1,313,772
Security deposits and prepayments	2,624,794	-	-	-	2,624,794
	220,699,258	778,455,710	-	-	999,154,968
On balance sheet - financial liabilities					
Remuneration payable to ABL Asset Management Company - Management Company	-	-	-	6,523,754	6,523,754
Payable to MCB Financial Services Limited - Trustee	-	-	-	50,790	50,790
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	-	-	-	-
Amount payable on redemption of units	-	-	-	437,508	437,508
Payable against purchase of investments	-	-	-	145,411,814	145,411,814
Accrued expenses and other liabilities	-	-	-	2,547,888	2,547,888
	-	-	-	154,971,754	154,971,754

18. FINANCIAL RISK MANAGEMENT

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations and the directives issued by the Securities and Exchange Commission of Pakistan.

Risks managed and measured by the Fund are explained below:

18.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of dividends receivable on equity securities and receivable against sale of investments.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers and in case of equity, transactions settled through National Clearing Company of Pakistan Limited (NCCPL), thus the risk of default is considered to be minimal. For Debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the fund minimize the credit risk. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The maximum exposure to credit risk as at 31 December 2013 is tabulated below:

	(Un-audited) 31 December, 2013 --- Rupees ---
Financial assets	
Balances with banks	216,760,692
Dividend and other receivables	1,313,772
Security deposits and prepayments	2,624,794
	220,699,258

Credit Rating wise analysis of balances with bank of the Fund are tabulated below:

Name of the bank	Rating agency	Published rating	(Un-audited) 31 December, 2013 (%) of bank balance
United Bank Limited - UBL Ameen	JCR-VIS	AA+	0.97%
Allied Bank Limited	PACRA	AA+	15.29%
Al Baraka Bank (Pakistan) Limited	PACRA	A	81.37%
Bank Islami Pakistan Limited	PACRA	A	2.37%
			100.00%

The Fund does not have any collateral against any of the aforementioned assets.

None of the financial assets were considered to be past due or impaired as on 31 December 2013.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holders' redemptions at any time. The Fund manages its liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all listed on stock exchanges of the country. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

In accordance with the risk management policy of the Fund, the Investment Committee monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen per cent of the net assets which amounts to Rs. 126,658,168 as on 31 December 2013. However, no such borrowing has been obtained during the period.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008, to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue. However, no such defer redemption request has been exercised by the fund during the period.

An analysis of the Fund's financial liabilities into relevant maturity grouping as at 31 December 2013 along with comparative is tabulated below:

	31 December, 2013				
	Maturity up to				
	Three months	Six months	One year	More than one year	Total
	---------- Rupees ----------				
Payable to ABL Asset Management Company Limited - Management Company	6,523,754	-	-	-	6,523,754
Payable to MCB Financial Services Limited - Trustee	50,790	-	-	-	50,790
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	-	-	-	-
Amount payable on redemption of units	437,508	-	-	-	437,508
Payable against purchase of investments	145,411,814	-	-	-	145,411,814
Accrued expenses and other liabilities	2,547,888	-	-	-	2,547,888
Total liabilities	154,971,754	-	-	-	154,971,754

Units of the Fund are redeemable on demand at the option of the unit holder, however, the Fund does not anticipate significant redemption of units.

18.3 Market risk

18.3.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unit holders from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the investment committee in accordance with the policies and procedures laid down by the Securities and Exchange Commission of Pakistan. Further, it is managed by monitoring exposure to marketable securities and by complying with the internal risk management policies and regulations laid down in NBFC Regulations, 2008.

The Fund's overall market positions are monitored on a quarterly basis by the Board of Directors of the Management Company.

Details of the Fund's investment portfolio exposed to price risk, at the reporting date are disclosed in note 5 to these financial statements. As at 31 December 2013, the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the KSE Meezan Index (KMI 30). The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / (decrease) by Rs. 7,784,557 if the prices of equity vary due to increase / decrease in KMI 30 by 1% with all other factors held constant. The table below is a summary of the significant sector concentrations within the equity portfolio.

Sector wise portfolio	31 December, 2013	
	Fund's equity portfolio (%)	KMI 30 benchmark portfolio (%)
Automobile and Parts	0.00%	1.49%
Oil and Gas	40.86%	44.85%
Chemicals	16.00%	14.54%
Commercial Banks	3.00%	0.00%
Electricity	10.00%	11.81%
Fixed Line Telecommunication	0.00%	2.93%
Pharma and Bio Tech	0.00%	1.08%
General Industrials	4.14%	1.21%
Personal Goods (Textile)	6.00%	3.91%
Construction and Materials (Cement)	20.00%	15.25%
Non Life Insurance	0.00%	0.00%
Life Insurance	0.00%	0.00%
Others	0.00%	2.93%
	100.00%	100.00%

The Fund manager uses KMI as a reference point in making investment decisions. However, the fund manager does not manage the Fund's investment strategy to track KMI or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 31 December 2013. The composition of the Fund's investment portfolio and the correlation thereof to KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 31 December 2013 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of KMI.

18.3.2 Interest rate risk

The interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates which affect cash flows pertaining to debt instruments and their fair values. The Fund does not hold any debt instruments therefore its net assets are not exposed to these risks.

Cash flow interest rate risk

The Fund's interest risk arises from the balances in saving accounts.

During the period ended 31 December 2013, the net income would have increased / (decreased) by Rs. 1,836,166 had the interest rates on saving accounts with banks increased / (decreased) by 100 basis points.

Fair value interest rate risk

Since the Fund does not have any investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

18.3.3 Currency risk

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

19. UNITHOLDERS' FUND RISK MANAGEMENT

The unit holder fund is represented by redeemable units. These units are entitled to distribution and payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the Statement of Movement in Unit holders' Fund.

The Fund's objective when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders' and to maintain a strong base of assets under management.

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

In accordance with the risk management policies stated in the note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 3.1.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2013, all the investments were categorised in level 1.

21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 7, 2014 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**KHAWAJA MUHAMMAD ALMAS**
CEO	**DIRECTOR**

ABL Asset Management
Discover the potential
RATED AM2 (JCR-VIS)
(A wholly owned subsidiary of Allied Bank Ltd.)

For details:

Visit www.ablamc.com

Or Call 0800 22526 Or visit any Allied Bank Branch

Follow us on:

ABLAssetManagement ablamcl

Address: 11-B, Lalazar, M.T Khan Road, Karachi.
Phone: Toll-Free Helpline 0800-ABL -AM(225-26) UAN: 021-111-225-262
Fax: 021-99207409, 021-99207407